

## Happiness Biotech Acquires Majority Ownership in Fujian Shennong

NANPING, China, Oct. 25, 2021 /PRNewswire/ -- Happiness Biotech Group Limited (the "Company" or Nasdaq: HAPP), a China-based company engaging in the business of production of nutraceutical and dietary supplements, providing e-commerce solutions, and the sales of automobile, today announced that it and its wholly owned-subsiary, Fujian Happiness Biotech Co., Limited ("Happiness Fujian") have signed a share transfer agreement (the "Agreement") to acquire 70% of the equity interest in Fujian Shennong Jiagu Development Co., Ltd. ("Fujian Shennong") to further strengthen the Company's industrial integration.

Fujian Shennong is a company with a solid customer's base, focusing on the trading of agriculture products and the supply chain management. Fujian Shennong had generated annual revenues of over \$20 million on average from the fiscal year of 2014 to the fiscal year of 2019. However, due to the outbreak of COVID-19 in early 2020, the business of Fujian Shennong was severely affected and its business was not able to return to the normal level until the second fiscal quarter of 2021.

The parties agreed that the valuation of Fujian Shennong is approximately RMB103 million (approximately \$16.1 million). Pursuant to the terms of the Agreement, Happiness Biotech will issue 4.2 million shares to a certain equity owner of Fujian Shennong (the "Seller") and make a cash payment of RMB48 million (approximately \$7.5 million) in exchange for the 70% equity of Fujian Shennong. The Company and Happiness Fujian will have the right to require the Seller to purchase back the equity interests of Fujian Shennong at a consideration of 72.1 million (approximately \$11.3 million) in cash if Fujian Shennong cannot reach an aggregate net profit of RMB 45 million (approximately \$7.04 million) during the next three fiscal years.

"We are very glad that we have finally entered into an agreement for the acquisition of the majority equity of Fujian Shennong. We have had a lengthy negotiation with Fujian Shennong and after the in-depth due diligence and audit of Fujian Shennong, we are very impressed with Shennong's management and achievements in its trading and supply chain business. Fujian Shennong's advantages in trading of agricultural products and supply chain management will greatly improve our margin and efficiency in the nutraceutical and dietary supplements products business and our e-commerce business. At the same time, we also believe that with our cooperation and support, Fujian Shennong will quickly return to the business level before the COVID-19 pandemic, and even delivery better performance. This will be a win-win deal," said Mr. Xuezhu Wang, CEO of the Company.

### About Happiness Biotech Group Limited

Headquartered in Nanping, China, Happiness Biotech Group Limited currently has three business lines□ nutraceutical and dietary supplements, e-commerce and auto sales. The nutrition and dietary supplements business is focusing on the research, development, manufacture and marketing of various products made from Chinese herbal extracts and other ingredients. Over the past 17 years, we have established a product portfolio consisting of 23 PRC National Medical Products Administration registered "Blue-Cap" SKUs of nutraceutical and dietary supplements products. Our e-commerce business focuses on offering e-commerce solutions, including advertising and information technology services to small and medium-sized enterprises in China. We also run our online stores which carries our products of dietary supplements and other selected products sourced from the small and medium-sized enterprises in China. Our mission for the e-commerce business is to enable small and medium-sized enterprises to fully leverage the power of e-commerce to grow rapidly. Our automobile sales adopts the B2B business model and is committed to optimizing the auto supply chain by connecting car dealers on our online automobile sales platform and offering the overall services for purchasing automobiles. For more information, please visit: [www.happ.org.cn](http://www.happ.org.cn)

### Forward-Looking Statements

*This press release contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements that are other than statements of historical facts. When the Company uses words such as "may," "will," "intend," "should," "believe," "expect," "anticipate," "project," "estimate" or similar expressions that do not relate solely to historical matters, it is making forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause the actual results to differ materially from the Company's expectations discussed in the forward-looking statements. These statements are subject to uncertainties and risks including, but not limited to, the following: the Company's goals and strategies; the Company's future business development; product and service demand and acceptance; changes in technology; economic conditions; reputation and brand; the impact of competition and pricing; government regulations; fluctuations in general economic and business conditions in China, the COVID-19 outbreak and its impact on our operations and assumptions underlying or related to any of the foregoing and other risks contained in reports filed by the*

*Company with the Securities and Exchange Commission. For these reasons, among others, investors are cautioned not to place undue reliance upon any forward-looking statements in this press release. Additional factors are discussed in the Company's filings with the U.S. Securities and Exchange Commission, which are available for review at [www.sec.gov](http://www.sec.gov). The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.*

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