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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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2019.

During the first nine months of 2019, the Group achieved revenue of RMB7,564.7 million, an increase of 3.2% as compared with the same period last year.

Revenue derived from the baby nutrition and care (“**BNC**”) business increased by 11.7% for the nine months ended 30 September 2019 as compared with the same period in 2018. Amid strong competition in the infant milk formula (“**IMF**”) market, revenue attributed to the Group’s IMF segment increased by 5.9%. The Group’s Healthy Times branded organic IMF products in China continued to deliver strong revenue growth of 24.8% as compared to the same period of last year, while Biostime branded organic IMF products sold in other markets, such as Australia and France, also contributed to the growth of IMF segment.

According to Nielsen, an independent market research company, the Group’s share of the overall IMF market in China remained stable at 5.9% for the twelve months ended 30 September 2019 compared with 5.9% for the twelve months ended 30 September 2018.

Revenue growth from the Group’s probiotic products segment maintained its strong momentum, increasing 11.2% in the nine months ended 30 September 2019 as compared with the corresponding period in 2018. This growth was mostly driven by leveraging Biostime’s claim of world leading paediatric probiotic supplements brand, as well as the introduction of the new Biostime branded probiotic liquid drop into several markets including China in the third quarter.

During the same period, the Group's other pediatric product segment continued to deliver robust revenue growth, increasing by 110.5% as a result of the strong performance of Dodie and Good Goût brands both in Chinese and French markets. The Group will continue to invest in branding, channels and new product development initiatives in order to further drive sales momentum. With continued growth in the premium segment of the IMF market as well as the introduction of a goat milk IMF to be launched in the fourth quarter, alongside the further growth of its probiotic supplements and other pediatric products, the Group maintains a positive growth outlook for its BNC segment for the full year.

For the nine months ended 30 September 2019, revenue contributed from the Group's adult nutrition and care ("ANC") business decreased by 5.9% on a currency-adjusted basis as compared with the corresponding period of last year. The sales decline was primarily attributed to the continued negative impact from daigou in Australia following the implementation of the new E-commerce law in China. Australia and New Zealand ("ANZ") sales decreased by 26.6%, while active sales in China increased by 19.1%, respectively. Active sales in China accounted for 46.9% of total ANC revenue in the nine months ended 30 September 2019.

The Group will continue to invest in brand building and consumer education initiatives to drive demand for its core ANZ and China markets for ANC products. While the Group expects the negative impact from daigou in its Australian business to continue throughout the rest of this year, the Group remains confident about the growth of Swisse China active sales in light of a strong brand equity and consumer demand for healthy products, as well as a strong new products pipeline both on Cross Border E-commerce ("CBEC") and normal trade channels.

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 was 15.9% for the last twelve months ended 30 September 2019 as compared with 18.9% for the twelve months ended 30 September 2018.

According to research statistics by Earlydata, an independent data provider, Swisse ranked first in the online Chinese VHMS market with a market share of 6.1% for twelve months ended 30 September 2019, compared to 6.0% for the twelve months ended 30 June 2019.

Revenue by product segment (unaudited)

The unaudited consolidated revenue of the Company by product segment for the nine months ended 30 September 2019, and the comparative figures for the same periods ended 30 September 2018, is as follows:

	For the nine months ended 30 September		
	2019	2018	Change
	RMB million	RMB million	%
	(unaudited)	(unaudited)	
Revenue by product segment			
Baby nutrition and care products	4,764.9	4,264.1	11.7%
<i>Infant formulas</i>	3,458.1	3,266.6	5.9%
<i>Probiotics supplements</i>	888.3	798.7	11.2%
<i>Other pediatric products</i>	418.5	198.8	110.5%
Adult nutrition and care products	2,799.8	3,062.7	-8.6%
Group Total	7,564.7	7,326.8	3.2%

Note: For illustrative purpose, the exchange rates of AUD1 = RMB4.7906 and AUD1 = RMB4.9332 have been used for the preparation of the unaudited consolidated revenue of the Company for the nine months ended 30 September 2019 and comparative figures for the same periods ended 30 September 2018, respectively

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 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 year ending 31 December 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.**

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

Hong Kong, 4 November 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.