THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Health and Happiness (H&H) International Holdings Limited,** you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

H&H Group
inspiring wellness

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 IN RELATION TO THE ACQUISITION OF 100% OWNERSHIP INTERESTS IN ZESTY PAWS

A letter from the Board is set out on pages 4 to 21 of this circular.

The Agreement and the Transaction contemplated thereunder have been approved by written shareholder's approval obtained from Health and Happiness (H&H) International Holdings Limited, pursuant to Rule 14.44 of the Listing Rules in lieu of holding a general meeting of the Company. This circular is being despatched to the Shareholder for information only.

25 March 2022

CONTENTS

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In this circular, unless the context requires otherwise, the following expressions 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
"Announcement"	the announcements of the Company dated 22 August 2021
"Benchmark Revenue"	the revenue provided by the management of the Target Company for the purpose of negotiation of the consideration of the Transaction
"Board"	the board of Directors
"Business Days"	a calendar day excluding Saturday, Sunday or all statutory holidays in the PRC
"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
"Completion"	completion of the Transaction in accordance with the terms and conditions of the Agreement.
"Director(s)"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) which is/are independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
"Latest Practicable Date"	31 January 2022, being the latest practicable date for ascertaining certain information in this circular
"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.
"PRC" or "China"	the People's Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular
"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
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
"Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the 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
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"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 Target Company
"Target Group"	Target Company and its subsidiaries
"Transaction"	the acquisition of the Target Company Interests pursuant to terms and conditions of the Agreement
"US$"	US$, the lawful currency of the United States of America
"%"	per cent.

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)

Executive Directors:
Mr. Luo Fei *(Chairman)*
Mrs. Laetitia Marie Edmee Jehanne Albertini ep. Garnier
Mr. Wang Yidong

Non-executive Directors:
Dr. Zhang Wenhui
Mr. Luo Yun

Independent Non-executive Directors:
Mr. Tan Wee Seng
Mrs. Lok Lau Yin Ching
Mr. Wang Can

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25 March 2022

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the Agreement and the Transaction contemplated thereunder; (ii) financial information of the Group, (iii) financial information on the Target Group, and (iv) other general information of the Company.

BACKGROUND

On 22 August 2021, 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 a leading online premium pet supplement brand and highly disruptive category pioneer in the United States. This modern, digital, and trusted brand provides a unique platform opportunity in the rapidly growing pet supplement category and will further strengthen our existing Pet Nutrition & Care product portfolio and accelerate the growth in this promising business segment both online and offline.

On 4 October 2021, the Purchaser completed the acquisition of the Target Company.

THE AGREEMENT

The principal terms of the Agreement are summarized as follows:

Date	:	22 August 2021 (New York time)
Parties	:	Pluto Seller, LLC, as the Seller;
		Maxim, as the parent company of the Seller;
		Health and Happiness (H&H) US International Incorporated as the Purchaser; and
		Zesty Paws, LLC as the 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	:	100% the ownership interest in Zesty Paws.
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) all 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 Purchaser will satisfy the purchase price with its internal resources and external debt financing, including loans made pursuant to the Facilities Agreement and the Bridge Loan Agreement as disclosed in the section headed "2. Indebtedness Statement" in Appendix I to this circular.

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 have 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 extension 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 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;

(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 1 November 2021; 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.

COMPLETION

On 4 October 2021 (New York time), as all the conditions precedent under the Agreement have been satisfied, the completion of the Transaction has completely taken place. The Company has indirectly held 100% ownership interests of the Target Company and the Target Company has become an indirect wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Company are consolidated into the Company from 4 October 2021.

BASIS OF DETERMINATION OF THE CONSIDERATION

Consideration and payment terms

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) all indebtedness of the Target Group, fees, cost and expenses incurred by the Target Group; (iii) the difference between the actual amount of working capital of the Target Group as of the Closing Date and the estimate as agreed by the parties under the Agreement.

On the Closing Date, the purchaser has satisfied the purchase price in the following manners:

(i) US$4.25 million was paid in cash by the Purchaser to an escrow account (the "**Escrow Account**");

(ii) US$558.4 million (the "**Closing Date Purchase Price**"), representing US$605.75 million (being the base price less the amount paid into the Escrow Account):

   (a) minus the estimated indebtedness of the Target Group;

   (b) minus the estimated accrued but unpaid transaction expenses incurred by the Target Group; and

   (c) plus the estimated cash and cash equivalents of the Target Group,

   was paid in cash by the Purchaser to the Sellers.

(iii) US$49.6 million was paid in cash by the Purchaser to repay the indebtedness of the Target Group, and pay the fees, cost and expenses incurred by the Target Group.

Such payments were made to satisfy the Purchaser's payment obligations under the Agreement on the Closing Date. They represented the parties' estimate of the actual purchase price of the Target Company as finally determined by the parties after the Closing in the manners as set out below.

Determination of the purchase price

Within 75 days following the Closing Date, Purchaser shall prepare and deliver to Seller a statement of the Target Company as of the Closing Date (the "**Closing Statement**"), setting forth the Purchaser's calculation of (i) cash and cash equivalents of the Target Group; (ii) all indebtedness of the Target Group, fees, cost and expenses incurred by the Target Group; (iii) working capital of the Target Group; together with Purchase's calculation of the final purchase price. Seller shall be permitted to review the Closing Statement within 60-day period following Seller's receipt of the Closing Statement. The Closing Statement shall become final and binding upon Seller and Purchaser at 11:59 p.m., Chicago time, on the date that is 60 days following Seller's receipt thereof, unless Seller gives written notice to Purchaser of its disagreement with the Closing Statement and any item or calculation set forth therein prior to such time. As of the Latest Practicable Date, the Closing Statement is not yet finalised by Purchaser and Seller.

After resolving any disagreement on the calculation of the purchase price, if any, in the manner stipulated under the Agreement, the final purchase price will be determined. If the final purchase price is greater than the Closing Date Purchase Price, (i) the Purchaser shall pay to the Seller the difference between the Closing Date Purchase Price and the final purchase price and (ii) the funds remaining in the Escrow Account shall be released to the Seller. If the Closing Date Purchase Price is greater than the final purchase price, (i) such amount shall be paid from the Escrow Account to the Purchaser (with any shortfall exceeding the amount in the Escrow Account to be paid by the Seller), and (ii) the funds remaining (if any) in the Escrow Account shall be released to the Seller. If the final purchase price is equal to the Closing Date Purchase Price, the funds in the Escrow Account shall be released to the Seller.

Basis of determination of the consideration

The purchase price was determined after arm's length negotiations between the Purchaser and the Seller on normal commercial terms taking into account the profit and business prospects of the Target Company, which include specifically the following:

(1) the financial information of the Target Company available to the Company, including its revenue, adjusted EBITDA and net profit for each of the financial years ended 31 December 2018, 2019, 2020, the six months ended 30 June 2021;

(2) the implied transaction multiples in terms of EV/Sales of 5.4 times, respectively, based on the latest Benchmark Revenue. According to the Target Company, the Benchmark Revenue was derived based on the revenue of the Target Group for the six months ended 30 June 2021, multiplied by their respective factors to annualize the amount and to cater for expected growth, seasonality effects; and

(3) comparable transactions in the market which include certain EV/Sales ratio of listed pet nutrition companies and certain transactions of pet food companies since 2018 which the Directors consider comparable to this Transaction. The table below sets forth certain EV/Sales ratio of listed pet nutrition companies on the NASDAQ, the New York Stock Exchange and the Shenzhen Stock Exchange, respectively, and two transactions of pet food companies in which the Directors consider comparable to this Transaction:

Comparable company/transaction	**EV/SALES(x)**
Listed Company	
Freshpet, Inc.[a] (NASDAQ)	14.48
Original Bark Co[b] (The New York Stock Exchange)	3.71
Yantai China Pet Foods[c] (The Shenzhen Stock Exchange)	3.56
Transactions	
General Mills' Acquisition of Blue Buffalo[d]	6.3
General Mills' Acquisition of Tyson[e]	5.0

(a) Freshpet, Inc. is a pet food manufacturer and distributor company in the United States. It founded the fresh, refrigerated pet food category and all its food is made in the United States. Freshpet, Inc. sells its products through a fast-growing network of company-owned branded refrigerators, known as Freshpet Fridges, installed in over 12,500 retail stores across the United States including but not limited to Albertsons, BJ's, Kroger, Petco, PetSmart and Wal-Mart.

(b) Original Bark Co is a dog-related products manufacturer company in the United States. It serves personalised products to over 1.1 million dogs per month and it has already delivered its products to more than 6.5 million dog parents. Original Bark Co is a vertically integrated, data-driven, omnichannel brand serving dogs across the four key categories of Plays, Food, Health and Home. Its products are available on online marketplace such as Amazon and sell through a large network of retail partners including Target, Petco, PetSmart, Costco, Bed Bath & Beyond, and CVS.

(c) Yantai China Pet Foods is a dogs and cats food manufacturer company in China. It mainly engaged in the research and development, production and sales of pet food for dogs and cats which includes canned food and dry food. Yantai China Pet Foods now has over 1,000 types of products and are selling to more than 30 countries and regions around the world. In the China market, Yantai China Pet Foods sells its products through various online platforms such as JD.com, Taobao and Amazon and through a large network of retail partners including but not limited to RT-Mart and Vanguard.

(d) Blue Buffalo is the fastest growing major pet food company in the United States making natural foods and treats for dogs and cats under the BLUE brand, which includes BLUE Life Protection Formula, BLUE Wilderness, BLUE Basics, BLUE Freedom and BLUE Natural Veterinary Diet. Blue Buffalo is also a leading sponsor of pet cancer awareness and of critical research studies of pet cancer, including causes, treatments and the role of nutrition, at leading veterinary medical schools and clinics across the United States.

(e) Tyson is one of the world's largest food companies and a recognised leader in protein and it entered the pet treat market with the launch of True Chews dog treats in 2010. It expanded to include the Nudges brand in 2011 and Top Chews in 2012. Tyson' pet treats portfolio generated more than US$240 million in net sales in the 12 months ended 3 April 2021.

The based price of US$610 million for the Target Company was the final price proposed by the Seller after several rounds of negotiation. The Company assessed the fairness and reasonableness of such amount by calculating the EV/Sales multiple implied by it and comparing it against the EV/Sales multiples for comparable companies and transactions. As illustrated in the table above, the Target Company's EV/Sales multiple of 5.4 times is within the range of the comparable listed companies and transactions. In addition, it is lower than the average EV/Sales multiple of 6.61 times of the comparable listed companies and transactions. Accordingly, the Company is of the view that the base price of US$610 million was fair and reasonable.

