

[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)

2018 Third Quarter Operational Update

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**BNC revenue up 27.4% on the growth of super premium and premium IMF products; 45.2% growth in revenue from probiotics products*

**ANC sales increased 29.3% following rapid growth in China*

**Launches US\$60 million investment fund targeting innovation*

(30 October 2018, 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 premium family nutrition and wellness provider, announced its unaudited operational statistics for the nine months ended 30 September 2018.

For the nine months ended 30 September 2018, the unaudited consolidated revenue of the Group grew a robust 28.2%, reaching RMB7,326.8 million, compared to RMB5,716.0 million for the same period of last year. The Group's BNC and ANC businesses contributed approximately 58.2% and 41.8% of total revenue, respectively.

During the first nine months of 2018, revenue from the Group's baby nutrition and care ("BNC") products segment increased by 27.4% compared to the corresponding period of 2017. This was mainly driven by growing demand for the Group's super premium and premium infant milk formula ("IMF") products, with year-over-year growth of 24.0% for the nine months ended 30 September 2018. This growth was underpinned by the Group's leading position in the fast-growing premium and super premium categories, as well as the implementation of effective branding, channel and category strategies. Sales of the Group's Biostime branded and Healthy Times branded IMF products increased by 20.5% and 202.4%, respectively. Meanwhile, sales of the Group's probiotic supplements grew a healthy growth of 45.2% compared with the same period of last year, which was backed by comprehensive branding and marketing campaigns, as well as the continuously increasing user penetration of probiotic supplements among Chinese consumers.

Following the enforcement of new registration rules for IMF products at the beginning of 2018, the growth of the Chinese IMF market continued to be sustained by the strong expansion of the premium and super-premium IMF product segments. However, the market remained intensely competitive as major brands scaled up their investments in branding and channel development.

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 30 September 2018 compared with 5.5% for the twelve months ended 30 September 2017.

The Group also continued to expand into complementary categories of BNC products. During the course of the third quarter of this year, the Group completed the acquisition of "Good Goût", the fastest growing organic baby food company in France. This acquisition will enable the Group to better capture the strong growth momentum of the organic baby food segment in France, China and other international markets.

As of 30 September 2018, the number of member retail outlets increased from 36,191 as of 30 September 2017 to 39,434, among which the number of the Group's VIP baby specialty stores increased from 26,188 to 29,070, supermarkets increased from 5,321 to 5,590, and VIP pharmacies increased from 4,682 to 4,774. As the Group continued to deepen its partnerships with key national and regional baby specialty store chains, the number of the baby specialty stores increased as these baby specialty store chains consolidate and expand their networks.

During the nine months ended 30 September 2018, revenue from the Group's adult nutrition and care ("ANC") products segment, operated under the Swisse brand, increased by 29.3% compared with the corresponding period of last year¹ (36.6% on a currency-adjusted basis). This revenue growth was mainly attributed to rapid growth in the Chinese market and stable growth in the Australian market.

Driven by continuous consumer demand in the Chinese market, the Swisse China business continued to demonstrate vigorous growth through new product launches, and the leveraging of comprehensive branding and marketing campaigns and collaborations with new celebrities and key opinion leaders ("KOLs") to further increase the visibility of the brand. Last month, the Group launched two new supplements series: Swisse Ultinatal and Swisse Lifestyle, which aimed to capture new consumer trends in two fast-growing categories. This will deepen its product portfolio in China and enhance brand awareness across its Cross-border E-Commerce ("CBEC") and normal trade channels. Active sales in China accounted for 37.1% of total ANC revenue for the nine months ended 30 September 2018.

According to research statistics by IRI, Swisse's share of the Australian vitamin, herbal and mineral supplements ("VHMS") market increased to 18.9% for the twelve months ended 30 September 2018 as compared with 16.0% for the twelve months ended 30 September 2017.

In line with its commitment to innovation and science, the Group has started the process of forming a new growth innovative fund wholly-owned by the Group, "NewH²", which aims to invest up to a total of USD60 million in emerging and innovative technologies, product categories and business models. This initiative will enable the Group to leverage external innovation capabilities and entrepreneurial ventures to capture future growth opportunities. In connection with NewH², the Group entered into a licensing and co-development agreement with Relief Therapeutics Holding SA, a clinical-stage biotechnology company based in Switzerland, to develop a disruptive technology and products which are derived from whey and/or no-fat milk and have the potential to prevent allergies.

Mr. Luo Fei, Chairman and Chief Executive Officer of the Group said, "We look forward to launching more of Swisse's globally popular products in the Chinese market as we continue to ramp up its domestic operations and brand visibility. We will also continue to leverage on our leading position in the Chinese premium and super-premium IMF markets to support our growth momentum, while introducing more BNC and ANC products globally to build our leadership in premium family nutrition and wellness."

Notes:

¹ The revenue % change of Swisse for the nine months ended 30 September 2018 is calculated based on the Australian dollar (AUD) amount of AUD1 = RMB4.9332.

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About Health and Happiness (H&H) Holdings Limited

H&H Group is a global premium family nutrition and wellness provider. The company's family of products includes premium probiotic supplements for children, infant formulas and dried baby food products, baby care products. It also owns 100% equity interest in Swisse Wellness Group Pty Ltd., which is a leading provider of vitamins, herbal, 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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