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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 OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Financial Results on continuing operation		
Revenue	394,119	304,716
(Loss)/profit for the year	(466)	5,256
Basic (loss)/earnings per share (HK cents)	(0.05)	0.53
Diluted (loss)/earnings per share (HK cents)	(0.05)	0.53
	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Statement of Financial Position		
Non-current assets	72,616	46,748
Current assets	203,259	182,135
Total assets	275,875	228,883
Current liabilities	138,463	122,948
Non-current liabilities	3,181	1,206
Total liabilities	141,644	124,154
Net assets	134,231	104,729
Ratio Analysis		
Current ratio (times)	1.5	1.5
Gearing ratio	51.3%	35.3%

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Grown Up Group Investment Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2021. These results have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Continuing operation			
Revenue	3	394,119	304,716
Cost of sales	5	<u>(335,278)</u>	<u>(244,847)</u>
Gross profit		58,841	59,869
Other income and gains, net	4	4,325	1,204
Selling and distribution expenses	5	(14,255)	(12,484)
Administrative expenses	5	(41,519)	(39,536)
Expected credit losses (“ ECL ”) allowance of trade receivables	5	<u>(3,628)</u>	<u>(2,072)</u>
Profit from continuing operation		3,764	6,981
Finance income	6	266	192
Finance costs	6	<u>(4,143)</u>	<u>(1,932)</u>
Finance costs, net	6	<u>(3,877)</u>	<u>(1,740)</u>
(Loss)/Profit before income tax		(113)	5,241
Income tax (expense)/credit	7	<u>(353)</u>	<u>15</u>
(Loss)/Profit for the year from continuing operation		<u>(466)</u>	<u>5,256</u>
Discontinued operation			
Loss for the year from discontinued operation	8	<u>–</u>	<u>(8,264)</u>
Loss for the year		<u>(466)</u>	<u>(3,008)</u>

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operation			
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		<u>(1,550)</u>	<u>(167)</u>
Other comprehensive loss for the year from continuing operation		<u>(1,550)</u>	<u>(167)</u>
Total comprehensive loss for the year		<u><u>(2,016)</u></u>	<u><u>(3,175)</u></u>
		2022 <i>HK cents</i>	2021 <i>HK cents</i>
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company			
Basic and diluted	9		
From continuing operation		(0.05)	0.53
From discontinued operation		<u>-</u>	<u>(0.83)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	18,259	20,795
Right-of-use assets		6,130	5,067
Financial assets at fair value through profit or loss (“FVTPL”)	<i>13</i>	34,274	7,002
Investment property		1,400	1,400
Intangible assets	<i>11</i>	10,224	10,663
Deferred tax assets		2,329	1,821
		<u>72,616</u>	<u>46,748</u>
Current assets			
Inventories		27,848	15,810
Trade and other receivables	<i>12</i>	76,755	108,139
Financial assets at FVTPL	<i>13</i>	7,213	–
Pledged deposits		45,860	48,771
Cash at bank and on hand		45,583	9,415
		<u>203,259</u>	<u>182,135</u>
Total assets		<u>275,875</u>	<u>228,883</u>
EQUITY			
Capital and reserves			
Share capital	<i>16</i>	12,000	10,000
Other reserves		52,229	24,261
Retained earnings		70,002	70,468
Total equity		<u>134,231</u>	<u>104,729</u>

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		<u>3,181</u>	<u>1,206</u>
		<u>3,181</u>	<u>1,206</u>
Current liabilities			
Trade and other payables	<i>14</i>	58,380	64,693
Contract liabilities		5,801	187
Lease liabilities		1,961	3,379
Bill payables		6,565	21,578
Bank borrowings	<i>15</i>	63,740	32,367
Tax payables		<u>2,016</u>	<u>744</u>
		<u>138,463</u>	<u>122,948</u>
Total liabilities		<u>141,644</u>	<u>124,154</u>
Total equity and liabilities		<u>275,875</u>	<u>228,883</u>
Net current assets		<u>64,796</u>	<u>59,187</u>
Total assets less current liabilities		<u>137,412</u>	<u>105,935</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION OF THE GROUP

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, New Territories, Hong Kong.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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 full range of bag, luggage and accessories, as well as medical related products, tool storage and tool accessories. The Group’s operations are based in Hong Kong, Denmark and the People’s Republic of China (the “**PRC**”). The Group’s principal export markets for its business are Europe and North America.

The consolidated financial statements are presented in the thousands of Hong Kong dollars (“**HK\$000**”), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements, unless otherwise states.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual HKFRs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

(a) Amended HKFRSs that are effective for annual periods beginning on 1 January 2022

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2022:

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

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

(b) Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. New and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

3 SEGMENT INFORMATION AND REVENUE

The Chief Operating Decision Maker (“CODM”) examines the Group’s performance from product perspective and has identified two reportable segments of its business comprising, (i) the private label products segment and (ii) the branded label products segment.

The private label products segment — private label products are produced and sold under both Original Equipment Manufacturer (“OEM”) and Original Design Manufacturer (“ODM”) businesses to the brand owners or their licensees.

