



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

2020 INTERIM REPORT

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Thomas Berg (*Chairman*)
 Mr. Morten Rosholm Henriksen
 Mr. Cheng Wai Man
 Mr. Brian Worm (*Chief Executive*)
(appointed on 7 May 2020)
 Mr. Yuan Ye (*appointed as non-executive Director*
on 7 May 2020 and redesignated as executive Director
on 1 July 2020)

NON-EXECUTIVE DIRECTORS

Mr. Fung Bing Ngon Johnny
 Mr. Xiong Jianrui (*resigned on 7 May 2020*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Tin Lok Stephen
 Mr. Lau Ning Wa Ricky
 Ms. Zhou Jing (*resigned on 29 July 2020*)
 Mr. Jiang Yuan Kun (*appointed on 29 July 2020*)

AUDIT COMMITTEE

Mr. Tang Tin Lok Stephen (*Chairman*)
 Mr. Lau Ning Wa Ricky
 Ms. Zhou Jing (*resigned on 29 July 2020*)
 Mr. Jiang Yuan Kun (*appointed on 29 July 2020*)

NOMINATION COMMITTEE

Mr. Thomas Berg (*Chairman*)
 Mr. Tang Tin Lok Stephen
 Mr. Lau Ning Wa Ricky
 Ms. Zhou Jing (*resigned on 29 July 2020*)
 Mr. Jiang Yuan Kun (*appointed on 29 July 2020*)

REMUNERATION COMMITTEE

Mr. Lau Ning Wa Ricky (*Chairman*)
 Mr. Tang Tin Lok Stephen
 Ms. Zhou Jing (*resigned on 29 July 2020*)
 Mr. Jiang Yuan Kun (*appointed on 29 July 2020*)
 Mr. Thomas Berg

COMPANY SECRETARY

Ms. Shut Ya Lai

AUTHORISED REPRESENTATIVES

Mr. Thomas Berg
 Ms. Shut Ya Lai

AUDITOR

PricewaterhouseCoopers

COMPLIANCE ADVISOR

Dakin Capital 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

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation

STOCK CODE

1842

Financial Highlights

Financial Results	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue	196,662	168,400
Profit/(loss) for the period	3,438	(9,325)
Basic earnings/(loss) per share (HK cent)	0.34	(1.12)
Diluted earnings/(loss) per share (HK cent)	0.34	(1.12)
Statement of Financial Position	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Non-current assets	79,604	88,373
Current assets	290,456	251,769
Total assets	370,060	340,142
Current liabilities	238,484	206,039
Non-current liabilities	6,234	12,191
Total liabilities	244,718	218,230
Net assets	125,342	121,912
Ratio Analysis		
Current ratio (times) ^(Note 1)	1.2	1.2
Gearing ratio ^(Note 2)	74.3%	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 base 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 2020

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 2020 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2019.

	Note	Six months ended 30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue	4	196,662	168,400
Cost of sales		(145,149)	(122,076)
Gross profit		51,513	46,324
Other income	5	712	347
Other gains, net	6	–	80
Selling and distribution expenses		(20,498)	(15,349)
Administrative expenses		(24,679)	(36,896)
Profit/(loss) from operations		7,048	(5,494)
Finance income	8	469	729
Finance costs	8	(3,091)	(4,111)
Finance costs, net	8	(2,622)	(3,382)
Profit/(loss) before income tax		4,426	(8,876)
Income tax expenses	9	(988)	(449)
Profit/(loss) for the period		3,438	(9,325)
Other comprehensive loss:			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		(8)	(127)
Total comprehensive income/(loss) for the period		3,430	(9,452)
Earnings/(loss) per share attributable to owners of the Company for the period			
Basic and diluted (HK cent)	10	0.34	(1.12)

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	<i>Note</i>	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	23,027	23,994
Right-of-use assets		8,677	12,475
Financial assets at fair value through profit or loss	14	7,002	7,002
Investment property		1,400	1,400
Intangible assets	12	35,905	39,783
Deferred income tax assets		3,593	3,719
		79,604	88,373
Current assets			
Inventories		40,399	42,771
Trade receivables	13	96,501	91,844
Prepayments, deposits and other receivables		35,417	32,138
Tax recoverables		1,026	493
Pledged deposits		53,292	28,044
Cash at bank and on hand		63,821	56,479
		290,456	251,769
Total assets		370,060	340,142
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	10,000	10,000
Other reserves		23,951	23,959
Retained earnings		91,391	87,953
Total equity		125,342	121,912