Further, we considered the following aspects of the abovementioned bases in determining the purchase price.

- The adjusted EBITDA was provided by the management of the Target Group, which has taken into account normalization adjustments to eliminate financial impact from one-off non-recurring activities of the Target Group. It has not been audited or reviewed by the Company's auditors. The adjustments made have been reviewed by the Company and its advisor during financial due diligence exercise and no major objectionable issue was identified. This metric provided the Company with an understanding of the financial performance of the Target Group, which enabled the Company to assess the attractiveness of the Target Group. Based on the performance of historical financials including adjusted EBITDA, the Target Group has delivered strong growth from 2019 to June 2021, while maintaining healthy EBITDA margins above 20% throughout the period.

- Regarding the use of the EV/Sales multiple, the Company considered that it is more meaningful for the Company to use EV (enterprise value) rather than equity value (i.e. fair value of price of the shares) of the Target Company as the numerator of the multiple because the Company will reassess the capital structure of the Target Group, which could significantly affect the equity value of the Target Company, and may make adjustments to it according to the Group's policies and overall financial planning.

- The Company noted that generally both EV/Sales and EV/EBITDA could be useful indicators in a valuation using the market approach. Nonetheless, in this case, the Target Group was not operated on a fully standalone basis pre-deal, as it had shared resources and engaged in transactions with its parent company, Zenwise Health. As result, its historical costs (based on which its EBITDA would be derived) may not be indicative of its future operational efficiency after completion of the Transaction. Accordingly, the Company is of the view that sales is a more appropriate metric as the denominator for the multiple based on which the purchase price should be assessed.

- The Benchmark Revenue was the target revenue provided by the management of the Target Company for the purpose of negotiation of the consideration of the Transaction. According to the management of the Target Company, the usual seasonality and fluctuation based on historical trajectory has been factored in when annualizing revenue in six months ended 30 June 2021. Specifically, the Company has considered the fact that historically the Target Group's revenue for the second half of a calendar year has been slightly higher than that for the first half of that year because of the peak sales season in both November and December. For instance, the Target Group's revenue (unaudited) for the six months ended 30 June 2019 represented approximately 47% of its revenue for the year ended 31 December 2019. Likewise, the Target Group's revenue for the six months ended 30 June 2020 represented approximately 47% of its revenue for the year ended 31 December 2020. The management of the Target Company represented that the revenue contribution from the first six month of 2021 was expected to be slightly lower in 2021 as compared to that for 2020 due to (i) the stronger month over month growth for the retail channels newly developed in 2021 driven by higher distribution and velocity; and (ii) the stock shortage challenge faced by the Target Company in the first six months of 2021 which affected its sales performance, which the management of the Target Company expected to be able to overcome in the second half of the year. The Company has also taken into account the price increase implemented by the

Target Group across all of its product lines by 3% to 4% with effect from 1 August 2021. Accordingly, for the purpose of annualizing the revenue for the six months ended 30 June 2021 to determine the Benchmark Revenue, it was assumed that the revenue for the first half of 2021 would represent a percentage between 43% to 44% of the Benchmark Revenue. The Benchmark Revenue was finally determined by the parties through arm's length negotiation. Based on the financial due diligence performed by the Company and its advisor on the Target Company, nothing in the information provided by the Target Company had shown that such target revenue would be unreasonable.

- The EV/Sales multiple of 5.4 times was derived by dividing (i) the base purchase price of US$610 million, which was determined through the arm's length negotiation on a "cash-free, debt-free" basis, as a proxy for EV, by (ii) the Benchmark Revenue of US$112 million of Target Group. Since the EV shall be equal to the amount of the base purchase price, all indebtedness of the Target Group has already taken into account and been deducted when calculating the EV.

- For the purpose of assessing the purchase price, the Company selected the comparable transactions based on the following criteria: (1) relevance to the Transaction – the comparable transactions which be those in the pet nutrition segment since 2018, where the target company has a significant presence in the U.S.; and (2) availability on deal value and key financials of the target company to arrive at the transaction multiples.

INFORMATION OF 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 of the Latest Practicable Date, 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 the summary of the audited consolidated financial information of the Target Company, prepared in accordance with the accounting policies which conform with International Financial Reporting Standards issued by the International Accounting Standards Board, for each of the financial years ended 31 December 2019, 2020 and 2021, respectively:

	For the year ended 31 December		
	2019	**2020**	**2021**
	(USD'000)	*(USD'000)*	*(USD'000)*
Revenue	43,043	73,088	104,974
Net profit before taxation	10,149	15,529	15,286
Net profit after taxation	10,149	15,529	15,286

As at 31 December 2021, the audited consolidated total assets and net assets of the Target Company:

	As at 31 December 2021 *(USD'000)*
Total assets	32,572
Net assets	25,917

For the purpose of the Company's assessment of the Target Company's historical financial performance, the adjusted EBITDA of the Target Company for the each of the financial years ended 31 December 2019, 2020 and 2021, were US$10.8 million, US$17.2 million and US$19.0 million, respectively. The adjusted EBITDA of the Target Company is reconciled in the following table:

	For the year ended 31 December		
	2019	**2020**	**2021**
	(USD'000)	*(USD'000)*	*(USD'000)*
EBITDA	10,338	15,710	16,209
Management fee expense[(a)]	218	300	255
Legal expenses			
Corporate restructure[(b)]	22	15	–
Trademark related[(b)]	13	23	–
Brand protection[(c)]	8	261	–
Employment[(d)]	4	–	–
Expansion related[(e)]	–	2	–
Advisory services[(d)]	9	32	87
Recruiting expenses[(d)]	91	310	150
Nonrecurring contract labor and consulting fees[(d)]	78	192	255
Transaction costs in relation to M&A[(f)]	–	–	400
Severance expenses[(d)]	–	26	68
New hire expenses[(d)]	–	55	–
Equity-settled award compensation[(g)]	49	264	1,650
	10,830	17,190	19,044

The following items in relation to the Zesty Paws have been excluded from EBITDA:

(a) Management expenses paid to prior private equity owner/management firm.

(b) In 2020, Zesty Paws, LLC was created as spin off from a larger company and in doing so incurred expenses for trademark registration, legal, and advisory services related to the separation.

(c) Products and brands were challenged by competitors in the marketplace. To protect the Zesty Paws brand and products, management engaged legal firms to support the efforts.

(d) Driven by high levels of sales growth and corporate restructure, there were nonrecurring expenses related to terminations, consulting support and hiring of new employees.

(e) One time set up cost to establish operations in Canada.

(f) Transaction costs for the acquisition of Zesty Paws in 2021, which included advisory and consulting fees paid to financial advisors, due diligence and legal fees.

(g) Non-cash adjustments for equity-settled share options and share award expenses.

FINANCIAL EFFECT OF THE TRANSACTION

The Transaction completed on 4 October 2021 and, accordingly, the Company now has an 100% effective equity interest in the Target Company and the financial information of the Target Company are consolidated into the accounts of the Group.

As stated in the Company's annual report for the year ended 31 December 2021, the Group recorded an audited consolidated net profit attributable to owners of the Company for the year ended 31 December 2021 of approximately RMB508.5 million.

Upon Completion, the Target Company has become a non-wholly owned subsidiary of the Company, and the financial results of the Target Company are consolidated into the consolidated financial statements of the Group.

While the net asset of the Target Company was approximately US$6.8 million as of 30 June 2021 according to its consolidated financial statements, the Directors are of the view that the relatively low net asset amount (as compared to the consideration for the acquisition) is not indicative of the true value of the Target Group to the Group. The said net asset of the Target Group were recorded in accordance with International Financial Reporting Standards, and the assets they comprised were primarily inventories, prepayments, trade receivables and cash and cash equivalents, with property and equipment, and intangible assets representing a relatively small portion. However, as detailed in the section headed "Reasons for and Benefits of Entering into the Agreement" below, given the asset-light strategy adopted by the Target Group, the main benefits of acquiring the Target Group are in the robust brand equity, strong consumer loyalty, leadership position in key e-commerce platforms and the latest developed retail customer relationship enjoyed by the Target Group, being intangible elements which are primarily reflected in the profitability of the Target Group. Among those intangible assets, the robust and well-known brand of the Target Group and a well-established customer base will provide the Group with an immediate and stable source of sales, and will, by virtue of the sizable existing market share of the Target Group, also enable the Group to benefit from the anticipated rapid growth in the pet supplement market. Due to consumer behavior towards pet supplement products, the Directors believe that customers who are satisfied with the Target Group's products tend to return for repeat purchases. Such loyal customers can also help the Group to attract new customers through referrals and word-of-mouth.

Had the Company only acquired the assets represented by the book value of the assets in the financial statements of the Target Group, primarily comprising fixed assets and inventory, but without the right to the "Zesty Paws" brand or access to its existing customer base, the Company would not be able to achieve the profitability and sale performance of the Target Group without having to invest significant amount of resources in various aspects of the pet supplement business such as sales and marketing and customer and market research, and more importantly the time that would be needed to develop a new pet supplement business into the scale comparable to that of the Target Group, during which time the opportunity to capture the growth in the industry would be at risk of being seized by competitors.

Such intangible assets were not taken into account in the Target Group's historical statements of financial positions (i.e. its "balance sheets"), where its net assets were recorded. Accordingly, the Directors are of the view that the historical net assets of the Target Group is not a useful benchmark for valuing the Target Group, and EV, sales and EBITDA are the more important metrics for determining the fairness and reasonableness of the consideration of the Transaction.

In light of the future prospects of the Target Company, the Directors are of the view that the Transaction would likely have a positive impact on the future turnover and earnings of the Enlarged Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

1. Enlarge Pet Nutrition & Care as its third major business segment at an opportune time to enhance the future growth prospect of the Group

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 ("**BNC**") and Adult Nutrition and Care ("**ANC**") 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 Transaction will enable the Group to enlarge PNC as its third major segment at an opportune time to enhance the future growth prospect of the Group. Together with Solid Gold, it will offer our consumers 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.

2. Zesty Paws is a leading online premium pet supplement brand in the U.S.

Established in 2015, Zesty Paws products are sold online across key platforms like Amazon, Chewy and direct to consumer 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 for international 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 are of the view 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 the Shareholders as a whole.

