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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)

PROPOSED SENIOR NOTES OFFERING

INSIDE INFORMATION

This announcement is made by Health and Happiness (H&H) International Holdings Limited (the “**Company**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Listing Rules.

The Company proposes to conduct an offering of senior notes denominated in U.S. dollars to professional investors only (the “**Notes**”). The Notes will be guaranteed by certain subsidiaries of the Company (the “**Subsidiary Guarantors**”). The Company intends to use the net proceeds of the Notes to redeem a portion of the 7.25% Senior Notes due 2021 (the “**Existing Notes**”) issued under the indenture entered into by the Company (formerly known as Biostime International Holdings Limited), the Subsidiary Guarantors and HSBC Bank USA, National Association, as the trustee on 21 June 2016. The Notes will only be offered and sold in an institutional offering outside the United States in reliance on Regulation S (the “**Proposed Notes Offering**”).

Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited and J.P. Morgan Securities plc (the “**Initial Purchasers**”) have been appointed as the joint global coordinators, joint lead managers and joint bookrunners in respect of the Proposed Notes Offering. Pricing of the Notes, including the offer price and the interest rate, will be determined through a book building exercise to be coordinated by the Initial Purchasers. As at the date of this announcement, the offer price, the interest rate and other terms and conditions of the Notes have yet to be determined, while the aggregate principal amount is expected to be US\$300,000,000. Upon finalization of the terms of the Notes, the Company, the Subsidiary Guarantors and the Initial Purchasers are expected to enter into a purchase agreement (the “**Purchase Agreement**”) and other ancillary documents in relation to the Notes.

In connection with the Proposed Notes Offering, the Company will provide certain institutional investors with recent corporate and financial information regarding the Group, which may not necessarily have been made public. An extract of such recent information is attached to this announcement, and can also be viewed at the Company’s website <https://www.hh.global> and the Stock Exchange’s website www.hkexnews.hk at approximately the same time when such information is released to the institutional investors.

Application will be made to The Stock Exchange of Hong Kong Limited (“**HKSE**”) for the listing of, and permission to deal in, the Notes by way of debt issue to Professional Investors only. Listing of the Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Company or the Subsidiary Guarantors or quality of disclosure in this announcement. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for any of the statements made, opinions expressed or reports contained herein, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

As no binding agreement in relation to the Proposed Notes Offering has been entered into as at the date of this announcement, the Proposed Notes Offering may or may not materialise.

The completion of the Proposed Notes Offering is subject to various factors, including but not limited to, market conditions, corporate needs of the Company and investor interest. Investors and shareholders of the Company are urged to exercise caution when dealing in the shares and other securities of the Company.

Shareholders and other investors' attention is also drawn to the other information set out at the end of this announcement.

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

Hong Kong, 11 October 2019

As at the date of this announcement, the executive directors of the Company are Mr. Luo Fei, Mrs. Laetitia Marie Edmee Jehanne ALBERTINI ep. 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 Dr. Ngai Wai Fung, Mr. Tan Wee Seng and Professor Xiao Baichun.

Other Information

- The total revenue for the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2019 increased by 11.4% as compared with the prior period in 2018. However, the total revenue for the Group for the seven months ended in 31 July 2019 increased by 5.3% compared with the prior period in 2018. The decrease in the rate of growth in total revenue between the six months ended 30 June 2019 and the seven months ended 31 July 2019 is partially due to strong sales in June given the Company’s active participation this year in both online and offline-channel sales activities of VHMS and maternal and baby products during the ‘618’ sales season in order to further increase penetration. In addition, the decrease in the rate of growth of total revenue reflects the negative impact on results of operations in the Group’s adult nutrition and care segment in Australia and New Zealand as the volume of sales related to “daigou” traders has been reduced following the introduction of new e-commerce laws in China. The Company expects these circumstances will continue to have an adverse effect on sales by the Group’s adult nutrition and care segment in Australia and New Zealand, while sales by the Group’s adult nutrition and care segment in China continue to perform well. Furthermore, the Group’s baby nutrition and care segment continues to face strong competition.
- On 30 September 2019, the Company executed a mandate and syndication letter providing for, among other things, the underwriting of US dollar incremental term facilities and revolving facilities (the “**2019 Incremental Facilities**”) equivalent in aggregate principal amount to US\$675,000,000. Should the Company choose to proceed with this financing, the Company will enter into the 2019 Incremental Facilities with Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited and J.P. Morgan Securities (Asia Pacific) Limited as the exclusive mandated lead arrangers and exclusive bookrunners, in which case the Company may use the proceeds of the 2019 Incremental Facilities towards the prepayment of its existing facilities, the redemption of existing bonds outstanding at that time, as well as the general corporate purposes and working capital needs of the Group.