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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)

CONNECTED TRANSACTION DISPOSAL OF PROPERTY

THE DISPOSAL

On 14 April 2023 (after trading hours of the Stock Exchange), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property at the Consideration of HK\$19,500,000.

LISTING RULES IMPLICATION ON THE DISPOSAL

As at the date of this announcement, the Purchaser is wholly-owned by Mr. Berg, the chairman and executive Director and the controlling Shareholder interested in 371,000,000 Shares of the Company, representing 30.92% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules. The Disposal therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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Principal terms of the Agreement are set out as follows:

Date

14 April 2023

Parties

- (i) Grown-Up Manufactory Limited as Vendor; and
- (ii) VKing Marine Limited as Purchaser.

The Purchaser is wholly-owned by Mr. Berg, the chairman of the Board, the executive Director and the controlling Shareholder of the Company.

The Property

The Property is located at 7th Floor, Tai Ping Industrial Centre Block 2, No. 55 Ting Kok Road, Tai Po, New Territories, Hong Kong.

Details of the Property have been disclosed in the section headed “Information on the Property” in this announcement.

Consideration

The Consideration shall be payable by the Purchaser in cash in the following manner:

- (i) HK\$975,000 shall be paid by the Purchaser within seven (7) days after the signing of the Agreement as initial deposit; and
- (ii) HK\$18,525,000, being the balance of the Consideration shall be paid by the Purchaser on Completion.

The Consideration of HK\$19,500,000 is determined with reference to the prevailing property market in Hong Kong and the market price of the similar properties in the vicinity of the Property.

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal (including the Consideration) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Completion

Completion shall take place on or before 31 August 2023.

The Property is at present subject to the Mortgage in favour of Hang Seng Bank Limited. The Vendor undertakes to obtain a release/discharge of the Property from the existing Mortgage at the Vendor’s own costs and expenses on or before Completion.

INFORMATION ON THE PROPERTY

The Property is located at 7th Floor, Tai Ping Industrial Centre Block 2, No. 55 Ting Kok Road, Tai Po, New Territories, Hong Kong.

As at 31 December 2022, the carrying value of the Property was approximately HK\$1,100,000 and it is currently used as an ancillary office and storage space for the Group.

INFORMATION ON THE GROUP AND THE VENDOR

The Group is principally engaged in the designing, developing, sourcing, manufacturing and selling and distributing a full range of bags, luggage and accessories as well as medical related products, tool storage and tool accessories.

The Vendor is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. The principal activity of the Vendor is manufacturing and trading of bags and luggage.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Berg. The principal activity of the Purchaser is investment holding.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the annual results announcement of the Company for the year ended 31 December 2022 (“**2022 Results Announcement**”), the Company remains cautious on the post-COVID consumer recovery and its business prospects amid global inflation crisis and the prolonged Russia-Ukraine War. In addition, taking into account the recent market conditions and prevailing property market price for industrial properties in Hong Kong, the Company is of the opinion that the Disposal represents a good opportunity for the Group to realise its investment in the Property for a reasonable return (i.e. gain (excluding relevant transaction costs) of approximately HK\$15,850,000) and generate additional working capital for the Group to repay its outstanding liabilities and reduce its gearing level (i.e. 51.3% as disclosed in the 2022 Results Announcement) as well as strengthening the Group’s liquidity and financial position for its future business development and prospects.

The Property has been used by the Group as an ancillary office and storage space and the Group intends to continue to use the Property for the Group’s business after the Disposal as set out in the section headed “FULLY EXEMPT LEASE TRANSACTIONS” in this announcement.

Based on the above, the Directors (including the independent non-executive Directors) consider the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms and the Disposal is in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

The carrying value of the Property as shown in the consolidated financial statements of the Group as at 31 December 2022 was approximately HK\$1,100,000. Subject to review and confirmation by the auditor, the Group is expected to record a gain of approximately HK\$15,850,000 from the Disposal, which is calculated based on the consideration of HK\$19,500,000 to be received by the Group for the Disposal less (i) the carrying value of the Property as at 31 December 2022 and (ii) the difference between the estimated present value of aggregated lease payments and the value of right-of-use asset to be recognised under the Tenancy Agreement, details of which is disclosed in the section headed “FULLY EXEMPT LEASE TRANSACTIONS” in this announcement before any related expenses. The Company intends to use the net proceeds of approximately HK\$19,400,000 from the Disposal as to HK\$10,000,000 to repay its outstanding liabilities and the remaining HK\$9,400,000 as general working capital of the Group.

