

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) March 3, 2000 (March 17, 2000)

NATURAL HEALTH TRENDS CORP.

(Exact name of Registrant as specified in its charter)

Florida 0-25238 59-2705336

(State or other jurisdiction of (Commission File Number) (IRS Employer
incorporation or organization) Identification No.)

380 Lashley Street, P. O.Box 6128, Longmont, Colorado 80502

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (303) 682-4637

n/a

(Former name or former address, if changed since last report)

Item 9. Sales of Equity Securities Pursuant to Regulation S.

Pursuant to the exemption from the registration requirements under Regulation S promulgated under the Securities Act, the Company issued 1,000 shares of Series J Preferred Stock with a stated value of \$1,000 per share to one "accredited investor." Each share of Series J Preferred Stock is convertible into shares of Common Stock commencing on the earlier of 180 days from March 3, 2000 or the effective date of the registration statement covering the shares of Common Stock at a conversion price equal to the lower of the closing bid price of the Common Stock on the date of issuance or 70% of the average closing bid price of the Common Stock for the lowest three trading days in the 20 trading days immediately preceding the date of the notice of conversion. Each share of Series J Preferred Stock shall automatically be converted into Common Stock on February 28, 2005. In connection with the issuance of the shares of Series J Preferred Stock, the Company issued to the investor a warrant to purchase 141,907 shares of Common Stock at an exercise price of \$1.41 per share exercisable until March 31, 2005.

Financial Statements, Pro Forma Financial Information and Exhibits.

C. Exhibits

Exhibit No.	Description
3.1	Articles of Incorporation
4.1	Securities Purchase Agreement
4.2	Registration Rights Agreement
4.3	Form of Warrant

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 17, 2000

NATURAL HEALTH TRENDS CORP.
(Registrant)

By: /s/ Mark Woodburn

Mark Woodburn
Chief Financial Officer

EXHIBIT 3.1

ARTICLES OF AMENDMENT OF
ARTICLES OF INCORPORATION
OF
NATURAL HEALTH TRENDS CORP.

Pursuant to the authority expressly granted and vested in the Board of Directors (the "Board of Directors" or the "Board") of Natural Health Trends Corp. (the "Company") by Section 607.1006 of the Florida Business Corporation Act (the "BCA") and the provisions of the Company's Articles of Incorporation, as amended, the Board of Directors adopted the following resolution setting forth the designations, powers, preferences and rights of its Series J Convertible Preferred Stock (the "Certificate of Designations") on February 29, 2000:

RESOLVED: That the designations, powers, preferences and rights of the Series J Convertible Preferred Stock be, and they hereby are, as set forth below:

I. DESIGNATION AND AMOUNT

The designation of this series, which consists of 1,000 shares of Preferred Stock, no par value per share, is the Series J Convertible Preferred Stock (the "Series J Preferred Stock").

II. CERTAIN DEFINITIONS

For purposes of this Certificate of Designations, the following terms shall have the following meanings:

A. "Buy-In Adjustment Amount" means the amount equal to the excess, if any, of (i) the Converting Holder's total purchase price (including brokerage commissions, if any) for the Covering Shares over (ii) the net proceeds (after brokerage commissions, if any) received by the Converting Holder from the sale of the Sold Shares. By way of illustration and not in limitation of the foregoing, if the Converting Holder (as defined in Article IV Paragraph B(6)) purchases shares of Common Stock having a total purchase price (including brokerage commissions) of \$11,000 to cover a Buy-In (as defined in Article IV Paragraph B(6)) with respect to shares of Common Stock it sold for net proceeds of \$10,000, the Buy-In Adjustment Amount which Company will be required to pay to the Converting Holder will be \$1,000.

