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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)

THE ACQUISITION OF 100% OWNERSHIP INTERESTS IN ZESTY PAWS DESPATCH OF CIRCULAR AND UNAUDITED FINANCIAL INFORMATION OF ZESTY PAWS

Reference is made to the announcements of Health and Happiness (H&H) International Holdings Limited (the "**Company**") dated 22 August 2021 and 16 September 2021 (the "**Announcements**"). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

EXPECTED DESPATCH DATE OF CIRCULAR

As stated in the Announcements, pursuant to Rule 14.41(a) of the Listing Rules, the Circular containing, among other things, (i) details of the Agreement and the Transaction contemplated under it; and (ii) financial information of Zesty Paws, should be despatched to the Shareholders on or before 13 September 2021. As disclosed in the Announcement dated 16 September 2021, the Company had applied for, and had been granted by the Stock Exchange, a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, which allowed the Company to despatch the Circular no later than 31 December 2021.

The Company would like to inform its shareholders and potential investors as more time was required by the auditor than originally anticipated for the preparation and issuance of the audit report on the consolidated financial information of the Target Company to be included in the Circular, the Company was unable to obtain the said audit report on or before 31 December 2021. Accordingly, the Company was unable to despatch the Circular no later than 31 December 2021 as previously announced.

The Company had been preparing the audited consolidated financial information of the Target Company for each of the financial years ended 31 December 2018, 2019, 2020 and the six months ended 30 June 2021 for inclusion in the Circular. However, since 30 June 2021 is now more than six months from the present date, the financial information of the Target Company to be included in the Circular needs to be updated to comply with the requirements under Rule 4.06 of the Listing Rules, which will now cover the three years ended 31 December 2021. As the Company requires additional time to prepare the relevant information to be disclosed in the Circular, the Company has applied for, and has been granted by the Stock Exchange, a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, which allows the Company to despatch the Circular no later than 25 March 2022. The Circular is currently expected to be despatched to the Shareholders on or before 25 March 2022.

UNAUDITED FINANCIAL INFORMATION OF ZESTY PAWS

In light of the delay in despatch of the Circular, in order to provide the Shareholders and potential investors with information pertaining to the Transaction in a timely manner, the Company sets out below (i) the consolidated financial statements of the Target Company for the three years ended 31 December 2020 and (ii) the interim condensed consolidated financial statements of the Target Company for the six months ended 30 June 2021. Such financial information is prepared by the management of the Target Group in accordance with International Financial Reporting Standards.

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE TARGET COMPANY AND ITS SUBSIDIARIES

		Years ended 31 December		5 January through 31 December
		2020	2019	2018
	Notes	***USD'000***	*USD'000*	*USD'000*
REVENUE	*4*	**73,088**	43,043	23,271
Cost of sales		**(22,832)**	(13,651)	(7,511)
Gross profit		**50,256**	29,392	15,760
Other income and gains	*5*	**61**	33	–
Selling and distribution expenses		**(27,770)**	(16,010)	(9,078)
Administrative expenses		**(6,035)**	(2,538)	(1,663)
Other expenses		**(807)**	(539)	(280)
Finance costs		**(176)**	(189)	–
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	*6*	**15,529**	10,149	4,739

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY AND ITS SUBSIDIARIES

31 December

	Notes	**2020**	2019	2018
		USD'000	*USD'000*	*USD'000*
NON-CURRENT ASSETS				
Property and equipment		**16**	–	–
Intangible assets		**257**	15	–
Due from related parties		**17,061**	11,200	2,590
Total non-current assets		**17,334**	11,215	2,590
CURRENT ASSETS				
Inventories	*9*	**10,708**	3,383	3,056
Trade receivables	*10*	**8,354**	4,237	2,372
Prepayments, other receivables and other assets	*11*	**252**	166	64
Cash and cash equivalents		**204**	178	–
Total current assets		**19,518**	7,964	5,492
CURRENT LIABILITIES				
Trade and bills payables	*12*	**2,781**	1,113	738
Other payables and accruals	*13*	**2,115**	513	670
Current portion of long-term debt	*14*	**3,160**	730	–
Total current liabilities		**8,056**	2,356	1,408
NET CURRENT ASSETS		**11,462**	5,608	4,084
TOTAL ASSETS LESS CURRENT LIABILITIES		**28,796**	16,823	6,674
NON-CURRENT LIABILITIES				
Long-term debt	*14*	**26,482**	–	–
Total non-current liabilities		**26,482**	–	–
Net assets		**2,314**	16,823	6,674
EQUITY				
Share capital		**1,935**	1,935	1,935
Retained profits		**379**	14,888	4,739
Total equity		**2,314**	16,823	6,674