The branded label products segment — branded label products include products branded under the Group’s proprietary Ellehammer brand as well as the licensed brands, distributed through the Group’s sales network comprising of third party distributors and self-operated distribution channel.

During the year ended 31 December 2021, the branded label products operation has been disposed of and classified as discontinued operation and the related information has been set out in note 8.

During the year ended 31 December 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, other than the entity-wide disclosure, no segment analysis is presented.

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Continuing operation		
Sales of goods	<u>394,119</u>	<u>304,716</u>
Timing of revenue recognition		
— At a point in time	<u>394,119</u>	<u>304,716</u>
Discontinued operation		
Sales of goods	<u>—</u>	<u>120,655</u>
Timing of revenue recognition		
— At a point in time	<u>—</u>	<u>120,655</u>

The Group used the practical expedient where the transaction price allocated to the performance obligations that are unsatisfied, or partially satisfied, are not disclosed as substantially all related contracts have a duration of one year or less.

The Group's non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	2022	2021
	HK\$'000	HK\$'000
Continuing operation		
Europe	896	1,803
The PRC	22,140	18,759
Hong Kong	12,977	17,363
	<u>36,013</u>	<u>37,925</u>

The geographical location of the non-current assets is based on the physical location of the asset.

The following is an analysis of the Group's revenue and results by reportable segment as reviewed by the CODM during the year ended 31 December 2021:

Year ended 31 December 2021

	Continuing operation		Discontinued operation	Total
	Private label products	Inter-segment elimination	Branded label products	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	304,716	–	120,655	425,371
Inter-segment revenue	<u>57,690</u>	<u>(57,690)</u>	–	–
Total segment revenue	<u>362,406</u>	<u>(57,690)</u>	<u>120,655</u>	<u>425,371</u>
Segment results	<u>9,832</u>	–	<u>(6,419)</u>	<u>3,413</u>
Other income and gains, net				779
Corporate expenses				<u>(3,630)</u>
Profit from operations				562
Finance income				194
Finance costs				<u>(3,412)</u>
Loss before income tax				(2,656)
Income tax credit				<u>1,339</u>
				(1,317)
Loss on disposal of subsidiaries				<u>(1,691)</u>
Loss for the year				<u><u>(3,008)</u></u>

Other segment information:

	Continuing operation	Discontinued operation	
	Private label products	Branded label products	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of intangible assets	(411)	(11,924)	(12,335)
ECL allowance of trade receivables	(2,072)	(56)	(2,128)
Depreciation of property, plant and equipment	(2,864)	(16)	(2,880)
Depreciation of right-of-use assets	(3,938)	(293)	(4,231)
Provision for inventories	–	(613)	(613)
Additions to non-current assets during the year	2,699	11,268	13,967

4 OTHER INCOME AND GAINS, NET

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operation		
Rental income	503	810
Gain on disposal of property, plant and equipment	7,156	193
Gain on lease modification	–	56
Unrealised fair value losses on financial assets at FVTPL, net	(3,780)	–
Others	446	145
	<u>4,325</u>	<u>1,204</u>
Discontinued operation		
License fee waiver	–	1,221
Others	–	24
	<u>–</u>	<u>1,245</u>

5 EXPENSES BY NATURE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operation		
Cost of inventories sold	302,461	212,234
Employee benefit expenses	48,762	47,711
Transportation and freight charges	6,104	4,504
Amortisation of intangible assets	428	411
Depreciation of right-of-use assets	2,868	3,938
Depreciation of property, plant and equipment	2,156	2,864
Directors' emoluments	9,379	5,927
Expenses related to short-term leases	499	248
Auditor's remuneration		
— Audit services	850	946
— Non-audit services	64	21
ECL allowance of trade receivables	3,628	2,072
Legal and professional fees	3,314	2,191
Sample costs	2,323	1,626
Sales and marketing expenses	4,898	3,852
Design and development expenses	779	1,581
Exchange differences	(3,542)	250
Provision for inventories	496	—
Others	9,213	8,563
	<u>394,680</u>	<u>298,939</u>
Representing:		
Cost of sales	335,278	244,847
Selling and distribution expenses	14,255	12,484
Administrative expenses	41,519	39,536
ECL allowance of trade receivables	3,628	2,072
	<u>394,680</u>	<u>298,939</u>

	2022	2021
	HK\$'000	HK\$'000
Discontinued operation		
Cost of inventories sold	–	79,840
Employee benefit expenses	–	11,249
Transportation and freight charges	–	6,926
Amortisation of intangible assets	–	11,924
Depreciation of right-of-use assets	–	293
Depreciation of property, plant and equipment	–	16
Directors' emoluments	–	1,278
License fees	–	494
Auditor's remuneration		
— Audit services	–	402
— Non-audit services	–	34
ECL allowance of trade receivables	–	56
Legal and professional fees	–	3,216
Sample costs	–	81
Sales and marketing expenses	–	5,612
Design and development expenses	–	2,473
Exchange differences	–	824
Provision for inventories	–	613
Others	–	2,988
	<u>–</u>	<u>128,319</u>
	<u>–</u>	<u>128,319</u>
Representing:		
Cost of sales	–	85,506
Selling and distribution expenses	–	32,675
Administrative expenses	–	10,082
ECL allowance of trade receivables	–	56
	<u>–</u>	<u>128,319</u>
	<u>–</u>	<u>128,319</u>