LISTING RULES IMPLICATION ON THE DISPOSAL

As at the date of this announcement, the Purchaser is wholly-owned by Mr. Berg, the chairman and executive Director and the controlling Shareholder interested in 371,000,000 Shares of the Company, representing 30.92% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules. The Disposal therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular and independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

FULLY EXEMPT LEASE TRANSACTIONS

Upon Completion, the Purchaser (as Lessor) shall enter into the Tenancy Agreement with the Vendor (as Lessee) in respect of the lease of the Property for a term of three years commencing on the Completion Date.

Principal terms of the Tenancy Agreement are set out as follows:

Date:	Completion Date
Lessee:	The Vendor
Lessor:	The Purchaser
Lease term:	Three years commencing on the Completion Date
Location:	Please refer to the section headed “Information on the Property” in this announcement
Rental payment:	HK\$243,000 per quarter inclusive of property tax, Government rent and rates payable in advance on the commencement date of every quarter.
Rental deposit:	A rental deposit of HK\$243,000

The rent was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the prevailing property market in Hong Kong and the market rent of similar properties in the vicinity of the Property.

Value of the right-of-use asset

In accordance with HKFRS 16 "Leases", the Group shall recognise the lease of the Property under the Tenancy Agreement as right-of-use assets in its consolidated statement of financial position.

The value of the right-of-use assets to be recognised by the Group in respect of the lease of the Property under the Tenancy Agreement is approximately HK\$150,000, calculated with reference to the estimated present value of the aggregated lease payments of approximately HK\$2,700,000 to be made under the Tenancy Agreement at the proportion of the carrying amount of the Property over the fair value of the Property that relates to the right of use retained by Lessee in accordance with HKFRS 16.

The Lease Transactions will be recognised as the acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Lease Transactions, calculated with reference to the value of the right-of-use assets in the amount of approximately HK\$150,000, is less than 0.1%, the Lease Transactions are fully exempt from the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Each of Mr. Berg, being the chairman of the Board, an executive Director and a controlling Shareholder with a material interest in the Disposal and the Lease Transactions and Mr. Morten Rosholm Henriksen, being an executive Director acting in concert with Mr. Berg pursuant to a deed of acting in concert confirmation and understanding dated 16 March 2018, abstained from voting in respect of the resolution(s) approving the Disposal and the Lease Transactions. Save as disclosed above, none of the Directors has a material interest in the Disposal and the Lease Transactions.

DEFINITIONS

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

“Agreement”	a sale and purchase agreement dated 14 April 2023 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Property
“Board”	board of Directors
“Company”	Grown Up Group Investment Holdings Limited (植華集團投資控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 1842)
“Completion”	Completion of the Disposal in accordance with the terms of the Agreement
“Completion Date”	the day on which Completion takes place in accordance with the terms of the Agreement
“connected person(s)”	shall have the meaning given to it in the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Vendor in respect of the Disposal of HK\$19,500,000
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“Disposal”	the sale of the Property by the Vendor to the Purchaser in accordance with the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lease Transactions”	the transactions contemplated under the Tenancy Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mortgage”	the mortgage executed by the Vendor in favour of Hang Seng Bank Limited in respect of the Property to secure the banking facilities granted by Hang Seng Bank Limited to the Vendor
“Mr. Berg”	Mr. Thomas Berg, the chairman of the Board, an executive Director and a controlling Shareholder
“Property”	Factory D on 7th Floor, Tai Ping Industrial Centre Block 2, No. 55 Ting Kok Road, Tai Po, New Territories, Hong Kong
“Purchaser” or “Lessor”	VKing Marine Limited, a company incorporated in the Hong Kong with limited liability and the entire issued share capital of which is owned by Mr. Berg
“Share(s)”	the ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholders”	holder of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the lease agreement to be entered into between the Lessor and the Lessee on Completion Date in respect of the lease of the Property for a term of three years
“Vendor” or “Lessee”	Grown-Up Manufactory Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 14 April 2023

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