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020, 2019, and 2018

1. CORPORATE INFORMATION

Zesty Paws, LLC is a Delaware limited liability company that was formed on 17 December 2019. Zesty Paws, LLC, ("**the Company**") is the sole member of its subsidiaries ZP AZ, LLC and ZP MZP, LLC. Zesty Paws, LLC and its subsidiaries are collectively referred to herein as "the Group". The Group is an e-commerce company offering multi-condition pet supplements. The Group offers over 100 supplement options for dogs and cats and has omnichannel distribution across ecommerce and retail.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which include International Accounting Standards ("**IASs**") and Interpretations promulgated by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention. These consolidated financial statements are presented in United States dollars ("**USD**") which is also the Group's functional currency, and all values are rounded to the nearest thousands, except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the years ended 31 December 2020, 2019, and the period 5 January 2018 ending 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Company's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received; (ii) the fair value of any investment retained; and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's consolidated financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
IFRS 15	*Revenue from Contracts with Customers*
IFRS 16	*Leases*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

The adopting of the above revised IFRSs has had no significant financial effect on these consolidated financial statements. The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* are described below:

Conceptual Framework for Financial Reporting 2018 (the "Conceptual Framework")

The Conceptual Framework sets out a comprehensive set of concepts for financial reporting and standard setting and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence, and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

IFRS 15

IFRS 15 and its amendments replace IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a new five step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract liabilities account balance between periods and key judgements and estimates. The disclosures are included in note 4 to the financial statements. As a result of the application of IFRS 15, the Group has changed the accounting policy with respect to revenue recognition. The Group has adopted IFRS 15 using the retrospective method of adoption.

IFRS 16

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

4. REVENUE

Revenue

An analysis of the revenue is as follows:

	2020	2019	2018
	USD'000	*USD'000*	*USD'000*
Revenue from contracts with customers			
Sale of goods	**73,088**	43,043	23,271

The Group is a provider of pet supplements. These products are sold on its own in separately identified contracts with customers, without any other performance obligations in the contracts with customers. Revenue is recognised is when control of goods or services is transferred to the customer.

5. OTHER INCOME AND GAINS

Other income and gains include the following:

	2020	2019	2018
	USD'000	*USD'000*	*USD'000*
Other	**61**	33	–

6. PROFIT

The Group's profit is arrived at after charging/(crediting):

	2020	2019	2018
	USD'000	*USD'000*	*USD'000*
Cost of inventories sold	**22,601**	13,515	7,405
Depreciation of property and equipment	**3**	–	–
Amortisation of intangible assets	**4**	–	–
Research and development costs**	**29**	15	19
Lease payments not included in the measurement of lease liabilities **	**103**	125	88
Staff costs:			
Wages and salaries	**3,300**	1,377	930
Staff welfare and other expenses	**130**	48	92
Equity-settled share option expense	**264**	–	–
Write down of inventories to net realizable value#	**383**	275	208

** Included in "Administrative expenses" in profit or loss.
# Included in "Selling and distribution expenses" in profit or loss.

7. INCOME TAX

As of the date of these consolidated financial statements the Company was a limited liability company. As a limited liability company, the Company's taxable income or loss is allocated to its members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

8. DISTRIBUTIONS

The Company makes sufficient distributions to its members' to pay the income tax resulting from the Company's earnings. The Company has accrued distributions to its members' of USD1,499,000 included in retained profits as of 31 December 2020.

9. INVENTORIES

	2020	2019	2018
	USD'000	*USD'000*	*USD'000*
Raw materials & packaging	**3,007**	738	288
Goods in transit	**5**	19	21
Work in progress	**36**	19	–
Finished goods	**7,959**	2,680	2,747
Allowance for shrinkage and obsolescence	**(299)**	(73)	–
	10,708	3,383	3,056

10. TRADE RECEIVABLES

	2020	2019	2018
	USD'000	*USD'000*	*USD'000*
Trade receivables	**8,354**	4,237	2,372

The Group's trading terms with its customers are mainly on credit. The Group's credit period is generally 30 to 90 days for its third-party customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise the credit risk. Overdue balances are reviewed regularly by senior management. Of the trade receivables, one customer accounts for 82% as of 31 December 2020 (78% and 81% as of 31 December 2019 and 2018, respectively). Trade receivables are non-interest-bearing.

The Group does not hold any collateral or other credit enhancements over these balances. Management reviews for the need of trade receivable loss allowances. No allowances were required for the periods noted above.

As at 31 December 2020

		Past due			
	Current	**Less than 1 month**	**1 to 3 months**	**Over 3 months**	**Total**
Gross carrying amount *(USD'000)*	**8,137**	**157**	**29**	**31**	**8,354**

As at 31 December 2019

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Gross carrying amount *(USD'000)*	4,126	69	41	1	4,237

As at 31 December 2018

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Gross carrying amount *(USD'000)*	2,359	10	3	–	2,372

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2020	2019	2018
	USD'000	*USD'000*	*USD'000*
Deposits	**86**	15	21
Prepaid expenses	**166**	151	43
	252	166	64

The carrying amounts of other receivables approximate their fair value as at 31 December 2020, 2019, and 2018. Their recoverability was assessed with reference to the credit status of the debtors, and the ECLs as at 31 December 2020, 2019, and 2018, are considered to be minimal.