Risk assessment in respect of the Transaction

In respect of the Transaction, the Directors have assessed the following risks:

(1) ***We may fail to realize business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits anticipated from our past and future acquisitions or may incur unanticipated costs in our future acquisitions.***

We occasionally seek to grow our business through acquisitions of, or investments in, new or complementary business, products or services. The success of any of our past or future acquisitions, depends on our ability to integrate the acquired businesses effectively. In addition, we continue to explore opportunities to grow our business, including by means of minority investments via the NewH2 Fund or acquisitions of businesses complementary to our business, in line with our group's overall business development strategy. As a result, we may make further investments or acquisitions in the future. Such investments or acquisitions may be in different segments to our current business and may take place in a region in which we currently do not operate. For example, our recent acquisitions of Solid Gold in November 2020 and the Target Company in October 2021 represent growth into a new business segment, pet nutrition and care. Such investments or acquisitions may not necessarily generate substantial revenue or benefit our cash flow from operations.

The integration of acquired businesses and realisation of synergies may be complex and costly and present a number of risks and challenges, including:

- the challenge of entering a new business segment that has different consumer and channel dynamics;
- the challenge of developing an understanding of, and new technical skills requires to serve, the acquired business;
- the diversion of management time, effort and attention from existing business operations;
- the unanticipated loss of revenue or increase in operating or other costs contrary to our projections when making the acquisition;
- the inability to realize synergies between our businesses, including across our supply chain or through cross-marketing;
- the need to integrate ERP systems and internal reporting across the Group;
- the possible loss of key employees;
- the possible loss of consumers, distributors or suppliers;
- the assumption of debt or other liabilities of the acquired business, including litigation related to the acquired business; and

- the possible expansion into new geographical markets and segments may require us to find and cooperate with distributors and suppliers with whom we have not previously done business.

There can be no assurances that we will be able to achieve the business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits anticipated from any past and future acquisitions. If we are not able to manage our acquisitions effectively, we may not realise the expected benefits from the transaction relative to the consideration paid. To be successful, some acquisitions require an integration process which achieve the benefits of combining the companies, including generating operating efficiencies and synergies, and eliminating or reducing redundant costs. Integrating any acquired business involves significant and inherent uncertainties, and may result in additional unforeseen difficulties or liabilities and could impact the effectiveness of our internal controls over financial reporting. Any of the foregoing or other factors could have a material adverse effect on our business, financial condition and operating results.

(2) An adverse change in demographic, consumer and economic trends as well as a change in scientific opinion regarding our products could materially and adversely affect our business and reduce our profitability.

Our sales depend on consumer spending, which is influenced by factors beyond our control, including general economic conditions, consumer confidence and the availability of discretionary income. If these demographic trends change in an adverse way, our business could be materially and adversely impacted. With the acquisition of Solid Gold in November 2020 and the Target Company in October 2021, we also intend to benefit from the rapidly increasing pet population, pet nutrition premiumization and the trend of humanizing our pets. However, there is no guarantee that consumer demand for our products will sustain or will not reverse at any time. The success of our business depends in part on our ability to identify and respond to evolving trends in demographics and consumer preferences.

Failure to identify in a timely manner, or respond effectively, to changing consumer tastes, preference, spending patterns and nutrition and care needs could adversely affect our relationship with our customers, the demand for our products and services, our market share and our profitability. In addition, it is possible that new research may result in different findings or an adverse change in scientific opinion regarding the beneficial effects or risks of our products, which could materially and adversely affect our business and results of operations.

(3) We may need to write down goodwill and other intangible assets which would adversely affect our financial results.

As of 30 June 2021, 38.5% of our total assets constituted goodwill and 20.4% of our total assets constituted other intangible assets. Following the acquisition of the Target Company in October 2021, the percentage of goodwill and other intangible assets in relation to our total assets may increase further. In accordance with IFRS, both goodwill and intangible assets are subject to an impairment test, at least annually or upon the occurrence of significant events or changes in circumstances that indicate an impairment has occurred. An adverse development in our business as a result of market conditions, change in consumer preferences or other reasons, may require us to recognize impairment charges and write-off all or a part of the carrying amount of our goodwill and intangible assets. A write-off of all or a part of our goodwill or intangible assets would adversely affect our financial results.

(4) The business of the Target Company could be materially and adversely affected by the outbreak of COVID-19.

In response to the outbreak of COVID-19, the U.S. government took a number of actions. The outbreak of COVID-19 in U.S. have also resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the U.S. If the spread of COVID-19 cannot be fully controlled or continues for longer, operating results of the Target Company's business may be materially and adversely affected. While many of the restrictions on movement within U.S. had been relaxed as of the Latest Practicable Date, there is great uncertainty as to the future progress of the disease. Relaxation of restrictions on economic and social life may lead to new cases which may lead to the reimposition of restrictions. The uncertainty around the duration of business disruptions and the extent of the spread of the virus in the world will likely continue to adversely impact the national or global economy and negatively impact consumer spending. Any of these outcomes could have a material adverse impact on our business, financial condition, results of operations, and ability to execute and capitalize on our strategies. The full extent of COVID-19's impact on our operations and financial performance depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, any long-term health impacts on any partners who have been infected with COVID-19, its impact on capital and financial markets, and any new information that may emerge concerning the severity of the virus and its spread to other regions, as well as the actions taken to contain it, among others.

As the Target Group's business has been exposed to the impact of COVID-19 since its outbreak in 2019, the Target Group's financial results for the year ended 31 December 2020 and the six months ended 30 June 2021 have fully reflected the impact of COVID-19 during the respective period, which have been taken into account in the determination of the consideration for the Transaction. However, there is no assurance that COVID-19, or any other epidemic or pandemic, would impact to the Target Group in ways or in magnitude that the Target Group has not experienced during 2020 and 2021. Such impact may include, but are not limited to, difficulties in ensuring a functional supply chain, the Target Group's manufacturing and/or packaging capabilities, and increased cost for ensuring compliance with more stringent health and hygiene standards and regulations.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Transaction are 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 reporting, announcement and circular and shareholders' approval requirement under the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Transaction may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to obtain such Shareholders' approval; and (b) written Shareholder's approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company having the right to attend and vote at that general meeting to approve such transactions.

The Directors confirmed that, to the best of their knowledge, information and belief after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Transaction. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the transactions under it.

On 22 August 2021, 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 for the approval of the same matters. Therefore, no general meeting of the Company for the approval of the Agreement and the Transaction thereunder will be convened and held.

WAIVER FROM STRICT COMPLIANCE WITH RULE 14.67(6)(a)(ii) OF THE LISTING RULES

Rule 14.67(6)(a)(ii) of the Listing Rules provides that on acquisition of any business, company or companies, the Company should include in its circular a pro forma statement of the assets and liabilities of the Group combined with the assets and liabilities of the business, company or companies being acquired on the same accounting basis as that adopted by the accountant's report on the business, company or companies being acquired prepared in accordance with Chapter 4 of the Listing Rules (the "**Pro Forma Statement**").

As set out in the Announcement, 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 upon completion of the Transaction. The Transaction was completed on 4 October 2021. Accordingly, the financial results, assets and liabilities of the Target Company have been consolidated into the financial statements of the Company following the completion of the Transaction.

The Company applied for a waiver from the requirement to include the Pro Forma Statement in this circular in strict compliance with the requirement of Rule 14.67(6)(a)(ii) of the Listing Rules for the following reasons:

(a) The annual results announcement of the Company for the year ended 31 December 2021 (the "**Annual Results Announcement**") will contain the consolidated financial statements of the

Group which include the financial results of the Target Company since the date of the Transaction to 31 December 2021 prepared in accordance with International Financial Reporting Standards;

(b) the consolidated financial statements of the Group in the Annual Results Announcement will largely cover such financial information as required in the Pro Forma Statement, and that the Annual Results Announcement is expected to be published on or before 22 March 2022, ahead of the publication and despatch of the circular. The Annual Results Announcement will provide the Shareholders and potential investors of the Company with a true and fair view of the financial position of the enlarged Group and illustrate the effect of the Transaction on the financial results of the Group. The preparation of the Pro Forma Statement for inclusion in the circular in strict compliance with the requirement of Rule 14.67(6)(a)(ii) of the Listing Rules would be impractical, unduly burdensome and would result in unnecessary time and effort being incurred that may not add much value to the Shareholders in understanding the financial position of the enlarged Group;

(c) on the other hand, if the wavier is granted and the Company is permitted to exclude the Pro Forma Statement in the circular, it will save substantial financial and management resources of the Company under this arrangement; and

(d) as alternative disclosure to the Pro Forma Statement in the Circular, the Company will include in the circular clear references to the Annual Results Announcement for (i) the financial results of the Group as enlarged by the acquisition of the Target Company, and (ii) specific disclosures regarding business combinations of the Group illustrating the impact of the Transaction of the Target Company on the financial results of the Group.

Based on the information provided by the Company, the Stock Exchange granted to the Company the waiver from strict compliance with the requirements under Rule 14.67(6)(a)(ii) of the Listing Rules.

GENERAL

Information on 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.

Information on 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..

Information on Maxim

Maxim, a Delaware limited liability company duly organized, validly existing and in good standing under the Laws of the state of Delaware, U.S. Maxim 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. Based on the information provided by the Seller, (i) the Seller is indirectly owned by Patel Wellness, LLC, Maxim Zenwise Investors, LLC, Maxim Zenwise Principals, LLC and certain incentive unit holders; (ii) AJ Patel, the founder of the Target Group, has a 33.48% indirect beneficial interest in the Seller through Patel Wellness, LLC; (iii) Gregory W. Wilson, through Maxim Zenwise Investors, LLC and Maxim Zenwise Principals, LLC, has a 24.96% indirect beneficial interest in the Seller; and (iv) the other beneficial owners of the Seller (other than incentive unit holders) are primarily institutional private equity investors.

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.

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

1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the financial information of the Group for each of the financial years ended 31 December 2019, 2020 and 2021 are disclosed in the following documents which have been published on both the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (www.hh.global):

- annual report of the Group for the year ended 31 December 2021 published on 25 March 2022 (pages 83 to 207) (available on: 2022032500425.pdf (hkexnews.hk));
- annual report of the Group for the year ended 31 December 2020 published on 8 April 2020 (pages 81 to 200) (available on: 2021040801142.pdf (hkexnews.hk));
- annual report of the Group for the year ended 31 December 2019 published on 2 April 2019 (pages 83 to 300) (available on: 2020040201839.pdf (hkexnews.hk)).