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	<i>Note</i>	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Non-current liabilities			
License fees payable		4,620	7,190
Lease liabilities		1,614	5,001
		6,234	12,191
Current liabilities			
Trade payables	15	63,913	44,166
Other payables and accruals		27,944	13,455
Contract liabilities		3,781	1,962
License fees payable		8,694	12,271
Lease liabilities		6,879	7,125
Bills payable	15	37,300	35,174
Bank and other borrowings	16	84,622	84,931
Tax payables		5,351	6,955
		238,484	206,039
Total liabilities		244,718	218,230
Total equity and liabilities		370,060	340,142

Condensed Consolidated Statement of Changes in Equity

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

For the six months ended 30 June 2019

	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 2019	-	-	(34,809)	(2,777)	117,651	80,065
Loss for the period	-	-	-	-	(9,325)	(9,325)
Other comprehensive loss:						
<i>Items that may be reclassified to profit or loss</i>						
- Currency translation differences	-	-	-	(127)	-	(127)
Total comprehensive loss for the period	-	-	-	(127)	(9,325)	(9,452)
Issue of new shares pursuant to a capitalisation issue in connection with the share offer	8,300	(8,300)	-	-	-	-
Issue of new shares pursuant to the share offer	1,700	83,300	-	-	-	85,000
Share issuance costs	-	(13,069)	-	-	-	(13,069)
At 30 June 2019	10,000	61,931	(34,809)	(2,904)	108,326	142,544

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Cash flows from operating activities		
Cash generated from operations	43,602	20,725
Income tax paid	(2,999)	(6,939)
Net cash generated from operating activities	40,603	13,786
Cash flows from investing activities		
Interest received	469	729
Purchase of property, plant and equipment	(499)	(538)
Proceeds from disposals of property, plant and equipment	-	317
Amounts due from ultimate holding companies	-	662
Amount due from the immediate holding company	-	(111)
Amounts due from related companies	-	(1,947)
Amounts due from directors	-	35,312
Changes in pledged deposits	(25,248)	(2,000)
Net cash (used in)/generated from investing activities	(25,278)	32,424

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Cash flows from financing activities		
Proceeds from issue of shares	-	85,000
Share issuance costs	-	(13,069)
Proceeds from bank borrowings	5,913	71,163
Repayment of bank borrowings	(2,976)	(102,968)
Interest paid for bank borrowings and bank overdrafts	(2,789)	(3,766)
Lease liabilities	(4,955)	(4,273)
Net cash (used in)/generated from financing activities	(4,807)	32,087
Net increase in cash and cash equivalents	10,518	78,297
Cash and cash equivalents at beginning of the period	4,913	608
Exchange differences	70	(820)
Cash and cash equivalents at end of the period	15,501	78,085

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.

The principal activity of the Company is investment holding. The principal activities of the Group are designing, developing, manufacturing and selling bag and luggage products.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing”) on 28 June 2019.

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 31 August 2020.

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 2020 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”).

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 2019.

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 2019, 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

2.2 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The significant accounting policies that have been used in the preparation of the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2020 are consistent with those set out in the Group's financial statements for the year ended 31 December 2019, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2020.

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

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 3 (Amendments)	Definition of a Business
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Interest Rate Benchmark Reform

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

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

At the date of authorisation of these unaudited condensed consolidated interim 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 ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ³

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective date not yet determined

⁵ Effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022

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. The new and amended HKFRSs are not expected to have a material impact on the Group's condensed consolidated interim financial statements.

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 2019.

4 SEGMENT INFORMATION

Chief Operating Decision Maker ("CODM") of the Group, which consist of the executive directors, chief executive 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.

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Sales of goods	196,662	168,400
Timing of revenue recognition		
– At a point in time	196,662	168,400

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

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				460
Other gains, net				–
Corporate expenses				(864)
Profit from operations				7,048
Finance income				469
Finance costs				(3,091)
Profit before income tax				4,426

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Private label products (Unaudited) HK\$'000	Branded products (Unaudited) HK\$'000	Intersegment elimination (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue from external customers	97,282	71,118	–	168,400
Inter-segment revenue	37,348	–	(37,348)	–
Total segment revenue	134,630	71,118	(37,348)	168,400
Segment results	1,097	9,014	(3,052)	7,059
Other income				346
Other gains, net				80
Corporate expenses				(12,979)
Loss from operations				(5,494)
Finance income				729
Finance costs				(4,111)
Loss before income tax				(8,876)