12. TRADE AND BILLS PAYABLES

The trade payables are non-interest-bearing and are normally settled on 30-day to 45-day terms.

13. OTHER PAYABLES AND ACCRUALS

	2020	2019	2018
	USD'000	*USD'000*	*USD'000*
Salaries and welfare payables	**736**	187	77
Accruals	**1,293**	63	413
Sales tax payable	**48**	140	167
Other payables	**38**	123	13
	2,115	513	670

Notes:

(a) Other payables are non-interest-bearing and have an average term of 30 days.

14. LONG-TERM DEBT

	31 December 2020		
	Effective interest rate *(%)*	**Maturity**	*USD'000*
Non-current			
Revolving Loan	**Libor+margin**	**Jan-2024**	**6,500**
Term loan	**Libor+margin**	**Jan-2026**	**23,142**
			29,642

	2020 *USD'000*
Analysed into:	
Bank loans repayable	
within one year or on demand	**3,160**
in the second year	**3,985**
in the third to fifth years, inclusive	**22,497**
	29,642

Libor stands for the London Interbank Offered Rate.

A portion of the long term debt was used to finance a return of capital to the parent of Zesty Paws, LLC in the amount of USD7,570,000 for distributions and USD18,042,000 of debt repayment.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE TARGET COMPANY AND ITS SUBSIDIARIES

Six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Notes	***USD'000***	*USD'000*
REVENUE	*4*	**48,828**	34,584
Cost of sales		**(16,330)**	(10,775)
Gross profit		**32,498**	23,809
Other income and gains	*5*	**51**	39
Selling and distribution expenses		**(19,061)**	(13,221)
Administrative expenses		**(4,871)**	(1,911)
Other expenses		**(749)**	(317)
Finance costs		**(537)**	–
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	*6*	**7,331**	8,399

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE TARGET COMPANY AND ITS SUBSIDIARIES
30 June 2021

	Notes	**30 June 2021** *USD'000*	31 December 2020 *USD'000*
NON-CURRENT ASSETS			
Property and equipment		**44**	16
Intangible assets		**527**	257
Due from related parties		**16,005**	17,061
Total non-current assets		**16,576**	17,334
CURRENT ASSETS			
Inventories	*9*	**13,271**	10,708
Trade receivables	*10*	**9,237**	8,354
Prepayments, other receivables and other assets	*11*	**433**	252
Cash and cash equivalents		**78**	204
Total current assets		**23,019**	19,518
CURRENT LIABILITIES			
Trade and bills payables	*12*	**2,653**	2,781
Other payables and accruals	*13*	**2,417**	2,115
Current portion of long-term debt	*14*	**3,692**	3,160
Total current liabilities		**8,762**	8,056
NET CURRENT ASSETS		**14,257**	11,462
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,833**	28,796
NON-CURRENT LIABILITIES			
Long-term debt	*14*	**23,987**	26,482
Total non-current liabilities		**23,987**	26,482
Net assets		**6,846**	2,314
EQUITY			
Members' equity		**1,935**	1,935
Retained profits		**4,911**	379
Total equity		**6,846**	2,314

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2021

1. CORPORATE INFORMATION

Zesty Paws, LLC is a Delaware limited liability company that was formed on December 17, 2019. Zesty Paws, LLC ("**the Company**") is the sole member of its subsidiaries ZP AZ, LLC and ZP MZP, LLC. Zesty Paws, LLC and its subsidiaries are collectively referred to herein as "the Group". The Group is an e-commerce company offering multi-condition pet supplements. The Group offers over 100 supplement options for dogs and cats and has omnichannel distribution across ecommerce and retail.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021 (the "**Period**") have been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting issued by the International Accounting Standards Board. These interim condensed consolidated financial statements are presented in United States dollars ("**USD**") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation used in the preparation of these interim condensed consolidated financial statements are the same as those used in the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the revised International Financial Reporting Standards ("**IFRSs**") (which also include International Accounting Standards ("**IASs**") and Interpretations) as disclosed in note 3 below.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Allocations

The Company, during the reporting periods disclosed, was part of a larger reporting entity (the "**Parent**"). In the creation of these carved-out financial statements, certain shared administrative expenses and liabilities were allocated based on reasonable use. These consolidated financial statements may not be indicative of the Group had it been a stand-alone entity.

Historically, transactions between the Parent and the Company would have been eliminated. They are now record in the Due from related parties. The balances in Due from related parties represent cash usage for shared administrative expenses and debt usage between the larger reporting entity and the Company.