The annual results announcement dated 22 March 2022 contains the consolidated financial statements of the Group which include the financial results of the Target Company since the date of the Transaction to 31 December 2021. For specific disclosures regarding business combinations of the Group as enlarged by the Transaction of the Target Company on the financial results of the Group, please refer to Note 12 to the consolidated financial statements of the Group for the year ended 31 December 2021 set out in the said annual results announcement.

2. INDEBTEDNESS STATEMENT

The Group

As at the close of business on 31 January 2022, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had the following indebtedness:

On 24 October 2019, the Company issued senior notes due 24 October 2024 with an aggregate principal amount of US$300 million (the "**Senior Notes**"), which are listed on The Stock Exchange of Hong Kong Limited. The coupon interest rate of the Senior Notes is 5.625% per annum and interest is paid semi-annually. As at 31 January 2022, the carrying amount of the Senior Notes was RMB1,947.0 million, including current portion of RMB28.8 million.

As at 31 January 2022, the Group had bank loans of approximately RMB7,433.1 million which were guaranteed on a joint and several basis by the Company and certain of the Company's subsidiaries and are secured by fixed and/or floating charges over present and future assets of the Company and certain of its subsidiaries and assignments over the Company's and certain of its subsidiaries' rights to their material contracts and insurance policies. In addition, certain subsidiaries' shares are also pledged.

Save as aforesaid or as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have at the close of business on 31 January 2022 any other debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are satisfied after due and careful consideration and taking into account the present internal financial resources available to the Group, the banking facilities presently available, which include a bridge facility of US$350 million (the "**Bridge Loan Facility**") and the successful refinancing of such facility when due, the effect of the transactions contemplated under the Agreement and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

The Company intends to refinance the Bridge Loan Facility as soon as possible and before the maturity date of 30 September 2022. As at the Latest Practicable Date, the Company is in the process of refinancing the Bridge Loan Facility by a new syndicated loan. Up to the date of this circular, the Group has obtained internal credit approvals from certain banks relating to the new syndicated loan. The Directors of the Company believe that the Group will be able to secure the refinancing of the Bridge Loan Facility in due course. The Directors of the Company also believe that the Enlarged Group will have sufficient working capital to meet its present requirements for at least twelve months following the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

2022 looks to be no less challenging than 2021, especially for our BNC business. Yet we still expect our ANC and PNC businesses to continue their strong sales momentum and we remain confident about the long-term prospects of our product and geographic diversification strategy, as well as our ability to realize our vision of becoming a global leader in premium nutrition and wellness.

In mainland China, our largest market, our strategy of expanding the penetration of our diversified BNC and ANC products remains the lynchpin for achieving overall revenue growth in 2021. Our diversification is also a key differentiator from our peers: our position as a whole-family nutrition and care provider enables us to capture opportunities in the adult and premium pet-nutrition categories amid a declining birth rate. We expect to continue making great progress in both ANC and PNC to deliver sustained revenue growth in the mainland China market.

We aim to maintain a stable market share in the BNC segment in mainland China. It will, however, take some more time for our distribution expansion strategy to yield greater results under the current market dynamics. Our probiotics category will continue to face pressure in next year due to intensifying competition across the market. However, the overall probiotics market in mainland China still demonstrates great growth potential over the long term. We are confident that further sales points expansion will support long-term growth, alongside greater cross-selling opportunities with our infant milk formulas ("**IMF**') products and consumer education efforts that leverage No. 1 positioning in the global children probiotic and prebiotics supplements market.

In the ANC segment, we will continue to capture more of the fast-growing normal trade e-commerce market channel in mainland China by introducing more new blue hat SKUs and localized products. We expect the sales contribution from the PNC segment to grow quickly as Solid Gold expands both online and offline in mainland China.

Another strategic priority is to reclaim Swisse's leadership in the domestic Australia and New Zealand market, with the daigou channel unlikely to return in any significant form. We will continue to further expand our sales channels and invest in driving domestic demand in this market. We also expect to see more contribution from our other overseas markets as we continue to strategically globalize our brands.

We will continue to leverage on synergies created with the rest of our business to rapidly scale up our PNC segment in mainland China to tap the premiumization of the pet nutrition space and the shift of pet-related purchases online. In the U.S. market, we believe that product innovation and the rapid development of pet care e-commerce will further drive our business there.

By expanding the range and availability of our premium products and aspirational brands, we will continue to realize our vision of becoming a global leader in premium nutrition and wellness.

The following is the text of a report set out on pages II-1 to II-29, received from the Target Company's reporting accountants, Baker Tilly Hong Kong Limited, for the purpose of incorporation in this circular.

bakertilly
天職國際

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF ZESTY PAWS, LLC AND ITS SUBSIDIARIES

TO THE DIRECTORS OF HEALTH AND HAPPINESS (H&H) INTERNATIONAL HOLDINGS LIMITED

Introduction

We report on the historical financial information of Zesty Paws, LLC (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages II-4 to II-29, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2019, 31 December 2020 and 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for the years ended 31 December 2019, 2020 and 2021 (the "Relevant Years") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-29 forms an integral part of this report, which has been prepared for inclusion in the circular of Health and Happiness (H&H) International Holdings Limited (the "Company") dated 25 March 2022 (the "Circular") in connection with the acquisition of the entire ownership interests of the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company (the "Directors") are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Group's financial position as at 31 December 2019, 31 December 2020 and 31 December 2021 and of the Target Group's financial performance and cash flows for the Relevant Years in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustment

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements as defined on page II-3 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which contains information about the dividends declared and paid by the Target Company in respect of the Relevant Years.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong
25 March 2022

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group for the Relevant Years on which the Historical Financial Information is based, have been prepared in accordance with accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in US dollar ("US$"), which is also the functional currency of the Target Company and all values are rounded to the nearest thousands, except when otherwise indicated.

Consolidated statement of profit or loss and other comprehensive income

		2019	**2020**	**2021**
	Notes	*US$'000*	*US$'000*	*US$'000*
Revenue	*5*	43,043	73,088	104,974
Cost of sales		(13,926)	(23,216)	(35,652)
Gross profit		29,117	49,872	69,322
Other income and gains		33	61	99
Selling and distribution expenses		(15,735)	(27,386)	(36,852)
Administrative expenses		(3,077)	(6,842)	(16,469)
Finance costs	*6*	(189)	(176)	(814)
Profit and total comprehensive income for the year	*7*	10,149	15,529	15,286

The accompanying notes form an integral part of the Historical Financial Information.

Consolidated statement of financial position

	Notes	2019 US$'000	2020 US$'000	2021 US$'000
Non-current assets				
Property and equipment	11	–	16	118
Intangible assets	12	15	257	801
Amount due from intermediate holding company	13	11,200	17,475	–
Total non-current assets		11,215	17,748	919
Current assets				
Inventories	14	3,383	10,708	16,259
Trade receivables	15	4,237	7,436	11,762
Prepayments and other receivables	16	166	252	685
Cash and cash equivalents		178	204	3,110
Total current assets		7,964	18,600	31,816
Current liabilities				
Trade payables	17	1,113	2,781	3,846
Other payables and accruals	18	513	1,197	2,972
Amount due to a fellow subsidiary	13	–	414	–
Interest-bearing bank loans	19	730	3,160	–
Total current liabilities		2,356	7,552	6,818
Net current assets		5,608	11,048	24,998
Total assets less current liabilities		16,823	28,796	25,917
Non-current liabilities				
Interest-bearing bank loans	19	–	26,482	–
Total non-current liabilities		–	26,482	–
Net assets		16,823	2,314	25,917
Equity				
Unit capital	20	1,935	1,935	1,935
Reserves		14,888	379	23,982
Total equity		16,823	2,314	25,917

The accompanying notes form an integral part of the Historical Financial Information.

Consolidated statement of changes in equity

	Notes	Unit capital US$'000	Other reserve US$'000	Incentive unit award reserve US$'000	Retained profits US$'000	Total US$'000
As at 1 January 2019		1,935	–	–	4,739	6,674
Profit and total comprehensive income for the year		–	–	–	10,149	10,149
As at 31 December 2019 and 1 January 2020		1,935	–	–	14,888	16,823
Profit and total comprehensive income for the year		–	–	–	15,529	15,529
Equity-settled unit award scheme	*21*	–	–	264	–	264
Dividends	*10*	–	–		(12,261)	(12,261)
Return of capital		–	–	–	(18,041)	(18,041)
As at 31 December 2020 and 1 January 2021		1,935	–	264	115	2,314
Profit and total comprehensive income for the year		–	–	–	15,286	15,286
Capital contribution from immediate holding company	*22(b)*	–	30,635	–	–	30,635
Equity-settled unit award scheme	*21*	–	–	1,650	–	1,650
Dividends	*10*	–	–	–	(2,332)	(2,332)
Return of capital		–	(19,722)	(1,914)	–	(21,636)
As at 31 December 2021		1,935	10,913	–	13,069	25,917

The accompanying notes form an integral part of the Historical Financial Information.

Consolidated statement of cash flows

	Notes	2019 US$'000	2020 US$'000	2021 US$'000
Cash flows from operating activities				
Profit for the year		10,149	15,529	15,286
Adjustments for:				
Finance costs	6	189	176	814
Depreciation of property and equipment	7	–	3	17
Amortisation of intangible assets	7	–	4	91
Equity-settled unit award expense	7	–	264	1,650
Write-down of inventories	7	275	384	456
Operating cash flows before movement in working capital		10,613	16,360	18,314
Increase in inventories		(601)	(7,709)	(6,007)
Increase in trade receivables		(1,865)	(3,199)	(4,326)
Increase in prepayments and other receivables		(103)	(86)	(433)
Increase in trade payables		376	1,668	1,065
(Decrease)/increase in other payables and accruals		(157)	684	1,775
Net cash from operating activities		8,263	7,718	10,388
Investing activities				
Purchases of items of property and equipment		–	(19)	(119)
Additions to intangible assets		(15)	(246)	(635)
Advance to intermediate holding company		(8,611)	–	–
Cash used in investing activities		(8,626)	(265)	(754)
Financing activities				
Interest paid		(189)	(176)	(759)
New bank loans raised		730	–	524
Repayment of bank loans		–	(730)	–
Return of capital		–	–	(4,161)
Dividends paid		–	(6,521)	(2,332)
Net cash from/(used in) financing activities		541	(7,427)	(6,728)
Net increase in cash and cash equivalents		178	26	2,906
Cash and cash equivalents at beginning of year		–	178	204
Cash and bank balances		178	204	3,110

The accompanying notes form an integral part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Target Company is a Delaware limited liability company duly organised, validly existing and in good standing under the Laws of the state of Delaware, the United States of America ("U.S."). The addresses of the registered office and principal place of business are located at 12124 High Tech Ave, Suite 220 Orlando, Florida 32817.

