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Health and Happiness (H&H) International Holdings Limited

健合(H&H)國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1112)

(the “Company”)

PRICING OF US\$58,207,000 13.5% SENIOR NOTES DUE 2026 (the “New Notes”)

On June 13, 2023, the Company entered into the Purchase Agreement with the Initial Purchasers in connection with the issue of US\$58,207,000 13.5% Notes due 2026.

The net proceeds of the offering of the New Notes (other than the Exchange Notes) for cash pursuant to this offering will be approximately US\$54 million, after deducting underwriting discounts, compensation payable to the dealer managers in connection with the Offers and other fees and expenses. The Company intends to use the net proceeds of the New Notes to repay the 2024 Notes together with the accrued interests, including through the Tender Offer, and, if and only if the issue size of the New Notes is larger than the outstanding amount of the 2024 Notes, the remaining net proceeds to partially repay the outstanding indebtedness under the Senior Facilities. The New Notes will only be offered and sold in an institutional offering outside the United States in reliance on Regulation S.

Application will be made to the HKSE for the listing of, and permission to deal in, the New Notes by way of debt issue to Professional Investors only.

Reference is made to the announcement of the Company dated 2 June 2023 (the “**Announcement**”) and the Offering Memorandum dated June 13, 2023 (the “**Offering Memorandum**”). Capitalised terms used and not otherwise defined in this announcement have the meanings ascribed to them in the Announcement or the Offering Memorandum.

The Concurrent New Money Issuance is subject to satisfaction of certain conditions set out in the Purchase Agreement. Shareholders and potential investors are urged to exercise caution when dealing in the shares and other securities of the Company.

THE PURCHASE AGREEMENT

The Board is pleased to announce that on June 13, 2023, the Company entered into the Purchase Agreement with the Initial Purchasers in connection with the issue of US\$58,207,000 13.5% Senior Notes due 2026.

Date: June 13, 2023

Parties to the Purchase Agreement

- (a) the Company as the issuer of the New Notes;
- (b) the Subsidiary Guarantors as guarantors of the New Notes; and
- (c) Deutsche Bank AG, Hong Kong Branch, Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, China CITIC Bank International Limited, Mashreqbank psc, Industrial Bank Co., Ltd. Hong Kong Branch, Coöperatieve Rabobank U.A., Hong Kong Branch and Standard Chartered Bank (collectively, the “**Initial Purchasers**”) as the Initial Purchasers of the New Notes.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Initial Purchasers is an independent third party and not a connected person of the Company.

Principal Terms of the New Notes

The following is a summary of certain provisions of the New Notes and the Indenture. This summary is not complete and is qualified in its entirety by reference to provisions of the documents relating to the New Notes.

Issuer Health and Happiness (H&H) International Holdings Limited (健合(H&H)國際控股有限公司)

Subsidiary Guarantors	Health and Happiness (H&H) Hong Kong Limited, Biostime Healthy (BVI) Limited, Biostime Healthy (Cayman) Limited, Biostime Healthy II (BVI) Limited, Biostime Healthy Hong Kong Limited, Swisse China Limited, Biostime Healthy Australia Pty Ltd, Biostime Healthy Australia Holdings Pty Ltd, Biostime Healthy Australia Investment Pty Ltd, Swisse Wellness Group Pty Ltd, SWG Holdco Pty Ltd, Swisse Wellness Pty Ltd, Health and Happiness (H&H) US International Incorporated, S W International Pty Ltd, Zesty Paws LLC, Health and Happiness (H&H) US Holdings Inc., Health and Happiness (H&H) UK Limited and Biostime International Investment Limited.
Securities Ratings	Ba3 by Moody's Investor Services BB+ by Standard & Poor's Ratings Services
Offering Type	Only offered and sold to investors who are outside the United States in offshore transactions in reliance on Regulation S.
Principal Amount	US\$58,207,000
Denomination	Minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof
Maturity Date	June 26, 2026
Issue Price	97% of face value
Interest	The New Notes will bear interest from and including June 26, 2023 at a rate of 13.5% per annum, payable semi-annually in arrear.
Ranking of the New Notes	The New Notes will, upon issuance, be: <ul style="list-style-type: none"> • general secured obligations of the Company; • secured by the Collateral; • senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the New Notes;

- ranked *pari passu* with all existing and future secured indebtedness of the Company that is secured on a first-priority basis by assets that secure the New Notes on a junior ranking basis (including the Indebtedness under the Senior Facilities and certain hedging obligations) and effectively subordinated to all existing and future secured indebtedness of the Company that is secured by assets of the Company that do not secure the New Notes, to the extent of the value of the assets securing such indebtedness;
- guaranteed by the Subsidiary Guarantors on a senior basis, subject to the terms of the Intercreditor Agreement or any additional intercreditor agreement, and to certain limitations and risks; and
- effectively subordinated to all existing and future obligations of Restricted Subsidiaries that are not Subsidiary Guarantors.