B. "Closing Bid Price" means the closing bid price of the Common Stock (in U.S. Dollars) on the Principal Trading Market as reported by the Reporting Service. If the Closing Bid Price cannot be calculated for such security on the relevant date on the foregoing basis, the Closing Bid Price of such security on such date shall be the fair market value as reasonably determined by an investment banking firm selected by the Company and reasonably acceptable to holders of a majority of the then outstanding shares of Series J Preferred Stock, with the costs of such appraisal to be borne by the Company. The manner of determining the Closing Bid Price of the Common Stock set forth in the foregoing definition shall apply with respect to any other security in respect of which a determination as to closing bid price must be made hereunder.

C. "Common Stock" means the Company's common stock, par value \$.001 per share.

D. "Conversion Price" means, with respect to any date, the lower of the Fixed Conversion Price and the Variable Conversion Price, each as in effect as of such date.

E. "Effective Date" shall mean the date the Registration Statement is declared effective by the Securities and Exchange Commission.

F. "Fixed Conversion Price" means seventy percent (70%) of the average Closing Bid Price of the Common Stock on the trading day immediately preceding the Closing Date, which amount shall be subject to adjustment as provided herein.

G. "Closing Date" shall mean March 2, 2000.

H. "Junior Securities" means any class or series of capital stock of the Company hereafter created that, by its terms, ranks junior to the Series J Preferred Stock as to distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

I. "Liquidation Preference" means, with respect to a share of Series J Preferred Stock, an amount equal to the Stated Value thereof, plus the accrued and unpaid dividends thereon through the date of final distribution.

J. "Market Price," as of any date, means the average of the Closing Bid Price (in U.S. Dollars) for the three (3) trading days (which need not be consecutive) selected by the Holder from the twenty (20) trading days ending on the trading day immediately preceding the relevant date (subject to equitable adjustment for any stock splits, stock dividends, reclassifications or similar events during such 5 trading day period). If the Market Price cannot be calculated as of such date on the foregoing basis, the Market Price shall be the fair market value as reasonably determined by an investment banking firm selected by the Company and reasonably acceptable to the holder, with the costs of the appraisal to be borne by the Company. The manner of determining the Market Price of the Common Stock set forth in the foregoing definition shall apply with respect to any other security in respect of which a determination as to market value must be made hereunder.

-2-

K. "Maturity Date" means February 28, 2005.

L. "Pari Passu Securities" means any class or series of capital stock of the Company hereafter created specifically ranking, by its terms, on parity with the Series J Preferred Stock as to distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

M. "Principal Trading Market" means The NASDAQ SmallCap Market, or if the Common Stock is no longer listed on that market, the principal securities exchange or trading market on which the Common Stock is listed or traded.

N. "Registration Rights Agreement" means that certain Registration Rights Agreement dated the Closing Date by and among the Company and the other signatories thereto entered into in connection with the Securities Purchase Agreement.

O. "Registration Statement" means the Registration Statement(s) contemplated to be filed by the Company pursuant to the Registration Rights Agreement for the resale of, among other shares, the Common Stock issuable upon conversion of the Series J Preferred Stock and any amendments thereto.

P. "Reporting Service" means Bloomberg LP or if that service is not then reporting the relevant information regarding the Common Stock, a comparable reporting service of national reputation selected by the holders of the Series J Preferred Stock and reasonably acceptable to the Company.

Q. "Securities Purchase Agreement" means that certain Securities Purchase Agreement dated the Closing Date, by and among the Company and the other signatories thereto.

R. "Senior Securities" shall mean the Series A through Series I Preferred Stock, to the extent outstanding on the Closing Date that, by its terms, is Senior to the Series J Preferred Stock as to distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

S. "Stated Value" for the Series J Preferred Stock shall be \$1,000.00 per share.

T. "Transaction Agreements" means the Securities Purchase Agreement, Registration Rights Agreement, and all ancillary documents entered into between the parties to those agreements.

U. "Variable Conversion Price" means, as of any date of determination, the amount equal to seventy percent (70%) of the Market Price on the Conversion Date.