Before the Date of Completion of the Acquisition (as defined below), the Target Company's immediate holding company is Pluto Seller, LLC ("Pluto Seller"), a Delaware limited liability company duly organised, validly existing and in good standing under the Laws of the state of Delaware, U.S., and its intermediate holding entity is Maxim Zenwise OpCo, LLC ("Maxim"), a Delaware limited liability company duly organised, validly existing and in good standing under the Laws of the state of Delaware, U.S.

On 22 August 2021, Health and Happiness (H&H) US International Incorporated ("H&H US"), a company incorporated under the laws of Delaware, U.S. and an indirect wholly-owned subsidiary of Health and Happiness (H&H) International Holdings Limited, entered into the membership interest purchase agreement with Pluto Seller, Maxim and the Target Company, pursuant to which H&H US agreed to purchase and Pluto Seller agreed to sell all of its right, title and interest in the Target Company (the "Acquisition"). The Acquisition was completed on 4 October 2021 (the "Date of Completion") and since then, H&H US is the immediate holding company of the Target Company.

The Target Company and its subsidiaries (the "Target Group") are principally 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 report, the Target Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Name	Place of incorporation/ registration and operations	Percentage of equity attributable to the Target Company directly	Principal activities
ZP AZ., LLC	U.S.	100%	Inactive
ZP MZP, LLC	U.S.	100%	Inactive

2.1 BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

Basis of consolidation

The Historical Financial Information include the consolidated financial statements of the Target Group for the years ended 31 December 2019, 2020 and 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Group 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 Target Group the current ability to direct the relevant activities of the investee).

When the Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target Group 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 Target Group's voting rights and potential voting rights.

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

All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

The Target 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 Target 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 Target 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 Target Group had directly disposed of the related assets or liabilities.

2.2 APPLICATION OF IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Years, the Target Group has consistently applied the accounting policies which conform with IFRSs throughout the Relevant Years.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Target Group has not applied the following new and amendments to IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

IFRS 17	Insurance Contracts[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

1 Effective for annual periods beginning on or after 1 April 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption

The Directors anticipate that the application of these new and amendments to IFRSs will have no material impact on the Historical Financial Information of the Target Group in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity, and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Target Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Office equipment	20% to 33%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually based on individual intangible assets or the respective CGU. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Trademarks and formulas with indefinite lives are stated at cost less any impairment losses and are not amortised.

The following intangible asset with finite life is stated at cost less any impairment losses and is amortised on the straight-line basis to write off the cost of this intangible asset over its respective estimated useful life of:

	Years
Software	3

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Target Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Target Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Target Group as a lessee

Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Group's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Target Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Target Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Target Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Target Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Target Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Target Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Target Group may also consider a financial asset to be in default when internal or external information indicates that the Target Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Target Group applies the practical expedient of not adjusting the effect of a significant financing component, the Target Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Target Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The ECL on trade receivables are assessed individually for debtors based on the Target Group's internal credit rating, historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, financial liabilities at fair value through profit or loss, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade and bills payables, other payables and interest-bearing bank loan.

Subsequent measurement

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Target Group must incur to make the sale.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Target Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Target Group is a provider of multi-condition pet supplements. These products are sold on their own in separately identified contracts with customers, without any other performance obligations in the contracts with customers.

Revenue from the sale of the Target Group's products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of these products.

Some contracts for the sale of the Target Group's products provide customers with rights of return and sales rebates. The rights of return and sales rebates give rise to variable consideration.

(i) *Rights of return*

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Target Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price.

(ii) *Sales rebates*

Sales rebates may be provided to certain customers once the amount of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-amount threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the sales thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Target Group ultimately expects it will have to return to the customer. The Target Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Target Company operated a member unit award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Target Group's operations. Employees (including directors) and non-employees of the Target Group receive remuneration in the form of equity-based payment transactions, whereby employees and non-employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted. Further details of fair values are given in note 21 to the Historical Financial Information.

The cost of equity-settled transactions is recognised as part of wages in administrative expenses, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Target Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Target Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled transaction is cancelled, no additional expense is recognised. However, if a new award is substituted for the cancelled award and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

Transactions in foreign currencies are translated into the functional currency of the Target Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit or loss.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for obsolete and slow-moving inventories

Management reviews the ageing analysis of inventories of the Target Group at the end of each reporting period and makes a provision for inventory items identified to be no longer suitable for sale. The assessment of the provision amount required involves management judgements and estimates. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. Where the actual outcome or expectation in the future is different from the original estimate, such differences will have an impact on the carrying value of the inventories and provision charge/write-back in the period in which the estimate has been changed.

The carrying amount of inventories was approximately US$3,383,000, US$10,708,000 and US$16,259,000 respectively at the Relevant Years end after netting off the allowance for inventories of approximately US$72,000, US$299,000 and US$331,000 respectively during the Relevant Years.

4 OPERATING SEGMENT INFORMATION

The Target Group determines its operating segments based on the reports reviewed by the Directors, being the chief operating decision maker (the "CODM"), that are used to make strategic decisions. Information reported to the CODM, for the purposes of resource allocation and assessment focuses on revenue analysis by customers. No other discrete financial information is provided other than the Target Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

The Target Group's operations are located in U.S. The geographical location of the Target Group's non-current assets is substantially situated in U.S. All of the Target Group's revenue from external customers is attributed to the group entities' place of domicile (i.e. U.S.).

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group during the Relevant Years are as follows:

	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Customer I	8,902	16,705	21,239

5 REVENUE

An analysis of the revenue is as follows:

	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Revenue from contracts with customers Sale of goods, recognised at a point in time	43,043	73,088	104,974

The performance obligation is satisfied upon delivery of the Target Group's products. Payment of the transaction price is generally due immediately at the point the customer purchases the products via online platforms or credit sales are usually allowed for customers with credit terms of 30 to 60 days from end of month. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

The Target Group applies the practical expedient that information regarding the transaction prices allocated to the remaining performance obligation for contracts with customer is not disclosed as the original expected duration of the contracts are less than one year.

6 FINANCE COSTS

	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Interest on bank loans	189	176	759
Amortisation of finance costs on bank loans	–	–	55
	189	176	814

7 PROFIT FOR THE YEAR

The Targets Group's profit for the year is arrived at after charging:

	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Cost of inventories sold	13,926	23,216	35,652
Depreciation of property and equipment	–	3	17
Amortisation of intangible assets	–	4	91
Auditor's remuneration	113	216	1,122
Research and development costs*	15	29	30
Lease payments not included in the measurement of lease liabilities*	125	103	194
Staff costs (including directors' remuneration):			
Wages and salaries	1,377	3,300	6,433
Staff welfare and other expenses	48	130	240
Equity-settled unit award expense	–	264	1,650
Total staff costs	1,425	3,694	8,323
Write down of inventories#	275	384	456

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

\# Included in "Cost of sales" in profit or loss.

8 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' and chief executive's remuneration and five highest paid employees is as follows:

(a) Directors' and chief executive's remuneration

Directors' and chief executive's remuneration for the Relevant Years, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Fee	–	–	–
Other emoluments:			
Salaries, allowances, and benefits in kind	113	335	343
Performance related bonuses	–	57	160
Equity-settled unit award expense	–	164	621
Total compensation paid to key management personnel	113	556	1,124

During the Relevant Years, incentive unit awards were granted to the director in respect of his services to the Target Group, further details of which are set out in note 21 to the Historical Financial Information. The fair values of these incentive unit awards, which have been recognised in profit or loss over the vesting period, were determined as at the dates of grant and the amounts included in the Historical Financial Information for the Relevant Years are included in the above director's remuneration disclosures.

For the year ended 31 December 2019

	Fees *US$'000*	**Salaries, allowances and benefits in kind** *US$'000*	**Performance-related bonuses** *US$'000*	**Equity-settled unit award expense** *US$'000*	**Total** *US$'000*
Directors:					
Gregory Wilson	–	–	–	–	–
Eric Sledgister	–	–	–	–	–
Aditya Patel	–	–	–	–	–
Scott Steinford	–	–	–	–	–
James Bellinson	–	–	–	–	–
Steven Ball (Chief executive)	–	113	–	–	113
Myron Lyskanycz	–	–	–	–	–
	–	113	–	–	113

For the year ended 31 December 2020

	Fees *US$'000*	**Salaries, allowances and benefits in kind** *US$'000*	**Performance-related bonuses** *US$'000*	**Equity-settled unit award expense** *US$'000*	**Total** *US$'000*
Directors:					
Gregory Wilson	–	–	–	–	–
Eric Sledgister	–	–	–	–	–
Aditya Patel	–	–	–	–	–
Scott Steinford	–	–	–	–	–
James Bellinson	–	–	–	–	–
Steven Ball (Chief executive)	–	335	57	164	556
Myron Lyskanycz	–	–	–	–	–
	–	335	57	164	556

For the year ended 31 December 2021

	Fees *US$'000*	**Salaries, allowances and benefits in kind** *US$'000*	**Performance-related bonuses** *US$'000*	**Equity-settled unit award expense** *US$'000*	**Total** *US$'000*
Directors:					
Luo Fei *(Note (a))*	–	–	–	–	–
Laetitia Garnier *(Note (a))*	–	–	–	–	–
Steven Ball (Chief executive)	–	343	160	621	1,124
Gregory Wilson *(Note (b))*	–	–	–	–	–
Eric Sledgister *(Note (b))*	–	–	–	–	–
Aditya Patel *(Note (b))*	–	–	–	–	–
Scott Steinford *(Note (b))*	–	–	–	–	–
James Bellinson *(Note (b))*	–	–	–	–	–
Myron Lyskanycz *(Note (b))*	–	–	–	–	–
	–	343	160	621	1,124

Notes:

(a) On 5 October 2021, Luo Fei and Laetitia Garnier were appointed as directors of the Target Company.

(b) On 5 October 2021, Gregory Wilson, Eric Sledgister, Aditya Patel, Scott Steinford, James Bellinson and Myron Lyskanycz resigned as directors of the Target Company.

