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**Health and Happiness (H&H) International Holdings Limited**

**健合(H&H)國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1112)**

**MAJOR TRANSACTION  
THE ACQUISITION OF 100% OWNERSHIP INTERESTS  
IN ZESTY PAWS**

**THE TRANSACTION**

The Board is pleased to announce that on 22 August 2021 (New York time), the Purchaser entered into the Agreement with the Seller, Maxim and the Target Company, pursuant to which the Purchaser conditionally agreed to purchase and the Seller conditionally agreed to sell all of the Seller's right, title and interest in and to the Target Company Interests, at a consideration of approximately US\$610,000,000 (subject to adjustment) in accordance with the terms and conditions of the Agreement.

The Target Company is engaged in the business of marketing and selling nutritional supplements for cats and dogs marketed under the brand Zesty Paws.

Upon completion of the Transaction, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Company will be consolidated into the financial statements of the Company.

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Transaction is more than 25% but less than 100%, the Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Biostime Pharmaceuticals (China) Limited, the controlling shareholder of the Company holds 432,000,000 Shares, representing approximately 66.96% of the total number of issued share capital of the Company. The Company has obtained from Biostime Pharmaceuticals (China) Limited a written shareholder's approval for the Agreement and the Transaction pursuant to Rule 14.44 of the Listing Rules in lieu of holding a general meeting for the approval of the same matters. Therefore, no general meeting of the Company for the approval of the Agreement and the Transaction will be convened and held.

## **CIRCULAR**

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Agreement and the Transaction; and (ii) financial information of the Target Company, shall be despatched to the Shareholders on or before 13 September 2021. Since the Company requires additional time to allow for the completion of the relevant audit procedures of the auditors regarding the financial information of the Target Company and prepare the disclosure of such financial information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make further announcement regarding the expected date of despatch of circular.

## **THE TRANSACTION**

The Board is pleased to announce that on 22 August 2021 (New York time), the Purchaser entered into the Agreement with the Seller, Maxim and the Target Company, pursuant to which the Purchaser conditionally agreed to purchase and the Seller conditionally agreed to sell all of the Seller's right, title and interest in and to the Target Company Interests, at a consideration of approximately US\$610,000,000 (subject to adjustment) in accordance with the terms and conditions of the Agreement.

Details of the principal terms and conditions of the Agreement are set out below:

- Date** : 22 August 2021
- Parties** : (a) Pluto Seller, LLC (as seller);
- (b) Maxim Zenwise OpCo, LLC (parent company of the seller);
- (c) Health and Happiness (H&H) US International Incorporated (as purchaser); and
- (d) Zesty Paws, LLC (as target company).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Seller, Maxim, the Target Company and their respective ultimate beneficial owners are Independent Third Parties.

**Subject matter** : Subject to and in accordance with the terms and conditions of the Agreement, the Seller conditionally agreed to sell or cause to be sold to the Purchaser, and the Purchaser conditionally agreed to purchase, all of the Seller's right, title and interest in and to the Target Company Interests.

**Purchase price** : The purchase price for the Target Company Interests shall be equal to the base price of US\$610,000,000 as adjusted for (i) the amount of cash and cash equivalents as of the Closing Date; (ii) indebtedness of the Target Company, fees, cost and expenses incurred by the Target Company; (iii) the difference between the actual amount of working capital of the Target Company as of the Closing Date and the estimate as agreed by the parties under the Agreement.

The purchase price payable by the Purchaser for the Transaction was determined after arm's length negotiations between the Purchaser and the Seller on normal commercial terms taking into account of, among others, (i) the profit; and (ii) business prospects of the Target Company.

The Purchaser will satisfy the purchase price with its internal resources and external debt financing.

The Directors are of the view that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Conditions precedent** : Completion of the Transaction is conditional on the following conditions having been fulfilled or waived:

- (a) no applicable law would prohibit the consummation of the Transaction or cause the Transaction to be rescinded;
- (b) all required filings, if any, for the consummation of the Transaction shall have been made and the applicable waiting period or extensions thereof shall have expired or otherwise been terminated;
- (c) no party shall be prohibited from consummating the Transaction;
- (d) the respective representations and warranties of the Purchaser and the Seller set forth in the Agreement being true and correct, including but not limited to, in respect of the conditions to the Seller's obligation to consummate the Transaction, the Company having been granted the written approval by its shareholders in accordance with the Listing Rules;

- (e) no material adverse effect shall have occurred since the date of the Agreement;
- (f) no legal proceeding or governmental order would restrains or prohibits the Transaction; and
- (g) each of the items to be delivered, and each of the actions to be performed shall have been delivered or performed pursuant to the Agreement.