Collateral

The New Notes and the Subsidiary Guarantees will be secured on a first-ranking basis by customary debentures/security agreements over all or substantially all assets of the Company and each initial Subsidiary Guarantor (in each case other than any assets located in the PRC or Capital Stock of subsidiaries in the PRC that will not secure the New Notes) as well as pledges/charges over shares of each initial Subsidiary Guarantor, Health and Happiness (H&H) China Limited and Biostime (Guangzhou) Health Products Limited. The Collateral is subject to the terms of the Intercreditor Agreement and may be limited by applicable law or subject to certain defences that may limit its validity or enforceability. The Collateral may be released in certain circumstances.

Events of Default

Events of default with respect to the New Notes include failure to pay principal, premium (if any), interest or additional amounts.

Covenants

The New Notes, the Indenture governing the New Notes and the Guarantees for the New Notes will limit the Company's ability and the ability of its Restricted Subsidiaries to, among other things, incur or guarantee additional indebtedness and issue certain preferred stock, make investments or other specified restricted payments; pay dividends or make other distributions or repurchase or redeem its Capital Stock, issue or sell Capital Stock of Restricted Subsidiaries, create liens on assets to secure indebtedness, guarantee indebtedness of the Company or Restricted Subsidiaries, transfer or sell assets, enter into, renew or extend certain transactions with shareholders or affiliates, enter into agreements that restrict the Company's and the Restricted Subsidiaries' ability to pay dividends, enter into sale and leaseback transactions, impair the security interests in respect of the collateral, enter into unrelated businesses and merge or consolidate with or into another company.

Optional Redemption

On or after June 26, 2025, the Company may on any one or more occasions redeem all or any part of the New Notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the New Notes redeemed, to (but not including) the applicable redemption date, if redeemed during the twelve-month period beginning on June 26 of the years indicated below (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date).

Period	Redemption Price
2025 and thereafter	106.75%

The Company may at its option redeem the New Notes, in whole but not in part, at any time prior to June 26, 2025, at a redemption price equal to 100% of the principal amount of the New Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the applicable redemption date.

At any time and from time to time prior to June 26, 2025, the Company may redeem up to 40% of the aggregate principal amount of the New Notes with the net cash proceeds of one or more sales of common stock of the Company in one or more equity offerings at a redemption price of 113.5% of the principal amount of the New Notes, plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date; provided that at least 60% of the aggregate principal amount of the New Notes originally issued on June 26, 2023 remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Listing Application will be made to the HKSE for the listing of, and permission to deal in, the New Notes by way of debt issue to Professional Investors only.

Governing Law New York law

Trustee The Hongkong and Shanghai Banking Corporation Limited

Use of proceeds for the New Notes

The net proceeds of the offering of the New Notes (other than the Exchange Notes) for cash pursuant to this offering will be approximately US\$54 million, after deducting underwriting discounts, compensation payable to the dealer managers in connection with the Offers and other fees and expenses. The Company intends to use the net proceeds of the New Notes to repay the 2024 Notes together with the accrued interests, including through the Tender Offer, and, if and only if the issue size of the Notes is larger than the outstanding amount of the 2024 Notes, the remaining net proceeds to partially repay the outstanding indebtedness under the Senior Facilities.

Rating

The New Notes are expected to receive a rating of Ba3 by Moody's Investors Service and BB+ by Standard & Poor's Ratings Services.

GENERAL

The Concurrent New Money Issuance is subject to satisfaction of certain conditions set out in the Purchase Agreement. Shareholders and potential investors are urged to exercise caution when dealing in the shares and other securities of the Company.

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

Hong Kong, June 14, 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Luo Fei and Mr. Wang Yidong; the non-executive Directors of the Company are Mrs. Laetitia Marie Edmee Jehanne Albertini, Dr. Zhang Wenhui and Mr. Luo Yun; and the independent non-executive Directors of the Company are Mr. Tan Wee Seng, Mrs. Lok Lau Yin Ching and Professor Ding Yuan.*

* *commonly known as Laetitia Albertini*