6 FINANCE COSTS, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operation		
Finance income		
— Interest income from bank deposits	<u>266</u>	<u>192</u>
Finance costs		
— Interest expenses on bank borrowings and bank overdrafts	(4,028)	(1,696)
— Interest expenses on lease liabilities	<u>(115)</u>	<u>(236)</u>
	<u>(4,143)</u>	<u>(1,932)</u>
Finance costs, net	<u><u>(3,877)</u></u>	<u><u>(1,740)</u></u>
Discontinued operation		
Finance income		
— Interest income from bank deposits	<u>-</u>	<u>2</u>
Finance costs		
— Interest expenses on bank borrowings and bank overdrafts	-	(1,267)
— Interest expenses on lease liabilities	-	(14)
— Notional interest on license fee payables	<u>-</u>	<u>(199)</u>
	<u>-</u>	<u>(1,480)</u>
Finance costs, net	<u><u>-</u></u>	<u><u>(1,478)</u></u>

7 INCOME TAX EXPENSE/(CREDIT)

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year ended 31 December 2022, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of the estimated assessable profits of qualifying entities are taxed at 8.25%, and the estimated assessable profits above HK\$2 million are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

The Group's PRC subsidiaries are subject to the China Corporate Income Tax ("CIT") at the rate of 25% (2021: 25%) for the year ended 31 December 2022. Certain PRC subsidiaries of the Group that qualify as small and thin-profit enterprises with an annual taxable income of Renminbi ("RMB") 1 million or less are applicable to the effective CIT rate of 5% (2021: 5%). Where the taxable income exceeds RMB1 million but does not exceed RMB3 million, the RMB1 million portion will be subject to an effective CIT rate of 2.5% (2021: 5%), whereas the excess portion will be subject to the effective CIT rate of 5% (2021: 10%) for the year ended 31 December 2022.

The Group's subsidiaries in Denmark are subject to income tax at the rate of 22% (2021: 22%) for the year ended 31 December 2022.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operation		
Current income tax		
— Hong Kong Profits Tax	138	100
— CIT	894	63
— Denmark income tax	—	2
— Over-provision from prior years	(171)	(2,022)
Deferred income tax	(508)	1,842
	<u>353</u>	<u>(15)</u>
Discontinued operation		
Current income tax		
— Hong Kong Profits Tax	—	—
— CIT	—	—
— Denmark income tax	—	—
— Over-provision from prior years	—	(204)
Deferred income tax	—	(1,120)
	<u>—</u>	<u>(1,324)</u>

8 DISCONTINUED OPERATION

On 29 October 2021, the Company entered into a sale and purchase agreement to dispose of branded label products operation of the Group. The disposal was completed on 31 December 2021, on which date control of the branded label products operation was passed to the acquirer. Upon completion of the disposal, the Group's branded label product operation was ceased. Accordingly, the operation was classified as discontinued operation.

The results of the branded label products operation for the year ended 31 December 2021, were as follows:

	2021 <i>HK\$'000</i>
Revenue	120,655
Cost of sales	<u>(85,506)</u>
Gross profit	35,149
Other income and gains, net	1,245
Selling and distribution expenses	(32,675)
Administrative expenses	(10,082)
ECL allowance of trade receivables	<u>(56)</u>
Loss from discontinued operation	(6,419)
Finance income	2
Finance costs	<u>(1,480)</u>
Finance costs, net	<u>(1,478)</u>
Loss before income tax	(7,897)
Income tax credit	<u>1,324</u>
Loss for the year	<u>(6,573)</u>
Loss on disposal of subsidiaries	<u>(1,691)</u>
Loss for the year from discontinued operation attributable to owners of the Company	<u><u>(8,264)</u></u>

9 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share are calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares deemed to be in issue during the years ended 31 December 2022 and 2021.

Continuing operation

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to the owners of the Company	(466)	(3,008)
Less: loss for the year from discontinued operation	<u>–</u>	<u>8,264</u>
(Loss)/Profit for the purpose of basic (loss)/earnings per share from continuing operation	(466)	5,256
Weighted average number of ordinary shares in issue <i>(thousands of shares)</i>	<u>1,014,795</u>	<u>1,000,000</u>
Basic (loss)/earnings per share <i>(HK cents)</i>	<u>(0.05)</u>	<u>0.53</u>

Diluted loss per share from continuing operation is the same as basic loss per share as the Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2022.

Diluted earnings per share from continuing operation is the same as basic earnings per share from continuing operation as there were no potentially dilutive ordinary shares issued during the year ended 31 December 2021.