-3-

III. DIVIDENDS

A. Generally. The holders of the Series J Preferred Stock shall be entitled to receive a 10% cumulative dividend payable on the date of each conversion (the "Dividend Payment Date"). The dividend shall be payable in Common Stock as provided in Section III(B). Such dividends shall be payable in preference to dividends on any Common Stock or stock of any class ranking, as to dividend rights, junior to the Series J Preferred Stock, and shall be junior as to payment of dividends to the Senior Securities. Dividends shall be fully cumulative and shall accrue (whether or not declared and whether or not there shall be funds legally available for the payment of dividends), without interest, and shall be payable on the Dividend Payment Date unless such payment would be in violation of the BCA. No interest shall accrue on any unpaid dividends on the Series J Preferred Stock.

B. Dividends Paid In Common Stock. The number of shares of Common Stock to be received shall be determined by dividing the dollar amount of the dividend by the Conversion Price on the Dividend Payment Date. Said Common Stock shall be delivered to the holder, or per holder's instructions, at the same time as the Conversion Certificates pursuant to Paragraph B(1) of Article IV.

IV. CONVERSION

A. Conversion at the Option of the Holder. Subject to the limitations on conversions contained in Paragraph C of this Article IV, each holder of shares of Series J Preferred Stock may, at any time and from time to time after the earlier of (i) one hundred eighty (180) days after the Closing Date or (ii) the Effective Date, convert (an "Optional Conversion") each of its shares of Series J Preferred Stock into a number of fully paid and nonassessable shares of Common Stock determined in accordance with the following formula:

Stated Value of Shares to Be Converted

Conversion Price

B. Mechanics of Conversion. Conversion shall be effectuated by faxing a Notice of Conversion in the form attached hereto as Exhibit A ("Notice of Conversion") to the Company as provided in this Paragraph. The Notice of Conversion shall be executed by the holder of one or more shares of Series J Preferred Stock and shall evidence such holder's intention to convert all or a portion of such shares. The date of conversion (the "Conversion Date") shall be deemed to be the date (based on Eastern time) on which the holder faxes or otherwise delivers a conversion notice to the Company so that it is received by the Company on or before such specified date, provided that, the holder shall deliver to the Company the certificate or certificates representing the shares being converted (the "Conversion Certificates") no later than 5 business days thereafter.

1. Delivery of Common Stock Upon Conversion. Conversion Certificates will be delivered to the holder at the address specified in the Notice of Conversion (which may be the holder's address for notices as contemplated by the Securities Purchase Agreement

-4-

or a different address), via express courier, by electronic transfer or otherwise, within 4 business days if the address for delivery is in the United States and within 6 business days if the address for delivery is outside the United States (such fourth business day or sixth business day, as the case may be, a "Delivery Date") after the later of (i) the date on which the Notice of Conversion is delivered to the Company as contemplated in this Paragraph or the Maturity Date, or (ii) the date on which the Conversion Certificates are delivered to the Company.

2. Taxes. The Company shall pay any and all taxes which may be imposed upon the Company with respect to the issuance and delivery of the shares of Common Stock upon the conversion of the Series J Preferred Stock other than transfer taxes due upon conversion, if such holder has transferred to another party the Series J Preferred Stock or the right to receive Common Stock upon the holder's conversion thereof or any or income taxes due on the part of the holder. The Company shall have the right to withhold any taxes as required by the United States federal or state tax laws.

3. No Fractional Shares. If any conversion of Series J Preferred Stock would result in the issuance of a fractional share of Common Stock, such fractional share shall be disregarded and the number of shares of Common Stock issuable upon conversion of the Series J Preferred Stock shall be rounded up or down to the nearest whole share, it being understood that .5 of one share shall be rounded up to the next highest share.

4. Conversion Disputes. In the case of any dispute with respect to a conversion, the Company shall promptly issue such number of shares of Common Stock as are not disputed in accordance with Paragraph A of Article IV above. If such dispute involves the calculation of the Conversion Price, the Company shall first discuss such discrepancy with the Converting Holder. If the Company and the Converting Holder are unable to agree upon the Conversion Price calculation, the Company shall promptly submit the disputed calculations to the Company's outside auditors. The auditors, at the expense of the party in error, shall audit the calculations and notify the Company and the holder of the results as soon as practicable following the date it receives the disputed calculations. The auditor's calculation shall be deemed conclusive, absent manifest error. The Company shall then issue the appropriate number of shares of Common Stock in accordance with Paragraph A of Article IV above.