In the event that any conditions above is not fulfilled, (i) conditions (a), (b) and (c) may be waived at the option of the affected party; (ii) conditions (d), (e), (f) and (g), as conditions for the Purchaser's obligation to consummate the Transaction, may be waived at the option of the Purchaser; (iii) conditions (d) and (g), as conditions for the Seller's obligation to consummate the Transaction, may be waived at the option of the Seller.

**Termination of the Agreement**

: The Agreement may be terminated at any time prior to the Closing:

- (a) by the mutual written consent of the Purchaser and the Seller;
- (b) by the Purchaser by written notice to the Seller if:
  - i. the Purchaser is not in material breach of any provision of the Agreement and there has been a breach, inaccuracy in or failure to perform any provision of the Agreement by the Seller; or
  - ii. any of the conditions precedent to be performed by the Seller has not been fulfilled or waived by 1 November 2021 (the "**Outside Date**");

- (c) by the Seller by written notice to the Purchaser if:
  - i. the Seller is not then in material breach of any provision of the Agreement and there has been a breach, inaccuracy in or failure to perform any provision of the Agreement by the Purchaser; or
  - ii. any of the conditions precedent to be performed by the Purchaser has not been fulfilled or waived by the Outside Date; or
- (d) by the Purchaser or the Seller in the event that the consummation of the Transaction was prohibited by any law or governmental order.

In the event of the termination of the Agreement occurs, all obligations under the Agreement and all transaction documents shall terminate and shall be of no further force or effect and there shall be no further liability on the part of any party hereto.

Upon completion of the Transaction, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Company will be consolidated into the financial statements of the Company.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Group is principally engaged in the development and commercialization of premium pediatric nutrition and baby care products and adult nutrition and care products. While Baby Nutrition and Care and Adult Nutrition and Care have been the two major business segments of the Group, the Group has expanded into Pet Nutrition & Care (“PNC”) segment as a third pillar of our family nutrition and care business and a new growth driver. In November 2020, the Company acquired 100% ownership interest in Solid Gold, which is positioned as the United States’ first holistic pet nutrition company and has established a strong brand and premium range of high-quality nutrition solutions for cats and dogs.

The Directors are of the view that the Acquisition will enable the Group to enlarge PNC as its third major business segment at an opportune time to enhance the future growth prospect of the Group. Together with Solid Gold, it will offer our consumers a comprehensive product offerings from pet food to pet supplements. It also accelerates our globalization journey with a strengthened presence in the U.S., the largest pet care and food market.

Established in 2015, Zesty Paws products are sold online across key platforms like Amazon, Chewy and direct to consumer (DTC) and expanded into offline retails in the U.S., while showing great potential for international expansion. As a leading online premium pet supplement brand and highly disruptive category pioneer in the U.S., this modern, digital, and trusted brand provides a unique platform opportunity in the rapidly growing pet supplement category and will further strengthen our existing PNC product portfolio and accelerate the growth in this promising business segment both online and offline.

The Directors consider that the Agreement was negotiated on an arm's length basis, and are on normal commercial terms, which are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

## INFORMATION OF THE PARTIES

### The Seller

Pluto Seller, LLC, a Delaware limited liability company duly organized, validly existing and in good standing under the Laws of the state of Delaware, U.S.

### Maxim

Maxim Zenwise OpCo, LLC, a Delaware limited liability company duly organized, validly existing and in good standing under the Laws of the state of Delaware, U.S. Maxim Zenwise OpCo, LLC is the parent company of the Seller formed by the Target Company's private equity sponsor, Maxim Corporate Partners, LLC, which is a Chicago-based private equity firm that partners with entrepreneurs in the wellness and education industries.

### The Target Company

Zesty Paws, LLC, a Delaware limited liability company duly organized, validly existing and in good standing under the Laws of the state of Delaware, U.S., is engaged in the business of marketing and selling nutritional supplements for cats and dogs marketed under the brand Zesty Paws.

As at the date of this announcement, the Target Company owns 100% direct equity interest in ZP MZP, LLC and ZP AZ, LLP, each of them is a Delaware limited liability company duly organized, validly existing and in good standing under the Laws of the state of Delaware, U.S. and primarily engaged in the business of marketing and selling nutritional supplements for cats and dogs.