Discontinued operation

During the year ended 31 December 2021, basic and diluted loss per share from discontinued operation was HK0.83 cents per share based on the loss for the year from discontinued operation of HK\$8,264,000 and the weighted average number of ordinary shares of 1,000,000,000.

10 PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2022, the Group had approximately HK\$701,000 (2021: HK\$1,464,000) additions to property, plant and equipment and disposed of property, plant and equipment with a total net carrying amount of approximately HK\$1,454,000 (2021: HK\$2,000). Upon the disposal of subsidiaries, approximately HK\$11,000 of property, plant and equipment was deconsolidated from the Group during the year ended 31 December 2021.

11 INTANGIBLE ASSETS

During the year ended 31 December 2022, the Group had no (2021: HK\$10,739,000) addition to intangible assets while no (2021: HK\$26,423,000) intangible assets was deconsolidated from the Group due to the disposal of subsidiaries. There was no impairment adjusted to the carrying amount of intangible assets during the year ended 31 December 2022 and 2021.

12 TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables, net of ECL allowance	60,956	60,017
Prepayments, deposits and other receivables	15,799	19,147
Consideration receivable from disposal of subsidiaries	—	28,975
	<u>76,755</u>	<u>108,139</u>

Majority of payment terms with customers are within 60 to 90 (2021: 60 to 90) days and certain major customers were granted with longer credit terms on discretion. As at 31 December 2022 and 2021, the aging analysis of trade receivables and net of ECL allowance based on invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	38,887	41,977
31–60 days	13,883	8,126
61–90 days	4,813	1,918
91–120 days	1,247	44
Over 120 days	2,126	7,952
	<u>60,956</u>	<u>60,017</u>

13 FINANCIAL ASSETS AT FVTPL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current		
— Key management insurance contracts	26,274	7,002
— Investment in NFT-themed Project	8,000	—
	<u>34,274</u>	<u>7,002</u>
Current		
— Listed equity investments in Hong Kong	7,213	—
	<u>41,487</u>	<u>7,002</u>

14 TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	41,492	54,382
Accruals and other payables	16,888	10,311
	<u>58,380</u>	<u>64,693</u>

Majority of payment terms with suppliers are within 60 to 90 (2021: 60 to 90) days. As at 31 December 2022 and 2021, the aging analysis of trade payables of the Group by invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	10,299	24,519
31–60 days	17,623	13,193
61–90 days	8,070	8,469
Over 90 days	5,500	8,201
	<u>41,492</u>	<u>54,382</u>

15 BANK BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Secured and repayable on demand		
— Bank overdrafts	11,744	527
— Bank borrowings	51,996	31,840
	<u>63,740</u>	<u>32,367</u>

As at 31 December 2022 and 2021, the interest rates of the bank borrowings ranged from 5.0% to 6.5% and 1.9% to 5.8% per annum, respectively.

For the years ended 31 December 2022 and 2021, the interest rates of the bank borrowings ranged from 1.5% to 7.8% and 1.8% to 5.8% per annum, respectively.

16 SHARE CAPITAL

	Number of ordinary shares at HK\$0.01 each '000	HK\$'000
Authorised:		
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:		
As at 1 January 2021, 31 December 2021 and 1 January 2022	1,000,000	10,000
Issuance of shares through placing (<i>note</i>)	<u>200,000</u>	<u>2,000</u>
As at 31 December 2022	<u>1,200,000</u>	<u>12,000</u>

Note: On 9 November 2022, the Company entered into a placing agreement with a placing agent in respect of the placement of 200,000,000 ordinary shares of HK\$0.01 each to independent investors at a price of HK\$0.16 per share. The placement was completed on 5 December 2022 and the aggregate cash subscription price received, before share issue expenses, was HK\$32,000,000. This transaction resulted in an increase of the issued share capital and share premium account of HK\$2,000,000 and HK\$29,518,000, respectively.

17 DIVIDENDS

For the years ended 31 December 2022 and 2021, the Company did not declare any dividend.

The rate of dividends and the number of shares ranking for dividends are not presented as such information of dividend declared prior to the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited is not considered meaningful for the purpose of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

We are one of the leading global corporates with nearly three decades of experience in the industry of 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. 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 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 Group's performance were overwhelmed by the following three factors, namely (i) the "zero-COVID" approach adopted by the PRC government in tackling the COVID-19 pandemic (the "**Pandemic**"); (ii) the escalated Russia-Ukraine War; and (iii) the increased global inflation rate and interest rate. The Group managed to record a 29% growth in revenue as travel bans and quarantine measures were lifted in most of the countries in 2022 and travelling resumed, leading to a rising demand for bags and luggage. To sustain such increase, the Group is actively seeking opportunities to work with new customers and carry out new projects.

Though with a focus on supplying functional and essential products with private labels, such as tool bags, sports bags, technical and medical related products, the Group has continuously diversified its customer portfolio throughout the Reporting Period. To further maintain the competitive position in the bags and luggage industry, the Group will keep on expanding its customer base and supply chain network, in a hope to fulfill the customers' needs and expectations.

