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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 2018

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 2018. The following are the unaudited operational statistics of the Group for the three months ended 31 March 2018, with comparative figures for the three months ended 31 March 2017:

Revenue by product segment (unaudited)

The unaudited consolidated revenue of the Company by product segment for the three months ended 31 March 2018 and the comparative figures for the three months ended 31 March 2017 are as follows:

	For the three months ended 31 March		
	2018	2017	Change
	RMB million	RMB million	%
	(unaudited)	(unaudited)	
Revenue by product segment			
Baby nutrition and care products	1,432.2	961.7	48.9%
Adult nutrition and care products	687.8	598.5	14.9%
Total	2,120.0	1,560.2	35.9%

Note:

- For illustrative purpose, the exchange rates of AUD 1=RMB4.9992 and AUD 1=RMB5.2211 have been used for the preparation of the unaudited consolidated revenue of the Company for the three months ended 31 March 2018 and comparative figures for the three months ended 31 March 2017, respectively.

During the first three months of 2018, the Group achieved strong revenue growth of 35.9% to RMB2,120.0 million as compared with the same period last year, which the baby nutrition and care (“**BNC**”) and adult nutrition and care (“**ANC**”) businesses contributing approximately 67.6% and 32.4% of total revenue, respectively.

During the period under review, the Chinese infant milk formula (“**IMF**”) market continued to deliver strong sales momentum, despite the market remaining highly competitive post the enforcement of new formula registration rules by the Chinese Food and Drug Administration (“**CFDA**”) on 1 January 2018. Following the new registration rules, the Group has successfully relaunched its three main series in the Chinese market with new packaging and upgraded formula.

The Group’s revenue derived from the BNC products segment increased by 48.9% for the three months ended 31 March 2018 as compared with the corresponding period in 2017. This strong sales increase was mainly driven by the growth of its super premium and premium IMF products with a year-over-year increase of 45.7% given consumption trade-up sustained in the industry, as well as one-off restocking by distributors during the launch of new registered IMF products at the end of February. Sales of the Group’s Biostime™ branded and Healthy Times™ branded IMF products increased by 43.1% and 192.5%, respectively. According to Nielsen, an independent market research company, the Group’s share of the overall IMF market in China slightly increased to 5.8% for the twelve months ended 31 March 2018 compared with 5.6% for the twelve months ended 31 March 2017. The Group will continue to ramp up investment in branding and marketing campaigns to maintain its leading position in premium and super premium segments.

Meanwhile, thanks to innovative marketing campaigns and rising health awareness of Chinese consumers towards probiotics, the Group’s probiotic supplements continued to deliver robust revenue growth of 93.8% compared with same period last year, which is partially attributable to backorders placed in the fourth quarter of 2017.

As of 31 March 2018, the number of member retail outlets increased from 37,068 as of 31 March 2017 to 38,489, among which, the number of the Group’s VIP baby specialty stores increased from 26,458 to 28,115, supermarkets increased from 5,629 to 5,634, and VIP pharmacies decreased from 4,981 to 4,740. The increase in the number of baby specialty stores was primarily owing to the strengthening of the Group’s strategic partnership with national and regional baby specialty store chains, which are also expanding their store network.

For the three months ended 31 March 2018, the Group’s revenue contributed from the ANC products segment increased by 14.9% as compared with the corresponding period of last year (20.0% on a currency-adjusted basis). The Group has increased price points across both Australian and Chinese markets starting from 1 January 2018. This price increase and robust sales growth in Chinese market are two main factors contributing to the overall sales growth while Australian market remained stable. 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 slightly increased to 16.1% for the last twelve months ended 31 March 2018 as compared with 15.9% for the twelve months ended 31 March 2017.

To accelerate the business expansion in Chinese market, the Group continued to strengthen its strategic partnerships on both Swisse’s Cross Boarder E-Commerce (“**CBEC**”) and normal trade businesses, leveraging brand ambassadors and marketing campaigns such as Super brand day across all CBEC platforms, including Tmall.com, NetEase Kaola.com, JD.com and VIP.com in March 2018. As a result, the China active sales has accounted for 32.7% of the total ANC revenue for the three months ended 31 March 2018.

According to the timeline specified in the agreement with PGT Healthcare LLP (“**PGT**”) last year, the Group also successfully completed the transition of Swisse’s Hong Kong business from PGT to the Group at the end of February 2018, including transfer of inventory, supply, customer and ambassador contracts, and all other business matters related to the agreement. The business transfer for Swisse in other markets covered by the terminated partnership is scheduled to be completed by the end of June 2018.

The Board wishes to remind shareholders and potential investors that the above operational statistics have not been reviewed or audited by the independent auditor of the Company. Differences may arise between such statistics and the data disclosed in audited report due to review and audit adjustments. **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, 3 May 2018

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.