The directors' emoluments shown above were for their services in connection with management of the affairs of the Target Company and the Target Group. Mr. Steven Ball is also the chief executive of the Target Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

There was no arrangement under which the directors or the chief executive waived or agreed to waive any remuneration during the Relevant Years.

(b) Five highest paid employees

For the Relevant Years, the five highest paid employees during the Relevant Years included one director, details of whose remuneration are set out in note 8(a) above. Details of the remuneration for the Relevant Years of the remaining four highest paid employees who are neither a director nor chief executive of the Target Company are as follows:

	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Salaries, allowances and benefits in kind	409	468	1,053
Performance-related bonuses	74	143	783
Equity-settled unit award expense	–	30	845
	483	641	2,681

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands presented in Hong Kong dollars ("HK$") is as follows:

	Number of employees		
	2019	**2020**	**2021**
HKD500,001 to HKD1,000,000	2	1	–
HKD1,000,001 to HKD1,500,000	2	2	–
HKD1,500,001 to HKD2,000,000	–	1	–
HKD2,500,001 to HKD3,000,000	–	–	1
HKD3,000,001 to HKD3,500,000	–	–	1
HKD4,000,001 to HKD4,500,000	–	–	1
HKD10,500,001 to HKD11,000,000	–	–	1
	4	4	4

During the Relevant Years, incentive unit awards were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Target Group, further details of which are included in the disclosures in note 21 to the Historical Financial Information. The fair values of these incentive unit awards, which have been recognised in profit or loss over the vesting period, were determined as at the dates of grant and the amount included in the Historical Financial Information for the Relevant Years are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

9 INCOME TAX

In accordance with United States Internal Revenue Code, as a single-member limited liability company incorporated in U.S., the Target Company's taxable income or loss is allocated to its member. Therefore, no provision or liability for income tax has been recognised in the Historical Financial Information.

10 DIVIDENDS

	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Special dividends on member units declared and paid during the Relevant Years:	–	12,261	2,332

No dividend was paid or proposed for member of the Target Company since the end of 31 December 2021.

11 PROPERTY AND EQUIPMENT

	Office equipment *US$'000*
Cost	
At 1 January 2019, 31 December 2019 and 1 January 2020	–
Additions	19
At 31 December 2020 and 1 January 2021	19
Additions	119
At 31 December 2021	138
Accumulated depreciation	
At 1 January 2019, 31 December 2019 and 1 January 2020	–
Depreciation provided during the year	3
At 31 December 2020 and 1 January 2021	3
Depreciation provided during the year	17
At 31 December 2021	20
Net carrying amounts	
At 31 December 2019	–
At 31 December 2020	16
At 31 December 2021	118

12 INTANGIBLE ASSETS

	Trademark	Formulas	Software	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cost:				
At 1 January 2019	–	–	–	–
Additions	–	15	–	15
At 31 December 2019 and 1 January 2020	–	15	–	15
Additions	152	6	88	246
At 31 December 2020 and 1 January 2021	152	21	88	261
Additions	215	–	420	635
At 31 December 2021	367	21	508	896
Accumulated amortisation:				
At 1 January 2019, 31 December 2019 and 1 January 2020	–	–	–	–
Amortisation provided during the year	–	–	4	4
At 31 December 2020 and 1 January 2021	–	–	4	4
Amortisation provided during the year	–	–	91	91
At 31 December 2021	–	–	95	95
Net carrying amounts				
At 31 December 2019	–	15	–	15
At 31 December 2020	152	21	84	257
At 31 December 2021	367	21	413	801

13 AMOUNTS DUE FROM/(TO) INTERMEDIATE HOLDING COMPANY / A FELLOW SUBSIDIARY

Amount due from intermediate holding company

The amount of US$11,200,000 and US$17,475,000 for the year ended 31 December 2019 and 2020 respectively belongs to amount due from Maxim and such amount is fully settled by H&H US through capital contribution to the Target Company during the year ended 31 December 2021.

Amount due to a fellow subsidiary

Amount due to a fellow subsidiary with the amount of US$414,000 for the year ended 31 December 2020 belongs to one of the group entity of Maxim, which is the Target Company's fellow subsidiary before the Acquisition. The amount has been settled during the year ended 31 December 2021 and the entity did not enter into any transaction with the Target Company after the Acquisition.

The amount due from intermediate holding company and amount due to a fellow subsidiary are non-trade nature, unsecured, interest-free and with no fixed repayment terms.

14 INVENTORIES

	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Raw materials	738	3,007	3,816
Goods in transit	19	5	–
Work in progress	19	36	379
Finished goods	2,607	7,660	12,064
	3,383	10,708	16,259

15 TRADE RECEIVABLES

	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Trade receivables	4,237	7,436	11,762

The Target Group's trading terms with its customers are mainly on credit. The Target Group's credit period is generally 30 to 90 days for its third-party customers. The Target 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%, 78% and 81% respectively as of the Relevant Years end. Trade receivables are unsecured and non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Within 1 month	4,195	7,376	6,558
1 to 3 months	41	29	5,038
Over 3 months	1	31	166
	4,237	7,436	11,762

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 31 December 2019, 2020 and 2021, the loss allowance was assessed to be minimal.

16 PREPAYMENTS AND OTHER RECEIVABLES

	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Deposits	15	86	213
Prepaid expenses	151	166	472
	166	252	685

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 31 December 2019, 2020 and 2021, the loss allowance was assessed to be minimal.

17 TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Within 1 month	1,113	2,781	3,822
1 to 3 months	–	–	24
	1,113	2,781	3,846

The trade payables are non-interest-bearing.

18 OTHER PAYABLES AND ACCRUALS

	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Salaries and welfare payables	187	736	1,135
Accruals	63	375	638
Other payables (note)	263	86	1,199
	513	1,197	2,972

Note: Other payables are non-interest-bearing and have an average payment term of 30 days.

19 INTEREST-BEARING BANK LOANS

	31 December 2019			31 December 2020			31 December 2021		
	Interest rate (%)	*Maturity*	*US$'000*	*Interest rate (%)*	*Maturity*	*US$'000*	*Interest rate (%)*	*Maturity*	*US$'000*
Revolving loan	LIBOR+margin	5 Jan 2020	730	LIBOR+margin	5 Jan 2024	6,500	N/A	N/A	–
Term loan	N/A	N/A	–	LIBOR+margin	2 Jan 2026	23,142	N/A	N/A	–
			730			29,642			–

	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Analysed into:			
Bank loans repayable			
within one year or on demand	730	3,160	–
in the second year	–	3,985	–
in the third to fifth years, inclusive	–	22,497	–
	730	29,642	–

LIBOR stands for the London InterBank Offered Rate.

20 UNIT CAPITAL

	US$'000
925,000 units issued as 1 January 2019, 31 December 2019, 2020 and 2021	1,935

21 INCENTIVE UNIT AWARD SCHEME

As provided for in the Amended and Restated Zesty Paws LLC Agreement dated 17 March 2020, the Target Company may might issue equity award units to employees, officers, directors, consultants, or other service providers of the Target Company or any of its subsidiaries. The equity-settled units were intended to constitute profits interests with rights and privileges pursuant to the Target Company's equity incentive plan. Equity-settled units available to be issued and awarded under the plan was 75,000. In the event of a termination with cause or violation of a restrictive covenant, unvested, were subject to mandatory forfeiture and deemed redemption by the Target Company without compensation. If employment with, or service to, the Target Company was terminated for any reason (other than in connection with the sale of the Target Company), vesting would have immediately and automatically ceased and all unvested units granted would have immediately been forfeited and cancelled without any consideration. As of 31 December 2019, 31 December 2020 and 31 December 2021, the Company has issued nil, 65,000 units and 65,000 units and there are nil units, 10,000 units and nil units available for issuance, respectively.

The grant date fair value per unit of the equity-settled units awarded in the Relevant Years:

Issuance date	Fair value per unit
Mar 2020	US$19.62
Jun 2020	US$27.61
Nov 2020	US$94.05

The Target Company determined the fair value of the unit grants using an option pricing model. Due to being a private company, the Target Company utilised comparable public companies' volatility rates as a proxy of its expected volatility for purposes of the model. The expected term is based on the Target Company's estimate of the time period from grant date to a liquidity event. The risk-free interest rate assumption is based upon observed U.S. government security interest rates with a term that is consistent with the term of the expected holding period. The accounting standard for equity-settled compensation requires the Target Company to recognise expense over the requisite service period for units that are expected to vest and record adjustments to compensation expense at the end of the service period if actual forfeitures differ from original estimates.

The following assumptions were used to calculate the fair value of the equity-settled units granted in the Relevant Years using the Black-Scholes option pricing model:

	2019	**2020**	**2021**
Risk free interest rate	N/A	0.3 – 0.9 percent	N/A
Expected dividend yield	N/A	–	N/A
Expected term in years	N/A	4.75 – 5 years	N/A
Expected volatility	N/A	40.0 – 47.5 percent	N/A

The Company charged nil, US$264,000 and US$1,650,000 of compensation expense to administrative expenses related to the unit granted for the years ended 31 December 2019, 31 December 2020 and 31 December 2021, respectively. As of 31 December 2019, 31 December 2020 and 31 December 2021, there was nil, US$1,650,000 and nil of unrecognised compensation cost related to non-vested unit awards, respectively. This cost was expected to be recognised over a weighted-average period of 3.28 years for equity-settled units. 65,000 units of incentive units were granted during the year ended 31 December 2020, of which no units were fully vested. All incentive units were fully vested and settled in the year ended 31 December 2021 upon the completion of the Acquisition.

22 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Interest bearing bank loans *US$'000*	Interest payables *US$'000*
At 1 January 2019	–	–
Changes from financing cash flows	730	(189)
Financing costs	–	189
At 31 December 2019 and 1 January 2020	730	–
Changes from financing cash flows	(730)	(176)
Drawdown of bank loans *(note 22 (b))*	29,642	–
Financing costs	–	176
At 31 December 2020 and 1 January 2021	29,642	–
Changes from financing cash flows	524	(759)
Repayment of bank loans *(note 22 (b))*	(30,221)	–
Financing costs	55	759
At 31 December 2021	–	–

(b) Major non-cash transactions

The following are the non-cash transactions noted during the Relevant Years:

For the year ended 31 December 2019

No non-cash transaction was noted for the year ended 31 December 2019.