The revenue of our private label products business for the Reporting Period increased by approximately HK\$89.4 million or approximately 29.3%, from approximately HK\$304.7 million for the year ended 31 December 2021 to approximately HK\$394.1 million for the Reporting Period. Such increase was mainly attributable to the significant increase in sales of essential bags during the Reporting Period. The breakdown of the revenue by product portfolio and product category are set out as below:

	Year ended 31 December			
	2022		2021	
	Revenue		Revenue	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Private label products				
Backpack and others	204,194	52	101,366	33
Tool bags	105,318	27	130,961	43
Luggage	15,595	4	6,893	2
Medical bags and related supplies	69,012	17	65,496	22
	<hr/>	<hr/>	<hr/>	<hr/>
Total	394,119	100	304,716	100
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Cost of Sales and gross profit

Despite growth in revenue, our gross profit and gross profit margin decreased from approximately HK\$59.9 million and 19.6% for the year ended 31 December 2021 to approximately HK\$58.8 million and 14.9% for the Reporting Period. The drop in both gross profit and gross profit margin was mainly due to the relatively larger increase in cost of sales by approximately 36.9% during the Reporting Period, which was mainly driven by the increase in production and raw material costs as well as the increase in sales of essential bags with lower profit margins during the Reporting Period.

Selling and Distribution Expenses

Our selling and distribution expenses increased by approximately HK\$1.8 million from approximately HK\$12.5 million for the year ended 31 December 2021 to approximately HK\$14.3 million for the Reporting Period. Such increase was mainly driven by the increase of sales activities during the Reporting Period.

Administrative Expenses

Our administrative expenses increased by approximately HK\$2.0 million from approximately HK\$39.5 million for the year ended 31 December 2021 to approximately HK\$41.5 million for the Reporting Period. Such increase was mainly due to the increase in employee benefit expenses and directors' emoluments of approximately HK\$5.5 million, which were offset by (i) the decrease in depreciation of right-of-use assets and property, plant and equipment of approximately HK\$1.5 million and (ii) the reported exchange gain (net) of approximately HK\$3.8 million.

Finance Costs

Our finance costs, net increased by approximately HK\$2.2 million from approximately HK\$1.7 million for the year ended 31 December 2021 to approximately HK\$3.9 million for the Reporting Period. Such increase was mainly driven by the significant increase in interest rates and the increase in average outstanding balance of bank borrowings for the Reporting Period.

Income Tax

For the Reporting Period, the Group's income tax expenses amounted to approximately HK\$0.4 million, as compared with approximately HK\$15,000 income tax credit for the year ended 31 December 2021.

Loss for the year

The Group reported both loss from continuing operation and net loss of approximately HK\$0.5 million during the Reporting Period as compared to profit from continuing operation of approximately HK\$5.3 million and net loss of approximately HK\$3.0 million (which accounted for loss from discontinued operation of approximately HK\$8.3 million) for the year ended 31 December 2021. The loss for the Reporting Period was mainly attributable to (i) a lower average gross profit margin as a result of the increase in production costs and the relatively larger increase in sales of essential bags with lower margins during 2022; (ii) the recognition of impairment loss ("**Impairment Loss**") on the outstanding trade receivable due from a former customer of the Group of approximately HK\$3.6 million; and (iii) the recognition of fair value loss ("**Fair Value Loss**") of approximately HK\$4.0 million relating to the value of the surrender charge of a key man insurance policy (the "**Policy**") as at 31 December 2022. Details of the Policy have been disclosed in the Company's other announcement dated 8 August 2022. If the above non-cash Impairment Loss and Fair Value Loss were to be excluded, the Company would have recorded a profit before tax to approximately HK\$7.5 million for 2022.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Group funds its business and working capital requirements by using a balanced mix of internal resources, bank borrowings, a partial portion of the proceeds from the initial public offering and proceeds from the Company's equity fund raising exercises. The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group.

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 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 Company's issued share capital increased from 1,000,000,000 to 1,200,000,000 immediately after the Completion. The aggregate nominal value of the Placing Shares was HK\$2,000,000 based on the nominal value of HK\$0.01 per share. The net proceeds from the issue of the Placing Shares after deduction of all relevant expenses amounted to approximately HK\$31.1 million and the net issue price was HK\$0.16 per Placing Share. For details on the use of proceeds from the Placing, please refer to the section "Use of proceeds from the Placing" below.

As at 31 December 2022, the Group had net current assets of approximately HK\$64.8 million (31 December 2021: HK\$59.2 million), cash and bank balances and pledged deposits amounted to approximately HK\$91.4 million (31 December 2021: HK\$58.2 million) and bank borrowings amounted to approximately HK\$63.7 million (31 December 2021: HK\$32.4 million). The Group's cash and bank balances as at 31 December 2022 were mainly denominated in Renminbi ("**RMB**"), Hong Kong Dollars ("**HK\$**") and United States Dollars ("**USD**"). The Group's borrowings carried interest at rates ranging from 5.0% to 6.5% per annum as at 31 December 2022 (2021: 1.9% to 5.8%), and from 1.5% to 7.8% per annum during the Reporting Period (31 December 2021: 1.8% to 5.8%).