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

AS AT 30 JUNE 2020

	Private label products (Unaudited) HK\$'000	Branded products (Unaudited) HK\$'000	Corporate assets/ (liabilities) (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Non-current assets	44,663	26,418	8,523	79,604
Current assets	134,979	96,881	58,596	290,456
Total assets	179,642	123,299	67,119	370,060
Segment liabilities	(99,143)	(79,548)	–	(178,691)
Other liabilities	–	–	(66,027)	(66,027)
Net assets	80,499	43,751	1,092	125,342

AS AT 31 DECEMBER 2019

	Private label products (Audited) HK\$'000	Branded products (Audited) HK\$'000	Corporate assets/ (liabilities) (Audited) HK\$'000	Total (Audited) HK\$'000
Non-current assets	47,097	30,546	10,730	88,373
Current assets	119,514	77,615	54,640	251,769
Total assets	166,611	108,161	65,370	340,142
Segment liabilities	(79,849)	(80,152)	–	(160,001)
Other liabilities	–	–	(58,229)	(58,229)
Net assets	86,762	28,009	7,141	121,912

Notes to the Condensed Consolidated Financial Information

5 OTHER INCOME

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Rental income	460	347
Others	252	-
	712	347

6 OTHER GAINS, NET

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Loss on disposal of property, plant and equipment	-	(20)
Fair value gain on an investment property	-	100
	-	80

Notes to the Condensed Consolidated Financial Information

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Cost of inventories sold	122,038	88,638
Employee benefit expenses ^(Note)	35,447	44,868
Transportation and freight charges	6,747	7,098
Directors' emoluments	2,801	2,624
Listing expenses	–	12,739
Depreciation of property, plant and equipment	1,437	2,357
Depreciation of right-of-use assets	4,937	3,560
Amortisation of intangible assets	3,829	4,196
Credit loss allowance of trade receivables (Note 13)	49	–
Legal and professional fees	906	494
Sales and marketing expenses	3,717	1,009
Design and development expenses	1,433	244
Others	6,985	6,494
	190,326	174,321

Note: During the Reporting Period, the Group's subsidiaries are entitled to certain employment support schemes from the government in Hong Kong, the PRC and Denmark, which equivalent to approximately HK\$2.1 million and they are credited to the employee benefit expenses during the Reporting Period (for the six month ended 30 June 2019: Nil).

Notes to the Condensed Consolidated Financial Information

8 FINANCE COSTS, NET

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Finance income		
– Interest income from bank deposits	469	315
– Interest income from related companies	–	414
	469	729
Finance costs		
– Interest expenses on bank borrowings and bank overdrafts	(2,789)	(3,766)
– Interest expenses on lease liabilities	(183)	(105)
– Notional interest on license fees payable	(119)	(240)
	(3,091)	(4,111)
Finance costs, net	(2,622)	(3,382)

9 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 2020 and 2019. 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 2020 and 2019. The Group's subsidiaries in Denmark are subject to the income tax at the rate of 22% for the six months ended 30 June 2020 and 2019.

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

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Current tax		
– Hong Kong Profits Tax	279	(868)
– China Corporate Income Tax ("CIT")	1,512	53
– Denmark Income Tax	(928)	975
Deferred income tax charged	125	289
	988	449

Notes to the Condensed Consolidated Financial Information

10 EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2020 and 2019. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of issuance of shares of the Capitalisation Issue as detailed in the Prospectus of the Company.

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit/(loss) for the period (HK\$'000)	3,438	(9,325)
Weighted average number of shares in issue (thousand)	1,000,000	831,889
Basic earnings/(loss) per share (HK cent)	0.34	(1.12)
Diluted earnings/(loss) per share (HK cent)	0.34	(1.12)

There were no potentially dilutive ordinary shares outstanding as at 30 June 2020.

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group had approximately HK\$499,000 (six months ended 30 June 2019: HK\$538,000) addition to property, plant and equipment and did not dispose of any property, plant and equipment (six months ended 30 June 2019: HK\$337,000).

12 INTANGIBLE ASSETS

During the six months ended 30 June 2020, the Group did not acquire or dispose of any intangible assets (six months ended 30 June 2019: Nil). No impairment was recognised during the six months ended 30 June 2020 and 2019.