These interim condensed consolidated financial statements do not include all information and disclosures required in the Group's annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following IFRSs for the first time for the current period's financial information:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The application of these revised IFRSs in the Period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

4. REVENUE

An analysis of the revenue is as follows:

	Six months ended 30 June	
	2021	2020
	USD'000	*USD'000*
Revenue from contracts with customers		
Sale of goods	**48,828**	34,584

The Group is a provider of pet supplements. These products are sold on its own in separately identified contracts with customers, without any other performance obligations in the contracts with customers. For the six months ended 30 June 2021, two customers make up 91% of the Sale of goods and the same two customers make up 95% of the Sale of goods for the six months ending 30 June 2020. Revenue is recognised when control of goods or services is transferred to the customer.

5. OTHER INCOME AND GAINS

Other income and gains include the following:

	Six months ended 30 June	
	2021	2020
	USD'000	*USD'000*
Other	**52**	39

6. PROFIT

The Group's profit is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021	2020
	USD'000	*USD'000*
Cost of inventories sold	**15,717**	10,372
Depreciation of property and equipment	**4**	6
Amortisation of intangible assets	**6**	1
Research and development costs**	**26**	14
Lease payments not included in the measurement of lease liabilities	**69**	48
Staff costs:		
Wages and salaries	**2,375**	1,050
Staff welfare and other expenses	**111**	49
Equity-settled share option expense	**239**	83
Write down of inventories to net realizable Value#	**180**	211
	18,727	11,834

** Included in "Other expenses" in profit or loss.

Included in "Selling and distribution expenses" in profit or loss.

7. INCOME TAX

As of the date of these condensed consolidated financial statements the Company was a limited liability company. As a limited liability company, the Company's taxable income or loss is allocated to its members' in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the condensed consolidated financial statements.

8. DISTRIBUTIONS

The Company makes sufficient distributions to its members' to pay the income tax resulting from the Group's earnings. The Company has accrued distributions to its members' of USD951,000.

9. INVENTORIES

	30 June	31 December
	2021	2020
	USD'000	*USD'000*
Raw materials & packaging	**2,795**	3,007
Goods in transit	**421**	5
Work in progress	**–**	36
Finished goods	**10,320**	7,959
Allowance for shrinkage and obsolescence	**(265)**	(299)
	13,271	10,708

10. TRADE RECEIVABLES

	30 June 2021 *USD'000*	31 December 2020 *USD'000*
Trade receivables	**9,237**	8,354

The Group's trading terms with its customers are mainly on credit. The Group's credit period is generally 30 to 90 days for its third-party customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise the credit risk. Overdue balances are reviewed regularly by senior management. Of the trade receivables, one customer accounts for 73% as of 30 June 2021 (82% as of 31 December 2020). Trade receivables are non-interest-bearing. They are stated net of loss allowance.

The Group does not hold any collateral or other credit enhancements over these balances. Management reviews for the need of trade receivable loss allowances. No allowances were required for the periods noted above.

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2021 *USD'000*	31 December 2020 *USD'000*
Deposits	**142**	86
Prepaid expenses	**282**	166
	424	252

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 June 2021 and 31 December 2020, the loss allowance was assessed to be minimal.

12. TRADE AND BILLS PAYABLES

There are no trade payables due to fellow associates of the Company.

The trade payables are non-interest-bearing and are normally settled on 30-day to 45-day terms.

13. OTHER PAYABLES AND ACCRUALS

	30 June 2021 *USD'000*	31 December 2020 *USD'000*
Salaries and welfare payables	**365**	736
Accruals	**1,426**	1,293
Sales tax payable	**–**	48
Other payables	**626**	38
	2,417	2,115

Notes:

(a) Other payables are non-interest-bearing and have an average term of 30 days.

14. **INTEREST-BEARING BANK LOANS**

	30 June 2021			31 December 2020		
	Effective interest rate *(%)*	**Maturity**	***USD'000***	Effective interest rate *(%)*	Maturity	*USD'000*
Non-current						
Revolving Loan	**Libor+margin**	**Jan-2024**	**6,000**	Libor+margin	Jan-2024	6,500
Bank loan	**Libor+margin**	**Jan-2026**	**21,679**	Libor+margin	Jan-2026	23,142
			27,679			29,642

	30 June 2021 ***USD'000***	31 December 2020 *USD'000*
Analysed into:		
Bank loans repayable		
within one year or on demand	**3,692**	3,160
in the second year	**4,532**	3,985
in the third to fifth years, inclusive	**19,455**	22,497

Libor stands for the London Interbank Offered Rate.

While the unaudited consolidated financial information of the Target Company as set out above represent the latest information available to the Company, there is no assurance that there would be no material difference between such information and the audited consolidated financial information of the Target Company to be included in the Circular. **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, 11 January 2022

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.