The Group's gearing ratio as at 31 December 2022 was 51.3% (31 December 2021: 35.3%), calculated by dividing total debt by total equity multiplied by 100%. Total debt is defined as the sum of lease liabilities and bank borrowings.

CONTINGENT LIABILITIES

As at 31 December 2022 and 2021, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events after the Reporting Period and up to the date of this announcement.

CAPITAL COMMITMENTS

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

EMPLOYEE INFORMATION

As at 31 December 2022, the Group had approximately 399 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.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

For the year ended 31 December 2021, the Company entered into a sale and purchase agreement (the “SPA”) on 29 November 2021, of which the Company agreed to sell and the purchaser, a company indirectly wholly-owned by Mr. Thomas Berg (“Mr. Berg”), an executive Director and the chairman of the Company agree to acquire, the entire issued share capital of Grown-Up Licenses Limited (“GPL HK”), the then indirect wholly-owned subsidiary of the Company, for a consideration of HK\$30,500,000 (the “Connected Transaction”). The SPA was completed on 31 December 2021. For details of the Connected Transaction, please refer to the Company's announcements dated 29 October 2021, 31 December 2021, 1 March 2022 and 30 March 2022, respectively.

SIGNIFICANT INVESTMENT HELD

Save for the financial assets at FVTPL in relation to the subscription of key management insurance contracts and the investment in NFT-themed project during the Reporting Period as disclosed in note 13, there were no other material investments held by the Group (31 December 2021: nil) as at 31 December 2022. Please refer to the Company's announcements dated 8 August 2022 and 9 November 2022 respectively for further details.

CHARGE ON ASSETS

As at 31 December 2022 and 2021, the following assets were pledged to banks to secure general banking facilities granted to the Group:

- (i) Land and buildings with carrying values of approximately HK\$1.1 million (2021: approximately HK\$1.1 million);
- (ii) Pledged deposits of approximately HK\$45.9 million (2021: approximately HK\$48.8 million); and
- (iii) Financial assets at FVTPL of HK\$26.3 million (2021: HK\$7.0 million).

FOREIGN CURRENCY EXPOSURE

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and RMB. Any significant fluctuation in the exchange rates between USD and RMB may affect the profitability. The Group currently does not have a foreign currency hedging policy. The Group will continue to monitor its foreign currency exposure closely and consider hedging significant foreign currency exposure should the need arise.

DIVIDEND

The Board did not recommend the payment of a final dividend by the Company for the Reporting Period (2021: nil).

USE OF PROCEEDS FROM LISTING

The net proceeds (the “**Net Proceeds**”) received by the Group, after deducting related expenses, were approximately HK\$49.9 million. During the year ended 31 December 2021, the Group had amended its use of proceeds. For details on the changes in the use of proceeds and the reasons and benefits for such changes, please refer to the Company’s announcement dated 26 March 2021. As at 31 December 2022, the Net Proceeds was fully utilised.

During the Reporting Period, the Net Proceeds had been applied as follows:

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

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

Intended use of Net Proceeds	Description of the Net Proceeds utilised during the Reporting Period
Enhancing information technology management system	<ul style="list-style-type: none"> Upgraded IT facility and system

USE OF THE PROCEEDS FROM THE PLACING

As disclosed in the section headed “Capital Structure, Liquidity, Financial Resources and Gearing”, on 5 December 2022, the Group completed the Placing and placed 200,000,000 Placing Shares at the placing price of HK\$0.16 per Placing Share. The net proceeds from the Placing, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) amounted to approximately HK\$31.3 million. As disclosed in the Company’s announcement dated 9 November 2022, the Group intends to apply the net proceeds from the Placing to (1) fund the existing business operation; (2) increase brand awareness by participating in an NFT-themed project; (3) repay the outstanding liabilities; and (4) use as general working capital of the Group.

As at 31 December 2022, the net proceeds from the Placing were utilised through approximately HK\$13.6 million of (i) increasing brand awareness by cooperating with an independent third party in developing an NFT-theme project of approximately HK\$8.0 million; (ii) repayment of bank loans of approximately HK\$2.6 million; and (iii) general working capital to accommodate daily operational needs of HK\$3.0 million. It is expected that the unutilised proceeds of approximately HK\$17.7 million as at 31 December 2022 will be utilised as intended by the end of 31 December 2023.