Notes to the Condensed Consolidated Financial Information

13 TRADE RECEIVABLES

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Trade receivables	97,445	92,739
Less: Credit loss allowance (<i>Note 7</i>)	(944)	(895)
Trade receivables, net	96,501	91,844

Majority of payment terms with customers are within 60 to 90 days. As at 30 June 2020 and 31 December 2019, the aging analysis of trade receivables and net of allowances based on invoice date are as follows:

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
0-30 days	58,505	42,767
31-60 days	7,492	7,189
61-90 days	3,642	3,602
Over 90 days	26,862	38,286
	96,501	91,844

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\$28,671,000 as at 30 June 2020 (as at 31 December 2019: HK\$27,127,000) are assessed individually. The exposure to credit risk for these balances are assessed with a credit loss allowance of approximately HK\$470,000 was provided by the Group as at 30 June 2020 (as at 31 December 2019: HK\$445,000).

The remaining trade receivables with gross carrying amount of approximately HK\$68,774,000 (as at 31 December 2019: HK\$65,612,000) are assessed based on debtors' aging with adopted an average expected loss rate of 0.69% (as at 31 December 2019: 0.69%). The exposure to credit risk for these balances are assessed with a credit loss allowance of approximately HK\$474,000 was provided by the Group as at 30 June 2020 (as at 31 December 2019: HK\$450,000).

Notes to the Condensed Consolidated Financial Information

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Unlisted investment:		
– Key management insurance contract	7,002	7,002

15 TRADE AND BILLS PAYABLE

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Trade payables	63,913	44,166
Bills payable	37,300	35,174
	101,213	79,340

Majority of payment terms with suppliers are within 60 to 90 days. The carrying amounts of trade and bills payable approximate their fair values. As at 30 June 2020 and 31 December 2019, the aging analysis of the trade payables of the Group by invoice date is as follows:

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
0-30 days	25,975	13,260
31-60 days	12,023	13,338
61-90 days	12,351	7,130
Over 90 days	13,564	10,438
	63,913	44,166

Notes to the Condensed Consolidated Financial Information

16 BANK AND OTHER BORROWINGS

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Bank overdrafts	48,320	51,566
Term loans	33,479	27,634
Factoring loans	2,823	5,731
	84,622	84,931

For the year ended 31 December 2019 and the six months ended 30 June 2020, the interest rates of the bank loans ranged from 2.8% to 5.7% and 1.2% to 5.7% 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.

17 SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Authorised:		
At 31 December 2019 and 30 June 2020	10,000,000,000	100,000
Issued and fully paid:		
At 31 December 2019 and 30 June 2020	1,000,000,000	10,000

18 INTERIM DIVIDEND

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

19 CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 June 2020 and 31 December 2019.

Notes to the Condensed Consolidated Financial Information

20 RELATED PARTY TRANSACTIONS

The Directors regard GP Group Investment Holding Limited (“GPG”), a company incorporated in Hong Kong, as the immediate holding company. The Directors regard Berg Group Holding Limited (“Berg Group”), a company incorporated in Hong Kong, as the ultimate holding company.

The Group had the following related party transactions during the period:

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Received from related parties:		
Service fee income from		
– Elements Manufactory Limited	-	162
Interest income from		
– Elements Group Denmark ApS	-	76
– Elements Denmark ApS	-	34
– Køkkensnedkeren A/S	-	304
	-	576

21 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2020 and 31 December 2019.

22 EVENTS AFTER THE REPORTING PERIOD

The Group had no material events after the Reporting Period.

Management Discussion and Analysis

BUSINESS AND FINANCIAL REVIEW

The Group has been operating nearly three decades within the industry of designing, developing, manufacturing and selling and distributing bags, luggage and 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 and medical related segments.

The business model of the Group has continuously evolved from a traditional original equipment manufacturing ("OEM") manufacturer mainly based in the PRC, to a comprehensive product manufacturer with multiple geographical manufacturing capabilities rendering services combining OEM, original design manufacturing ("ODM") and original brand manufacturing ("OBM"). 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.

During the Reporting Period, the ongoing trade dispute between the U.S. and the PRC continued to pose challenges to our sales in the U.S. market as the Group has become less price competitive over manufacturers located outside the PRC. The Group maintained a relatively low level of sales to the U.S. for the Reporting Period. With an aim to diversify the Group's operational risks and alleviate the impact that may be caused by the trade dispute between the U.S. and the PRC, the management of the Group has (i) accelerated the establishment of manufacturing capabilities outside the PRC; (ii) been continuously monitoring the order demand and projects on hand, and looking for new customers to improve our business profile; and (iii) kept on upskilling and reskilling the workforce. The Directors believe that the above mitigation actions are an expedient and prudent strategy to promptly tackle the trade dispute between the U.S. and the PRC, and expects to improve our sales in the U.S. market in the coming future.