For the year ended 31 December 2020

(a) New bank loans of US$29,642,000 are raised during the year and such bank loans were directly deposited to account of the intermediate holding company, Maxim, as an advancement.

(b) Advance from a fellow subsidiary of US$414,000 is recognised during the year and such advancement has directly deposited to account of Maxim as an advancement.

(c) Dividend of US$12,261,000 and return of capital of US$18,041,000 are granted to Maxim during the year, of which US$5,740,000 dividend and US$18,041,000 return of capital were settled through current account with Maxim.

For the year ended 31 December 2021

(a) Maxim has settled all outstanding bank loans with a total amount of US$30,221,000 and the advance from a fellow subsidiary of US$414,000 on behalf of the Target Company through capital injection of US$30,635,000 to the Target Company.

(b) The vested unit awards of US$1,914,000 was settled in cash by Maxim on behalf of the Target Company upon the completion of the Acquisition.

(c) Return of capital of US$21,636,000 was granted to Maxim, of which US$17,475,000 return of capital were settled through current account with Maxim.

23 CONTINGENT LIABILITIES

At the end of each of the reporting period, the Target Group did not have any significant contingent liabilities.

24 COMMITMENTS

At the end of each of the reporting period, the Target Group did not have any significant commitments.

25 RELATED PARTY BALANCES AND TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the Historical Financial Information, the Target Group had the following material transactions with related parties during the year:

(a) Related party transactions

	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Advisory and consulting services fee paid *(note)*	218	300	225

Note: Fee paid to a Maxim for management and advisory services.

(b) Compensation of key management personnel of the Target Group

In addition to the amounts paid to the Target Company's director as disclosed in note 8(a), compensation of other key management personnel of the Target Group is as follows:

	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Salaries, allowances and benefits in kind	415	575	1,278
Performance-related bonuses	84	143	898
Equity-settled unit award expense	–	32	845
	499	750	3,021

26 CAPITAL RISK MANAGEMENT

The primary objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as going concern and to maintain reasonable capital ratios in order to support its business and maximise unitholder's value.

The Target Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to members, return capital to members or issue new interests. No changes were made in the objectives, policies or processes for managing capital during the Relevant Years.

In the opinion of the Directors, since the Target Company manages its capital structure mainly through the balances with the related parties, the presentation of the quantitative capital management analysis would provide no additional useful information to the users of the Historical Financial Information.

27 FINANCIAL INSTRUMENTS

Categories of financial instruments

	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Financial assets			
Financial assets at amortised cost	15,630	25,201	15,085
Financial liabilities			
Financial liabilities at amortised cost	2,293	33,659	6,180

Financial risk management objectives and policies

The Target Group's major financial instruments include trade receivables, other receivables, cash and cash equivalents, amount due from intermediate holding company, trade and payables, other payables, amount due to a fellow subsidiary and interest-bearing bank loans. Details of the financial instruments are disclosed in respective notes. The major risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Target Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Target Group's cash flow interest rate risk relates primarily to floating-rate bank balances and bank loans. The Target Group currently does not have an interest rate hedging policy. However, the management of the Target Group monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated. The Target Group's exposure towards the change in interest rates is minimal. Hence, no sensitivity is presented for cash flow interest rate risk.

Credit risk

The Target Group trades only with recognised and creditworthy third parties. It is the Target Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Target Group's exposure to bad debts is not significant.

Liquidity risk

The Target Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Target Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Weighted average Interest rate	On demand or less than 3 month	3 month to 1 year	1–5 year	Total undiscounted cash flows	Carrying amount
	%	*US$'000*	*US$'000*	*US$,000*	*US$'000*	*US$'000*
At 31 December 2019						
Trade payables	N/A	1,113	–	–	1,113	1,113
Other payables	N/A	263	187	–	450	450
Interest-bearing bank loans	4.5%	–	730	–	730	730
		1,376	917	–	2,293	2,293
At 31 December 2020						
Trade payables	N/A	2,781	–	–	2,781	2,781
Other payables	N/A	86	736	–	822	822
Amount due to a fellow subsidiary	N/A	414	–	–	414	414
Interest-bearing bank loans	4.1%	749	3,371	31,263	35,383	29,642
		4,030	4,107	31,263	39,400	33,659
At 31 December 2021						
Trade payables	N/A	3,822	24	–	3,846	3,846
Other payables	N/A	1,199	1,135	–	2,334	2,334
		5,021	1,159	–	6,180	6,180

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

28 EVENT AFTER THE END OF THE REPORTING PERIOD

There have been no material events subsequent to the Relevant Years, which require adjustment or disclosure in accordance with IFRSs.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 December 2021 and up to the date of this report. No dividend or distribution has been declared or made by the Target Company in respect of any period subsequent to 31 December 2021 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

The following is the management discussion and analysis of the Target Group for the years ended 31 December 2019, 2020 and 2021.

The following management discussion and analysis should be read in conjunction with the consolidated financial information of the Target Group as set out in Appendix II to this circular.

BUSINESS REVIEW

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.

REVENUE

The Target Group derives revenue primarily from sales of pet supplement products including skin and coat, allergy and immunity, multifunctional, and digestive support, among other pet health needs.

Revenue of the Target Group increased by approximately 43.6% to approximately US$105.0 million for the year ended 31 December 2021 from that of approximately US$73.1 million for the year ended 31 December 2020, which was mainly due to growth in with Amazon, Chewy and PetSmart.

Revenue of the Target Group increased by approximately 69.8% to approximately US$73.1 million for the year ended 31 December 2020 from that of approximately US$43.0 million for the year ended 31 December 2019, which was mainly driven by strong growth with Amazon and Chewy.

COST OF SALES AND GROSS PROFIT

Cost of sales of the Target Group consists primarily of direct costs incurred to manufacture and package its products and the value of the products sold related to its purchasing of products.

Gross profit of the Target Group is calculated by subtracting the cost of goods sold from revenue. Gross profit margin is calculated as gross profit divided by revenue.

Gross profit of the Target Group increased by approximately 39.0% to approximately US$69.3 million for the year ended 31 December 2021 from that of approximately US$49.9 million for the year ended 31 December 2020. The gross profit margin decreased to 66.0% for the year ended 31 December 2021 from that of 68.2% for the year ended 31 December 2020, which was mainly due to the increased trade spend in an effort to drive volume and channel mix.

Gross profit of the Target Group increased by approximately 71.3% to approximately US$49.9 million for the year ended 31 December 2020 from that of approximately US$29.1 million for the year ended 31 December 2019. The gross profit margin increased to 68.2% for the year ended 31 December 2020 from that of 67.6% for the year ended 31 December 2019, which was mainly due to favorable product and channel mix.

OTHER INCOME AND GAINS

Other income and gains of the Target Group consists primarily of credit rebate programs.

Other income and gains of the Target Group for the years end 31 December 2019, 2020 and 2021 were US$33,000, US$61,000 and US$99,000, respectively.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses of the Target Group consists primarily of costs relating to promotional activities such as incentives given with bundles of its products as well as brand building and other marketing campaigns through commercial advertisements in television and print as well as online through search engines, online sales platforms and video websites. In addition, they include staff costs and office expenses such as salaries and benefits for its sales and marketing personnel, and travel expenses.

Selling and distribution expenses of the Target Group increased by approximately 34.6% to approximately US$36.9 million for the year ended 31 December 2021 from that of approximately US$27.4 million for the year ended 31 December 2020. The selling and distribution expenses as a percentage of revenue decreased to 35.1% for the year ended 31 December 2021 from that of 37.5% for the year ended 31 December 2020, which was mainly due to increases in marketing, driven by continued investment in Amazon to support the top-line growth.

Selling and distribution expenses of the Target Group increased by approximately 74.0% to approximately US$27.4 million for the year ended 31 December 2020 from that of approximately US$15.7 million for the year ended 31 December 2019. The selling and distribution expenses as a percentage of revenue increased slightly to 37.5% for the year ended 31 December 2020 from that of 36.6% for the year ended 31 December 2019, which was mainly due to the increased fees charged by Amazon for the Target Group's use of (i) Amazon marketplace, and (ii) fulfillment-by-Amazon ("**FBA**") to distribute product to end customers.

ADMINISTRATIVE EXPENSES

Administrative expenses for the Target Group consists primarily of salaries and benefits for its administrative and management staff, office expenses and rental, travel expenses for its staff, as well as expenses related to third-party professionals such as consultants, auditors, lawyers and tax advisors, along with other office-related and miscellaneous expenses.

Administrative expenses of the Target Group increased by approximately 140.7% to approximately US$16.5 million for the year ended 31 December 2021 from that of approximately US$6.8 million for the year ended 31 December 2020, which was mainly due to the one-time transaction costs in relation to the acquisition, and an increases in payroll costs, related to the continued build out of the the Target Group's team.

Administrative expenses of the Target Group increased by approximately 122.4% to approximately US$6.8 million for the year ended 31 December 2020 from that of approximately US$3.1 million for the year ended 31 December 2019, which was mainly due to continued increases in headcount to support the strong business growth.

FINANCE COSTS

Finance costs of the Target Group represent the interest accrued on all indebtedness, including non-cash interest expenses.

Finance costs of the Target Group increased by approximately 365.2% from US$176,000 for the year ended 31 December 2020 to US$814,000 for the year ended 31 December 2021, mainly related to costs in order to restructure the debt and use to support rapid growth and demand.

Finance costs of the Target Group decreased by approximately 6.9% to approximately US$176,000 for the year ended 31 December 2020 from that of approximately US$189,000 for the year ended 31 December 2019.

PROFIT FOR THE PERIOD

Profit of the Target Group decreased slightly by approximately 1.6% to approximately US$15.3 million for the year ended 31 December 2021 from that of approximately US$15.5 million for the year ended 31 December 2020, which was mainly due to the one-time transaction costs incurred in 2021.

Profit of the Target Group increased by approximately 53.0% to approximately US$15.5 million for the year ended 31 December 2020 from that of approximately US$10.1 million for the year ended 31 December 2019, which was mainly due to increased consumer demand.

LIQUIDITY POSITION, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Total Assets and Total Liabilities

As at 31 December 2019, 31 December 2020 and 31 December 2021, the total assets of the Target Group were amounted to approximately US$19.2 million, US$36.3 million and US$32.6 million, respectively.

As at 31 December 2019, 31 December 2020 and 31 December 2021, the total liabilities of the Target Group were amounted to approximately US$2.4 million, US$34.0 million and US$6.7 million, respectively.

