

[For immediate release]



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)

2019 First Quarter Operational Update

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**Revenue for the Group rose 2.4%*

**BNC revenue grew 4.1%, impacted by high-base effect*

**ANC business grew 2.8% (in AUD terms), with China active sales rising 32.2%*

(25 April 2019, Hong Kong) **Health and Happiness (H&H) International Holdings Limited** ("H&H Group" or the "Company", together with its subsidiaries, the "Group"; stock code: 1112), a global leading premium wellness provider, announced its unaudited operational statistics 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 first three months of 2019, revenue derived from the baby nutrition and care ("**BNC**") segment increased by 4.1% 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 high base (IMF revenue grew 41.6%¹ year-over-year in the first quarter of 2018 following 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 lead to a higher base for the first quarter of 2018 (probiotics revenue grew 94.2%¹ in the first quarter of 2018 compared with the same period in 2017). During the same period, the Group's 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.

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 twelve months ended 31 March 2018.

During the first three months of 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 basis²). 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 Ecommerce regulations that started from 1 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 the destocking

and channel shift to be completed, the Group continues to see overall demand growth for Swisse products from Chinese consumers remaining healthy.

According to research statistics by IRI, the share of Swisse Wellness Group Pty Ltd ("Swisse") in the Australian 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.

Mr. Luo Fei, Chairman of the Group said, "We remain confident about the outlook for our BNC business, and particularly for our ANC business, especially in China. We will continue to implement our brand building initiatives and other ongoing strategies to safeguard our ongoing growth and to continue growing our global leadership in premium wellness."

Notes:

¹ The revenue from IMF and probiotic supplements have been reviewed for the first quarter 2018 compared with the 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.

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About Health and Happiness (H&H) Holdings Limited

H&H Group is a global premium wellness provider. The company's family of products includes premium probiotic supplements for children, infant formulas, dried baby food products and baby care products. It also owns a 100% equity interest in Swisse Wellness Group Pty Ltd., which is a leading provider of vitamins, herbal and mineral supplements products in Australia. The shares of H&H Group have been listed on the Hong Kong Stock Exchange since 2010.

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