Apart from the trade dispute between the U.S. and the PRC, the recent outbreak of the COVID-19 coronavirus pandemic (the "COVID-19 Pandemic") in early 2020 has also adversely impacted the performance of the Group. During the Reporting Period, due to the outbreak of the COVID-19 Pandemic, the Group's own production facility, global development and supply chain centre in the PRC, as well as certain suppliers in the PRC temporarily suspended or limited the scale of production. Also, certain customers temporarily closed their office with limited operation. As such, certain product development, production and delivery schedule of the products were being affected. In addition, due to the preventive measures imposed 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, certain retail and department stores, as well as schools, were closed which lowered 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 revenue of the Group's branded product business for the Reporting Period was approximately HK\$56.6 million, which represents a decline of approximately HK\$14.5 million, or approximately 20.5%, from approximately HK\$71.1 million as recorded in the corresponding period in 2019.

Despite of the above, the Group's total revenue for the Reporting Period increased by approximately HK\$28.3 million or approximately 16.8%, from approximately HK\$168.4 million for the six months ended 30 June 2019 to approximately HK\$196.7 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 shipment of products to certain private label customers in early 2020 due to the deferral of their new product development projects in 2019; and (ii) the sales of isolation gowns in order to accommodate to an immediate demand of personal protective equipment which arose as a consequence of the outbreak of the COVID-19 Pandemic.

Management Discussion and Analysis

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

	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Revenue HK\$'000	%	Revenue HK\$'000	%
Private label products				
Backpack and others	103,632	53	79,759	48
Luggage	36,480	18	17,523	10
Subtotal	140,112	71	97,282	58
Branded products				
Backpack and others	48,813	25	57,685	34
Luggage	7,737	4	13,433	8
Subtotal	56,550	29	71,118	42
Total	196,662	100	168,400	100

Our cost of sales increased by approximately HK\$23.0 million or approximately 18.8% from approximately HK\$122.1 million for the six months ended 30 June 2019 to approximately HK\$145.1 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 27.5% for the six months ended 30 June 2019 to approximately 26.2% 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\$5.2 million from approximately HK\$15.3 million for the six months ended 30 June 2019 to HK\$20.5 million for the Reporting Period. Such increase was mainly driven by the (i) expansion of our sales and marketing network; and (ii) the enhancement of our design and development capabilities during the Reporting Period.

Our administrative expenses decreased by approximately HK\$12.2 million from approximately HK\$36.9 million for the six months ended 30 June 2019 to approximately HK\$24.7 million for the Reporting Period. Such decrease was mainly due to the decrease in non-recurring listing expenses by approximately HK\$12.7 million during the Reporting Period.

Our finance costs, net decreased by approximately HK\$0.8 million from approximately HK\$3.4 million for the six months ended 30 June 2019 to approximately HK\$2.6 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\$12.7 million to approximately HK\$3.4 million for the Reporting Period from a loss of approximately HK\$9.3 million for the corresponding period in 2019.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL EXPENDITURE

As at 30 June 2020, the Group had net current assets of approximately HK\$52.0 million (31 December 2019: HK\$45.7 million), cash and bank balances amounted to approximately HK\$117.1 million (31 December 2019: HK\$84.5 million) and bank borrowings amounted to approximately HK\$84.6 million (31 December 2019: HK\$84.9 million). The Group's cash and bank balances as at 30 June 2020 were mainly denominated in Renminbi ("RMB"), Hong Kong Dollars ("HKD"), Danish Kroners ("DKK") and United States Dollars ("USD"). The Group's borrowings carried interest at rates ranging from 1.2% to 5.7% per annum during the Reporting Period (31 December 2019: 2.8% to 5.7%).

The Group's gearing ratio as at 30 June 2020 was 74.3% (31 December 2019: 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 HK\$0.5 million, mainly attributable to the acquisition of property, plant and equipment.

LISTING EXPENSES

Listing expenses represented fees paid/payable to various professional parties in connection with the Listing. The Group did not have any listing expenses recognised in profit or loss for the Reporting Period (six months ended 30 June 2019: approximately HK\$12.7 million).