Set out below is a summary of the consolidated financial information of the Target Company, prepared in accordance with the generally accepted accounting principles in the U.S., for each of the financial years ended 31 December 2019 and 31 December 2020 and the six months ended 30 June 2021, respectively, as provided by the Seller:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>	<b>For the six months ended 30 June 2021</b>
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	\$42,635	\$73,088	\$48,260
Adjusted EBITDA	\$10,600	\$17,242	\$8,912
Net profit before tax	\$10,024	\$13,062	\$7,616
Net profit after tax	\$10,024	\$12,959	\$7,378

An accountant's report of the Target Company shall be included in the circular to be despatched to the Shareholders for information purpose in respect of the Transaction.

## **The Group**

The Purchaser is a company incorporated under the laws of the state of Delaware, U.S. and a wholly-owned subsidiary of the Company. The Group is an all-round nutrition and care provider for the entire family, providing high-end pediatric, adult and pet nutrition and care products through its established brands predominantly in China, Australia and New Zealand, and other countries around the world.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Transaction is more than 25% but less than 100%, the Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their respective associates (as defined in the Listing Rules) has a material interest in the Transaction which is different from other Shareholders, and thus no Shareholder would be required to abstain from voting at a general meeting if such a general meeting were to be convened.

## **WRITTEN SHAREHOLDER'S APPROVAL**

As at the date of this announcement, Biostime Pharmaceuticals (China) Limited, the controlling shareholder of the Company holds 432,000,000 Shares, representing approximately 66.96% of the total number of issued share capital of the Company. The Company has been obtained from Biostime Pharmaceuticals (China) Limited its written approval for the Agreement and the Transaction. Accordingly, pursuant to Rule 14.44 of the Listing Rules, such Shareholder's approval may be accepted in lieu of holding a general meeting of the Company approving the terms of, and the transactions contemplated, under the Agreement upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules.

## **CIRCULAR**

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Agreement and the Transaction; and (ii) financial information of the Target Company shall be despatched to the Shareholders for information purpose on or before 13 September 2021. Since the Company requires additional time to allow for the completion of the relevant audit procedures of the auditors regarding the financial information of the Target Company and prepare the disclosure of such financial information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make further announcement regarding the expected date of despatch of circular.

**As the Transaction is conditional on the satisfaction (or, if applicable, waiver) of certain conditions, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In the announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Agreement”	the membership interest purchase agreement dated 22 August 2021 entered into by the Seller, Maxim, the Purchaser and the Target Company
“Board”	the board of Directors
“Closing”	the closing of the Transaction to be held at 10:00 a.m., Chicago time, no later than two (2) business days after the last of the conditions to Closing set forth in the Agreement have been satisfied or waived, other than conditions that, by their nature, are to be satisfied, or at such other time or on such other date or at such other place as the Seller and the Company may mutually agree upon in writing; provided, however, that Company shall have the right, in its sole discretion, to cause the Closing to instead occur on the last business day of the then-current fiscal monthly accounting period
“Closing Date”	the day on which the Closing takes place
“Company”	Health and Happiness (H&H) International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 30 April 2010 and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maxim”	Maxim Zenwise OpCo, LLC, a company incorporated under the laws of Delaware, U.S.



“Purchaser”	Health and Happiness (H&H) US International Incorporated, a company incorporated under the laws of Delaware, U.S. and an indirect wholly-owned subsidiary of the Company
“Seller”	Pluto Seller, LLC, a Delaware limited liability company
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Solid Gold”	Solid Gold Holdings, LLC, a limited liability company formed under the laws of Delaware, U.S. and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zesty Paws, LLC, a Delaware limited liability company, is engaged in the business of marketing and selling nutritional supplements for cats and dogs marketed under the brand Zesty Paws
“Target Company Interests”	all of the outstanding limited liability company membership interest of the Target Company, which represent all of the issued and outstanding equity interest of the Company
“Transaction”	the acquisition of the Target Company Interests pursuant to terms and conditions of the Agreement
“U.S.” or “United States”	the United States of America
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By the order of the Board  
**Health and Happiness (H&H) International Holdings Limited**  
**Luo Fei**  
*Chairman*

Hong Kong, 22 August 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Luo Fei, Mrs. Laetitia GARNIER and Mr. Wang Yidong; the non-executive directors of the Company are Dr. Zhang Wenhui and Mr. Luo Yun; and the independent non-executive directors of the Company are Mr. Tan Wee Seng, Mrs. Lok Lau Yin Ching and Mr. Wang Can.*