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)

BUY BACK OF DISTRIBUTION RIGHTS AND CHINA OPTION FROM PGT TO SWISSE

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

The Company holds 100% of the equity interest in Swisse Wellness Group Pty Ltd ("**Swisse**"), which is principally engaged in research, marketing and distributions of vitamin, herbal and mineral supplements ("**VHMS**") under the "Swisse" brand.

BACKGROUND: COLLABORATION AGREEMENT AND CHINA OPTION

As disclosed in the Company's announcement dated 11 May 2017, pursuant to the collaboration agreement between Swisse and PGT Healthcare LLP ("**PGT**") entered into in November 2013 and subsequently amended in March 2015 ("**Collaboration Agreement**"), Swisse granted to PGT the exclusive right to market and distribute Swisse's products across most of the world, except for the markets of Australia, New Zealand, North America and China, in exchange for royalty payments from PGT to Swisse.

PGT was also granted an option to require Swisse to either (i) transfer its China business to PGT ("**Option A**") or (ii) continue to operate in China and pay to PGT a royalty based on the net outside sales ("**NOS**") achieved after the exercise date ("**Option B**"), the earliest time at which the option may be exercised by PGT being September 2020, with 12 months prior notice ("**China Option**").

Under Option A, Swisse would have the right to receive an annual fixed income stream from PGT going forward, being the aggregate of 50% of the operating profit of the Swisse China business in the 12 months immediately prior to the transfer date, plus royalties of between 4% and 7.75% of the incremental China NOS achieved by the business after the transfer date and certain other milestone payments. Under Option B, the royalty payable to PGT by Swisse would represent 4.75% of NOS in China achieved each year after the exercise date.

ASSET TRANSFER AND TERMINATION AGREEMENT

On 13 November 2017, Swisse and PGT entered into an Asset Transfer and Termination Agreement (the "**Agreement**"). Under the Agreement, PGT will sell, and Swisse will buy, the distribution rights granted to PGT by Swisse under the Collaboration Agreement (and the China Option will be cancelled), for an aggregate consideration of USD100 million (equivalent to approximately HKD780 million).

The key terms of the Agreement are as follows:

Date: 13 November 2017

Parties: (i) Swisse Wellness Group Pty Ltd; and (ii) PGT Healthcare LLP

Consideration: Aggregate consideration of USD100 million (with no adjustments)

Under the Agreement:

- PGT will not be required to pay, and Swisse waives its right to receive, any further payments of royalties under the Collaboration Agreement.

- The Collaboration Agreement and all ancillary arrangements will terminate immediately in respect of all jurisdictions worldwide except Hong Kong, Italy, the Netherlands and Singapore ("**Transitional Territories**").

- Termination of the Collaboration Agreement (and ancillary arrangements) in respect of:

    - Hong Kong will occur on 28 February 2018;

    - Italy, the Netherlands and Singapore will occur on 30 June 2018; and

    - for all other jurisdictions worldwide has occurred on the date of the Agreement (being 13 November 2017),

  such date being the "**Termination Date**" in respect of each relevant jurisdiction.

- The China Option has been cancelled with effect from the date of the Agreement (being 13 November 2017).

- Upon the Termination Date for each jurisdiction, all arrangements between Swisse and PGT under the Collaboration Agreement for such jurisdiction will be cancelled, and assets relating to the commercialization of the Swisse products by PGT (including but not limited to inventory, contracts, intellectual property, regulatory approvals/licenses and marketing materials) for such jurisdiction will be transferred back to Swisse, effective on the Termination Date.

- Transitional arrangements will be put in place for the Transitional Territories. That is, PGT will, for the period from the date of the Agreement until the Termination Date for each relevant Transitional Territory: (1) continue to fulfill its obligations under the Collaboration Agreement (by continuing to operate in the Transitional Territories in a business-as-usual manner); and (2) provide transitional services for the Transitional Territories in exchange for a service fee.

REASONS FOR AND BENEFITS OF ENTRY INTO THE ASSET TRANSFER AND TERMINATION AGREEMENT

The Group's strategy is to globalize the business and deliver its ambition to build Swisse as a global leading VHMS brand. Moreover, with China as the Group's core market, the Company is of the view that the cancellation of the China Option and buy-back of the distribution rights in respect of this key market will enable the Group to leverage its already well-capitalised distribution network in China, capture the upside of the future business in this market as well as further global business opportunities.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, November 13, 2017

As at the date of this announcement, the executive director of the Company is Mr. Luo Fei; the non-executive directors of the Company are Dr. Zhang Wenhui, Mr. Wu Xiong, Mr. Luo Yun and Mr. Chen Fufang; and the independent non-executive directors of the Company are Dr. Ngai Wai Fung, Mr. Tan Wee Seng and Professor Xiao Baichun.