Current Assets and Current Liabilities

The current assets of the Target Group consists primarily of inventories, trade receivables, prepayment, other receivables and other assets, cash and cash equivalents. The current liabilities of the Target Group consist of trade and bills payables, other payables and accruals, current portion of long-term debt.

As at 31 December 2019, the current assets and current liabilities of the Target Group were approximately US$8.0 million and approximately US$2.4 million, respectively. As at 31 December 2019, the net current assets of the Target Group was approximately US$5.6 million.

As at 31 December 2020, the current assets and current liabilities of the Target Group were approximately US$18.6 million and approximately US$7.6 million, respectively. As at 31 December 2020, the net current assets of the Target Group was approximately US$11.0 million.

As at 31 December 2021, the current assets and current liabilities of the Target Group were approximately US$31.7 million and approximately US$6.7 million, respectively. As at 31 December 2021, the net current assets of the Target Group was approximately US$25.0 million.

Bank Borrowings

As at 31 December 2019, 31 December 2020 and 31 December 2021, the interest-bearing bank loans were amounted to approximately US$0.7 million, US$29.6 million and nil, respectively, while the effective interest rate range from approximately 2.2% to approximately 4.6%.

CHARGE ON ASSETS

As at 31 December 2019,31 December 2020 and 31 December 2021, none of the Target Group's bank loans were secured by mortgages over certain of the Target Group's buildings and lands.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 December 2019, 31 December 2020 and 31 December 2021, the Target Group had a total of 26, 44 and 55 employees, respectively. For the years ended 31 December 2019, 31 December 2020 and 31 December 2021, the staff costs were approximately US$1.4 million, US$3.7 million and US$8.3 million, respectively.

The Target Group has a remuneration policy in line with market practice and provides employees remuneration and benefits based on the needs of its subsidiaries and the positions, the duties and responsibilities of the employees.

FOREIGN EXCHANGE EXPOSURE

As at the Latest Practicable Date, the Target Group did not have any foreign currency hedging policies. The management of the Target Group will continue the Target Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

SIGNIFICANT INVESTMENTS

For the years ended 31 December 2019, 31 December 2020 and 31 December 2021, the Target Group does not have any material investments.

MATERIAL ACQUISITIONS AND DISPOSALS

For the years ended 31 December 2019 and 31 December 2020, the Target Group has not completed any material acquisition or disposal of subsidiaries, jointly controlled entities and associated companies. On 22 August 2021, the Purchaser entered into the membership interest purchase agreement with Pluto Seller, Maxim and the Target Company, pursuant to which the Purchaser agreed to purchase and Pluto Seller agreed to sell all of its right, title and interest in the Target Company (the "**Acquisition**"). The Acquisition was completed on 4 October 2021 and since then, the Purchaser is the immediate holding company of the Target Company.

TREASURY POLICY AND HEDGING ARRANGEMENT

For the years ended 31 December 2019, 31 December 2020 and 31 December 2021, the Target Group did not have any treasury policy or hedging arrangement.

CAPITAL COMMITMENTS

As at 31 December 2019, 31 December 2020 and 31 December 2021, the Target Group did not have any capital commitments.

CONTINGENT LIABILITIES

As at 31 December 2019, 31 December 2020 and 31 December 2021, the Target Group did not have any significant contingent liabilities, guarantees or any litigations or claims of material importance, pending or threat.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST BY DIRECTORS

As at the Latest Practicable Date, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Long Positions in the Shares

Name	**Capacity**	**Number of Ordinary Share as at the Latest Practicable Date**	**Percentage of total issued share capital at the Latest Practicable Date** *(Note 4)*
Mr. Luo Fei	Beneficial owner	1,185,196 *(Note 1)*	0.18%
Mr. Luo Fei	Beneficial owner	493,002 *(Note 2)*	0.08%
Mr. Luo Fei	Founder of a discretionary trust who can influence how the trustee exercises his discretion	432,000,000 *(Note 3)*	66.95%
Mrs. Laetitia Garnier	Beneficial owner	658,941 *(Note 1)*	0.10%
Mrs. Laetitia Garnier	Beneficial owner	4,839,302 *(Note 2)*	0.75%
Mr. Wang Yidong	Beneficial owner	164,164 *(Note 1)*	0.03%
Mr. Wang Yidong	Beneficial owner	2,176,173 *(Note 2)*	0.34%

Name	Capacity	Number of Ordinary Share as at the Latest Practicable Date	Percentage of total issued share capital at the Latest Practicable Date *(Note 4)*
Mr. Luo Yun	Founder of a discretionary trust who can influence how the trustee exercises his discretion	432,000,000 *(Note 3)*	66.95%
Mr. Tan Wee Seng	Beneficial owner	60,000 *(Note 1)*	0.01%
Mr. Tan Wee Seng	Beneficial owner	300,000 *(Note 2)*	0.05%
Mrs. Lok Lau Yin Ching	Beneficial owner	100,000 *(Note 2)*	0.02%
Mr. Wang Can	Beneficial owner	100,000 *(Note 2)*	0.02%

Notes:

(1) These are directly held ordinary shares of the Company.

(2) These are the shares subject to the exercise of the share option granted by the Company under the 2020 share options scheme and the 2010 share option scheme.

(3) As at the Latest Practicable Date, Biostime Pharmaceuticals (China) Limited was owned to 57.25% by Coliving Limited, and therefore, Biostime Pharmaceuticals (China) Limited was deemed to be controlled by Coliving Limited.

Coliving Limited is owned as to 65.00% by Flying Company Limited and 35.00% by Sailing Group Limited, and therefore, Coliving Limited is deemed to be controlled by each of Flying Company Limited and Sailing Group Limited.

UBS Trustees (BVI) Limited, the trustee of each of the family trusts set up by Mr. Luo Fei as the settlor ("**Mr. Luo Fei's Family Trust**") and Mr. Luo Yun as the settlor ("**Mr. Luo Yun's Family Trust**"), through its nominee UBS Nominees Limited, holds the entire issued share capital of Flying Company Limited and Sailing Group Limited as the respective trust assets under Mr. Luo Fei's Family Trust and Mr. Luo Yun's Family Trust. Mr. Luo Fei and Mr. Luo Yun are Directors of the Company. The beneficiaries of Mr. Luo Fei's Family Trust and Mr. Luo Yun's Family Trust are Mr. Luo Fei and his family members, and Mr. Luo Yun and his family members, respectively.

(4) As at the Latest Practicable Date, the total number of the issued shares of the Company was 645,211,045.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company, or any of their spouses, or children under eighteen years of age, had or was deemed to have any interests or short position in the Shares, underlying Shares or debentures of the Company (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

As at the Latest Practicable Date, none of the Directors had direct or indirect material interest in any assets which have been, since 31 December 2021 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group.

There is no contract or arrangement subsisting at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

So far as it is known to the Directors, as at the Latest Practicable Date, the following persons other than any Director or the chief executive of the Company, were the substantial shareholders (within the meaning of the Listing Rules) of the Company and had the following interests and short positions in the Shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	**Capacity**	**Number of Ordinary Share as at the Latest Practicable Date**	**Percentage of total issued share capital as at the Latest Practicable Date** *(Note 2)*
Biostime Pharmaceuticals (China) Limited *(Note 1)*	Beneficial owner	432,000,000	66.95%
Flying Company Limited *(Note 1)*	Interest in a controlled corporation	432,000,000	66.95%
Sailing Group Limited *(Note 1)*	Interest of corporation controlled	432,000,000	66.95%
Coliving Limited *(Note 1)*	Interest of corporation controlled	432,000,000	66.95%
UBS Trustees (BVI) Limited *(Note 1)*	Trustees	432,000,000	66.95%

Notes:

(1) As at the Latest Practicable Date, Biostime Pharmaceuticals (China) Limited was owned as to 57.25% by Coliving Limited, and therefore, Biostime Pharmaceuticals (China) Limited was deemed to be controlled by Coliving Limited.

Coliving Limited is owned as to 65.00% by Flying Company Limited and 35.00% by Sailing Group Limited, and therefore, Coliving Limited is deemed to be controlled by each of Flying Company Limited and Sailing Group Limited.

UBS Trustees (BVI) Limited, the trustee of each of Mr. Luo Fei's Family Trust and Mr. Luo Yun's Family Trust, through its nominee UBS Nominees Limited, holds the entire issued share capital of Flying Company Limited and Sailing Group Limited as the respective trust assets under Mr. Luo Fei's Family Trust and Mr. Luo Yun's Family Trust. The beneficiaries of Mr. Luo Fei's Family Trust and Mr. Luo Yun's Family Trust are Mr. Luo Fei and his family members, and Mr. Luo Yun and his family members, respectively. Mr. Luo Fei and Mr. Luo Yun are Directors of the Company.

(2) As at the Latest Practicable Date, the total number of the issued shares of the Company was 645,211,045.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. MATERIAL CONTRACTS

The Group has entered into the following contract (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which is or may be material:

(1) the Membership Interest Purchase Agreement, as described in this circular.

5. LITIGATION AND CLAIMS

At as the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any personal interests in companies engaged in businesses, which compete or may compete with the Group.

7. GENERAL

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

The company secretary of the Company is Ms. Yang Wenyun. Ms. Yang is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom.

The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. and its principal place of business in Hong Kong is at Suites 4007-09, 40/F, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong. The transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

8. EXPERT AND CONSENT

The following are the qualifications of the experts whose names, opinions and/or reports are contained in this circular:

Name	Qualifications
Ernst & Young	Certified Public Accountants
Baker Tilly Hong Kong Limited	Certified Public Accountants

The expert named above has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, valuation certificate, advice, opinion and/or references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above experts (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group; and (iii) had given and had not withdrawn its consent to the issue of this circular with the inclusion of its letter, opinions and/or reports and the reference to its name included herein in the form and context in which they respectively appear.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on both the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (www.hh.global) for a period of 14 days from the date of this circular:

(i) the memorandum and articles of association of the Company;

(ii) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in the circular;

(iii) the accountant's report on the Target Group set out in Appendix II to this Circular;

(iv) the annual reports of the Company for the three years ended 31 December 2019, 31 December 2020 and 31 December 2021;

(v) a copy of the material contract referred to in the paragraph headed "Material Contracts" in this appendix;

(vi) the written consent of the experts as referred to in the section headed "Expert and Consent" of this appendix; and

(vii) this circular.