CONVERTIBLE BONDS

On 12 May 2022, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with the subscriber (the “**Subscriber**”), pursuant to which the Subscriber agreed to subscribe, and the Company agreed to issue convertible bonds (the “**Convertible Bonds**”) in an aggregate principal amount of HK\$15,000,000 with the conversion price of HK\$1.68 per conversion share. On 16 May 2022, the Company entered into a supplemental subscription agreement (the “**Supplemental Subscription Agreement**”, together with the Subscription Agreement, the “**Subscription Agreements**”) with the Subscriber, pursuant to which the conversion price was changed from HK\$1.68 per conversion price to HK\$2.09 per conversion share, which was the closing price per share as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on the date of the Supplemental Subscription Agreement. The Convertible Bonds shall bear interest from and including the date of its issue at 2.5% per annum on the outstanding principal amount thereof. Based on the conversion price of HK\$2.09 per conversion share, a total of 7,177,033 conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds, which will represent approximately 0.72% of the existing issued share capital of the Company and approximately 0.71% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares. The Company intended to use the net proceeds from the Convertible Bonds, which was estimated to be HK\$15.0 million, as general working capital of the Group to support its existing business operations and the development of the Group’s potential projects in the sphere of digital assets.

The Subscription Agreements were lapsed on 30 September 2022 as the conditions precedent set forth in the Subscription Agreements were not fulfilled by the long stop date, i.e. 30 September 2022. For further details of the Convertible Bonds, please refer to the announcements of the Company dated 12 May 2022, 16 May 2022 and 30 September 2022, respectively.

CONTINUING CONNECTED TRANSACTION

On 31 December 2021, Grown-Up Manufactory Limited (“GPM”), a subsidiary of the Company, entered into a framework supply agreement (the “**Framework Supply Agreement**”) with GPL HK, pursuant to which GPM and its subsidiaries agreed to sell and GPL HK and its subsidiaries (“**GPL Group**”) agreed to purchase backpack, bags and luggage products (the “**Products**”). GPL HK, is a former subsidiary of the Group which is now indirectly and wholly-owned by Mr. Berg, an executive Director and the chairman of the Board.

The pricing of the Products is agreed between the Group and GPL Group, which shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm’s length basis by both parties and based on the prevailing market price at the time of the transaction (which shall be on terms no less favourable than those offered by the Group to the independent third parties and/or prevailing in the market for the Products of similar type and quality).

For the Reporting Period, the proposed cap for the transaction amounts under the Framework Supply Agreement and the actual transaction amounts under the Framework Supply Agreement were as follows:

	Proposed cap for transaction amount (HK\$’000)	Actual transaction amount (HK\$’000)
Sales by the Group to GPL Group	<u>70,000</u>	<u>62,245</u>

Pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), GPL HK is a connected person of the Company and the transaction contemplated under the Framework Supply Agreement constituted a continuing connected transaction of the Company.

The independent non-executive Directors confirmed that the above continuing connected transaction was entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms or better; and (iii) in accordance with the Framework Supply Agreement on terms that are fair and reasonable and in the interests of the Company’s shareholders as a whole.

Grant Thornton Hong Kong Limited (“**Grant Thornton**”), the Company’s independent auditor, was engaged to report on the continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants.

Grant Thornton has issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed above pursuant to Rule 14A.56 of the Listing Rules.

Grant Thornton has confirmed in a letter to the Board that, nothing has come to their attention that causes the auditor to believe that the transaction under the Framework Supply Agreement: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with each of the Master Agreement and Framework Agreement; and (iv) have exceeded the cap.

A copy of the auditor’s letter will be provided to the Stock Exchange by the Company in accordance with Rule 14A.57 of the Listing Rules.

Save as disclosed above, the Group had not entered into any connected transaction during the Reporting Period, which is required to be disclosed under Chapter 14A of the Listing Rules.

DISCLOSEABLE TRANSACTION

On 12 January 2022, GPM took out a life insurance policy (the “**Policy**”) with Hang Seng Insurance Company Limited (“**Hang Seng Insurance**”) and placed an initial single premium of US\$2,994,160 (equivalent to approximately HK\$23,300,000) by way of cash thereunder with Hang Seng Insurance. Mr. Berg is the insured person and GPM is both the policyholder and the beneficiary of the Policy.

The amount of the initial single premium was agreed between GPM and Hang Seng Insurance after arm’s length negotiation with reference to, amongst other things, Mr. Berg’s age, gender and the sum at risk and amount of death benefit payable to GPM in the event of the death of Mr. Berg. In the event that GPM surrenders the Policy during the policy term, the maximum amount receivable by GPM under the Policy on a guaranteed basis would be US\$2,849,788 (equivalent to approximately HK\$22,170,000). In the event that Mr. Berg resigns from his office as an executive Director and the chairman of the Board and/or is no longer employed or engaged with the Group in the future, GPM 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.

The Company is of the view that the Policy offers timely financial benefit and security to the Group and confidence to the Group's stakeholders and business partners to the Group's benefit in the unfortunate event of the loss of Mr. Berg. The Board confirmed that the terms of the Policy and the transaction contemplated thereunder are fair and reasonable and the entry of the Policy is in the interests of the Company and the shareholders as a whole.

The entry of the Policy constituted a discloseable transaction under Chapter 14 of the Listing Rules. For details of the Policy, please refer to the announcement of the Company dated 8 August 2022. Save as disclosed above, the Group had not entered into any notifiable transaction during the Reporting Period, which is required to be disclosed under Chapter 14 of the Listing Rules.

