

IPO FACT SHEET
Grown Up Group Investment Holdings Limited (1842)
ISSUE STATISTICS

Offer Size:	HK\$125m
Placement Tranche:	250m
Price:	HK\$0.50
Board lot:	4,000
Entry fee:	HK\$2,020.15
Historical PE	19.49x
Net tangible asset per share:	HK\$0.10
Market Cap (post-IPO):	HK\$500m
Open:	13 June 2019
Close:	12.00 noon on 18 June 2019
Trading:	28 Jun 2019
Sponsor:	Dakin Capital Limited

Year ended 31 Dec	(HK\$'000)	yoy % chg
Revenue		
2017	660,048	4.7%
2018	677,464	2.6%
Profit and other comprehensive income for the year		
2017	30,848	29.1%
2018	25,651	-16.8%

BACKGROUND

- They are one of the established backpack and luggage manufacturers and exporters principally operating in the design, development, manufacture and sales of a diverse product portfolio under their business model.
- Their backpack and luggage products under such product portfolio are categorised into: (i) private label products; and (ii) branded products covering licensed brand products and proprietary Ellehammer brand products. These products catered to kid, teen, sports, leisure, business, travel and technical segments.
- According to the CIC Report, they ranked the eighth among the OEM, ODM and OBM companies headquartered in China for backpack and luggage products with a market share of approximately 0.71% based on their ex-factory revenue in 2018.
- They commenced their business in 1989. Their head office is based in Hong Kong and their production facilities are located in Shenzhen, Guangdong Province and Ganzhou, Jiangxi Province, the PRC. They have a sales and marketing office in Aarhus, Denmark. They also have three showrooms located in their head office in Hong Kong, their sales and marketing office in Aarhus, Denmark and their global development and supply chain centre in Shenzhen, the PRC, respectively.

BUSINESS STRATEGIES

- Increase their product offerings through obtaining new licence rights from internationally renowned brand licensors.
- Expand and strengthen their presence in the licensed brand product segment.
- Enhance their design and development capabilities.
- Expand their sales and marketing network.
- Enhance and expand their manufacturing capabilities.
- Enhance their information technology management system to improve operational efficiency.

COMPETITIVE STRENGTHS

- Global licensing strategy and strong standing relationships with internationally renowned brand licensors.
- Strong design, research and development capabilities.
- Their streamlined production process allows them to manage their costs effectively.
- Extensive and diverse international sales network for their branded products with a hybrid of third party distributors and self-operated distribution channel.
- Experienced management team with comprehensive industry, market and product knowledge and a proven track record.

KEY RISKS

- They rely on the brand licensors that they cooperate with and any failure to renew licensing arrangements with their licensors may affect their business.
- They are subject to risks associated with the distribution model of their branded products.
- Purchase orders they receive from their private label customers may fluctuate from time to time.
- Their top five customers contributed a majority of sales to their total revenue during the Track Record Period and any decrease in their sales to any of them would materially and adversely affect their operations and financial results.
- They rely on their subcontractors for the production of their products.
- They are exposed to credit risk of their customers.
- They may fail to anticipate and respond to changes in consumer preference and market trend in a timely manner; (viii) their sales may be affected by seasonality.
- They rely significantly on their export sales, and the inherent risks associated thereto may adversely affect their business, results of operations and financial conditions.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
For intensifying their design and development efforts on the licensed brand products to deepen their market penetration.	8.1	16.3%
For enhancing their design and development capabilities.	5.7	11.4%
Expanding their sales and marketing network.	7.3	14.6%
For expanding and enhancing their manufacturing capabilities.	11.8	23.7%
For enhancing their information technology management system to enhance operational efficiency.	4.6	9.2%
To repay certain outstanding bank loans.	7.5	15.0%
Will be used for working capital of their Group.	4.9	9.8%
Total:	49.9	100.0%

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