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities (31 December 2019: Nil).

Management Discussion and Analysis

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 2020 are set out in note 19 to the Group's unaudited interim condensed consolidated financial information for the Reporting Period.

SEGMENTAL INFORMATION

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

EMPLOYEE INFORMATION

As at 30 June 2020, the Group had approximately 639 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 2020, there were no material investments held by the Group (31 December 2019: Nil).

Management Discussion and Analysis

CHARGE ON ASSETS

As at 30 June 2020, 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 2019: approximately HK\$20.6 million);
- (ii) Pledged deposits of approximately HK\$53.3 million (31 December 2019: approximately HK\$28.0 million);
- (iii) Inventories and trade receivables of a subsidiary company (31 December 2019: same); and
- (iv) Financial assets at fair value through profit or loss of approximately HK\$7.0 million (31 December 2019: approximately HK\$7.0 million).

FOREIGN CURRENCY EXPOSURE

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars (“US\$”), Renminbi (“RMB”) and Euro (“Euro”). Any significant fluctuation in the exchange rates between RMB, Euro and US\$ 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 Directors believe that the uncertainty on the impact resulting from the COVID-19 Pandemic and the continuing trade dispute between the U.S. and the PRC may cause difficulties for the Group’s customers to project their purchasing plans and may cause them to reduce their orders from the Group.

Going forward, the Group intends to (i) implement sales and marketing strategy to reinforce and build connections with existing and potential customers; (ii) enhance service level and the business opportunities available in the markets other than the U.S.; (iii) intensify our design and development competence and reinforce our manufacturing capabilities with cost-efficiency management; and (iv) enter into a subcontracting arrangement with manufacturers outside the PRC so that the Group can continue to take on orders from U.S.-based customers without being affected by the trade dispute between the U.S. and the PRC. It is believed that the Group’s strategies implemented by the management will be able to mitigate the adverse impact of the trade dispute between the U.S. and the PRC as well as the COVID-19 Pandemic. The Group will stay tuned to the latest global political and economic developments, keep alert of the challenges ahead and adjust to market changes from time to time.

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:

	Planned use of proceeds HK'000	Actual usage up to 30 June 2020 HK'000	Unutilised amounts as at 30 June 2020 HK'000	Expected timeline for unutilised net proceeds from IPO
Intensifying our design and development efforts	8,088	(2,524)	5,564	To be utilised by 31 December 2023
Enhancing our design and development capabilities	5,738	(1,379)	4,359	To be utilised by 31 December 2022
Expanding our sales and marketing network	7,194	(5,473)	1,721	To be utilised by 31 December 2021
Expanding and enhancing our manufacturing capabilities	11,800	(862)	10,938	To be utilised by 31 December 2021
Enhancing our information technology management system	4,634	(2,150)	2,484	To be utilised by 31 December 2022
Repaying outstanding bank loans	7,500	(7,500)	–	N/A
Working capital	4,900	(4,900)	–	N/A

As at 30 June 2020 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. During the Reporting Period, the Directors had evaluated the Group's business objectives and considered that no modification to the use of proceeds described in the Prospectus was required. However, due to market uncertainties, our plan in expanding and enhancing our manufacturing capabilities were interrupted. It is expected that the new manufacturing facilities will not be ready in use in 2020.

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 (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 2019: 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 2020, 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") ^(Note 2)	Interest in controlled corporation	594,900,000(L) ^(Note 1)	59.49%

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 ^(Note 2)	GPG	Interest in controlled corporation	8,870(L) ^(Note 1)	88.7%
Mr. Morten Rosholm Henriksen ("Mr. Henriksen") ^(Note 3)	GPG	Interest in controlled corporation	1,130(L) ^(Note 1)	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.

Save as disclosed above, as at 30 June 2020, 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).

Other Information

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 2020, 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 ^(Note 2)	Interest in controlled corporation	594,900,000(L) ^(Note 1)	59.49%
GPG ^(Note 2)	Beneficial owner	594,900,000(L) ^(Note 1)	59.49%
Mr. Choi Chung Yin	Beneficial owner	85,860,000(L) ^(Note 1)	8.56%

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 2020, 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. Jiang Yuan Kun. 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, 31 August 2020

As at the date of this report, the executive Directors are Mr. Thomas Berg, Mr. Morten Rosholm Henriksen, Mr. Cheng Wai Man, Mr. Brian Worm and Mr. Yuan Ye; 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. Jiang Yuan Kun.