OUTLOOK AND PROSPECTS

The Group is committed to maintaining its leading position in the bags and luggage industry. During the Reporting Period, the Pandemic and the Russia-Ukraine War loomed over the Group's business operations. Nevertheless, we never stopped perusing ideas to expand our business footprint worldwide. We will keep on enhancing our design, research and development capabilities and keeping ourselves abreast of the latest trend to meet the needs of our customers.

The year 2023 will remain to be a challenging year for the Group. Despite the fact that the world has changed its approach in tackling the Pandemic, from tough containment measures, such as mandatory quarantines, city lockdowns and travel bans, to the scrapping of all containment measures and advocating the attitude of "Living with COVID" in 2022, the global economy is facing the threat of recession in 2023 because of the Russia-Ukraine War and high inflation rate.

The dropping of the COVID-19 containment measures will no doubt spur global economic growth, but the effect on economic revival is likely to be diminished by the escalated Russia-Ukraine War which has continuously disrupted energy and food supply. The disturbance of the Russia-Ukraine War in the global supply chain had caused the prices of commodities, food, petroleum and raw materials to increase tremendously, resulting in rising world inflation rate which peaked at 8.8% in 2022, and is forecasted to stay at 6.5% in 2023. With the high inflation rate, the US Federal Reserve and the European Central Bank increased the benchmarked interest rates in late 2022 and it is expected that the US Federal Reserve is going to take a more aggressive direction should the inflation rates remain high in the coming months in 2023. Countries may be subject to economic austerity to overcome the risk of recession.

Tensions between the US and the PRC were also heightened with the Chinese surveillance balloons being shot down by the US military force in the US in early 2023, leading to geopolitical friction between the two nations. With all these adverse effects, it is foreseeable that the Group's performance may weaken. Consumers will be less likely to spend on luxury items under tight fiscal policies to avoid debts and high living costs. Our customers will be more cautious in placing orders with the Group in view of the potential drop in consumers' demand. Volatile exchange rates may also place a heavy burden on the Group as the Group works with customers located in different parts of the world.

To stay competitive, the Group will continue to maintain its focus in increasing profitability and strengthening its competitive edge. In order to mitigate the negative effect of the US tariffs on the Group's products, the Group will carry on its expansion plan to broaden its supply chain and production footprint and divert some of its production plant out of the PRC. Such expansion can also benefit the Group as it can offer competitive price and flexibility to its customers, without being heavily charged on the US tariffs as the Group's products are manufactured out of the PRC. In 2023, the Group will further optimise and enhance the production capacity of its own and partnered factories located in the PRC and Southeast Asia to boost the Group's performance. With effective cost control measures, the Group will plan and adjust its budget prudently for the benefits of the Group's business operations. In addition, in view of the expected economy recovery post COVID-19 Pandemic, the Group is exploring opportunities to raise the Group's brand awareness with an aim to drive sales. The Group has participated in the NFT-themed tourism project during the Reporting Period, which the Directors believe that it can synergise with the Group's tourism-related manufacturing business and generate more sales in the long term.

Subject to the ever-changing market-conditions, namely (i) the Russia-Ukraine War; (ii) the high inflation rate and interest rate in the world; and (iii) the deteriorating relationship between the US and the PRC, the Group will stay cautious in 2023 by constantly monitoring the latest circumstances and adjusting its business strategies accordingly to meet its goals and targets.

Moving forward, the Group will maintain its strategic focus to achieve on profitability and strengthen its competitive edge by delivering greater value to its customers through quality management, competitive pricing and customer service. The Group will also cautiously explore and identify any new business opportunities with an objective to broaden its business scope and benefit from diversified return from the future.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “**AGM**”) will be held on Thursday, 25 May 2023 and the notice of AGM will be published and despatched in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 18 May 2023.

CORPORATE GOVERNANCE

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

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

MODEL CODE OF CONDUCT OF DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the Directors’ securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code.

RETIREMENT SCHEME

The Group participated in the Mandatory Provident Fund Scheme for its employees in Hong Kong. The Group also made monthly contributions to state-sponsored defined contribution scheme for its employees in the PRC, and contributed to the occupational pension scheme to its employees in Denmark, respectively.

During the Reporting Period and the year ended 31 December 2021, no contributions were forfeited by the Group on behalf of its employees who left the scheme prior to vesting fully in such contributions. Hence, no forfeited contributions were used by the Group to reduce the existing level of contributions as described in paragraph 26 of Appendix 16 to the Listing Rules.

COMPETING INTERESTS

Neither the Directors, the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with Rule 3.21 of the Listing Rules with the written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Tsang Hing Suen, Mr. Wong Kai Hing and Mr. Chan Ting Leuk Arthur. Mr. Tsang Hing Suen is currently serving as the chairman of the Audit Committee.

The Group's consolidated financial statements for the Reporting Period have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this announcement of the Group's results for the Reporting Period have been agreed by the Company's external auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Grant Thornton on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual 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 annual report of the Company for the Reporting Period will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

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

Hong Kong, 30 March 2023

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.