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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)

**UNAUDITED OPERATIONAL STATISTICS
FOR THE THREE MONTHS ENDED 31 MARCH 2019**

The board (the “**Board**”) of directors (the “**Directors**”) of Health and Happiness (H&H) International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited operational statistics of the Group for the three months ended 31 March 2019.

During the first three months of 2019, the Group achieved revenue of RMB2,173.8 million, an increase of 2.4% as compared with the same period last year.

During the period under review, revenue derived from the baby nutrition and care (“**BNC**”) segment increased by 4.1% for the three months ended 31 March 2019 as compared with the corresponding period in 2018. Revenue attributed to the Group’s infant milk formula (“**IMF**”) business slightly decreased by 0.3%, with the decline mainly attributed to a higher base in the first quarter of 2018 with a year-over-year growth of 41.6%¹, given a one-off price increase and restocking by distributors during the launch of new registered IMF products at the end of February 2018. Meanwhile, the revenue attributed to the Group’s probiotic supplements slightly decreased by 0.5% compared with the same period of last year, which was primarily attributed to backorders that were placed in the fourth quarter of 2017 that led to a higher base for the first quarter of 2018, with year-on-year revenue growth of 94.2%¹ for that period. The Group remains confident about the positive outlook on its IMF and probiotic supplements for the rest of the year. During the same period, other paediatric product segment witnessed strong growth of 98.2%, which was mainly attributed to the strong performance of the Dodie brand across both France and China and the consolidation of Good Goût sales.

For the three months ended 31 March 2019, revenue contributed from the adult nutrition and care (“ANC”) segment increased by 2.8% on a currency-adjusted basis² as compared with the corresponding period of last year (a decrease of 1.2% on a RMB basis). Australia and New Zealand (“ANZ”) sales decreased by 25.2%, while China active sales increased by 32.2%, respectively. Active sales in China accounted for 41.6% of total ANC revenue for the three months ended 31 March 2019. The sales drop in the Australian market was due to new China E-commerce regulations that started from 1st January 2019 as a result of which some daigous have destocked inventory and reduced trading. To cope with these new channel dynamics, the Group has been partnering with customers to deplete surplus inventory and continued brand building initiatives across both ANZ and China markets to continue to drive demand. In addition, the Group has expanded its reach to new Cross-border Ecommerce (“CBEC”) platforms and social e-commerce channels in China to reach more consumers. Although it will take time for these channel shift and destocking measures to be completed, the Group sees that the overall demand growth for Swisse products from Chinese consumers remains healthy. With channel and inventory rationalization on one end and consistent investment in branding and channel expansion on the other end, the Group maintains a positive outlook for the rest of the year.

The following are the unaudited operational statistics of the Group for the three months ended 31 March 2019, with comparative figures for the three months ended 31 March 2018:

Revenue by product segment (unaudited)

	For the three months ended 31 March		
	2019	2018	Change
	<i>RMB million</i>	<i>RMB million</i>	<i>%</i>
	(unaudited)	(unaudited)	
Revenue by product segment			
Baby nutrition and care products	1,494.6	1,435.2	4.1%
– Infant formulas	1,075.1	1,078.4	-0.3%
– Probiotics supplements	289.9	291.4	-0.5%
– Other pediatric products	129.6	65.4	98.2%
Adult nutrition and care products	679.2	687.8	-1.2%
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Group Total	2,173.8	2,123.0	2.4%
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According to Nielsen, an independent market research company, the Group’s share of the overall IMF market in China increased to 5.9% for the twelve months ended 31 March 2019, compared with 5.8% for the same period last year.

According to research statistics by IRI, the share of Swisse Wellness Group Pty Ltd (“Swisse”) in the Australian vitamin, herbal and mineral supplements (“VHMS”) market decreased to 17.5% for the last twelve months ended 31 March 2019 as compared with 18.6% for the twelve months ended 31 December 2018.

The Board wishes to remind shareholders and potential investors that the above operational statistics have not been reviewed or audited by the independent auditors of the Group and are based on preliminary internal information of the Group, which may differ from figures to be disclosed in the audited or unaudited consolidated financial statements to be published by the Company on an annual or half-yearly basis due to uncertainties during the process of collating such information. Differences may also arise between such statistics and the data disclosed in audited report due to review and audit adjustments. Such data should neither be considered as a measure or indication of the future operating or financial performance of the Group, in particular, for the 6 months ending 30 June 2019, nor be considered as a representation of the Group's corresponding data that may be provided in the audited or unaudited consolidated financial statements of the Group in due course. **Shareholders and potential investors are cautioned not to unduly rely on such statistics and are advised to exercise caution in dealing in the shares of the Company.**

Notes:

1. The revenue from IMF and probiotic supplements have been reviewed for the first quarter 2018 compared with same period 2017.
2. For illustrative purpose, the exchange rates of AUD1= RMB4.8035 and AUD1= RMB4.9992 have been used for the preparation of the unaudited consolidated revenue of the Company for the three months ended 31 March 2019 and comparative figures for the same periods ended 31 March 2018, respectively.

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

Hong Kong, 25 April 2019

As at the date of this announcement, the executive Directors are Mr. Luo Fei, Mr. Wang Yidong and Mrs. Laetitia Marie Edmee Jehanne ALBERTINI ep. GARNIER; the non-executive Directors are Dr. Zhang Wenhui and Mr. Luo Yun; and the independent non-executive Directors are Dr. Ngai Wai Fung, Mr. Tan Wee Seng and Professor Xiao Baichun.