5. Delay in Delivering Conversion Certificates. The Company understands that a delay in the delivery of the Conversion Certificates beyond the Delivery Date could result in economic loss to a holder. As compensation to a holder for such loss, the Company agrees to pay late payments to such holder for late delivery of Conversion Certificates in accordance with the following schedule (where "No. Business Days Late" is defined as the number of business days beyond three (3) business days after the Delivery Date):

-5-

6.

Late Payment For Each \$10,000 of Liquidation	
No. Business Days Late	Preference or Dividend Amount Being Converted
1	\$100
2	\$200
3	\$300
4	\$400
5	\$500
6	\$600
7	\$700
8	\$800
9	\$900
10	\$1,000
>10	\$1,000 + \$200 for each Business Day Late beyond 10 days

The Company shall pay any payments incurred under this Paragraph in immediately available funds upon demand. For purposes of this Paragraph B(5) of Article IV, in connection with a Automatic Conversion (as defined below), the term "Delivery Date" shall refer to the earlier of (i) the Delivery Date determined in relation to a Notice of Conversion actually submitted by the holder to the Company or (ii) the fourth or sixth

business date, as the case may be, after written notice from the holder that the delivery of shares to the holder in connection with a Automatic Conversion has not been accomplished. The Company shall pay any payments incurred under this Paragraph in immediately available funds upon demand. Nothing herein shall limit the holder's right to pursue actual damages for the Company's failure to issue and deliver the Conversion Certificates to the holder. Furthermore, in addition to any other remedies which may be available to a holder, in the event that the Company fails for any reason to effect delivery of such Conversion Certificates within three (3) business days after the Delivery Date, the Holder will be entitled to revoke the relevant Notice of Conversion by delivering a notice to such effect to the Company whereupon the Company and the Holder shall each be restored to their respective positions immediately prior to delivery of such Notice of Conversion.

7. Alternative Remedy For Buy-In. If, by the relevant Delivery Date, the Company fails for any reason to deliver the Conversion Certificates and after such Delivery Date, the holder of the Preferred Stock being converted (a "Converting Holder") purchases, in an arm's-length open market transaction or otherwise, shares of Common Stock (the "Covering Shares") in order to make delivery in satisfaction of a sale of Common Stock by the Converting Holder (the "Sold Shares"), which delivery such Converting Holder anticipated to make using the shares to be issued upon such conversion (a "Buy-In"), the Converting Holder shall have the right, to require the Company to pay to the Converting Holder, in lieu and instead of the amounts due under Paragraph B(5) of Article IV hereof (but in addition to all other amounts contemplated in other provisions of the Transaction

-6-

Agreements, and not in lieu of any such other amounts), the Buy-In Adjustment Amount. The Company shall pay the Buy-In Adjustment Amount to the Company in immediately available funds immediately upon demand by the Converting Holder.

8. DWAC Certificate Delivery. In lieu of delivering physical certificates representing the Common Stock issuable upon conversion, provided the Company's transfer agent is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer program, upon request of a Converting Holder and his/her compliance with the provisions contained in this paragraph, so long as the certificates therefor do not bear a legend and the Converting Holder thereof is not obligated to return such certificate for the placement of a legend thereon, the Company shall use its best efforts to cause its transfer agent to electronically transmit the Common Stock issuable upon conversion to the Converting Holder by crediting the account of Converting Holder's prime broker with DTC through its Deposit Withdrawal Agent Commission system.

9. Conversion Default. If, at any time:

a. the Company challenges, disputes or denies the right of a holder of Series J Preferred Stock to effect a conversion of the Series J Preferred Stock into Common Stock or otherwise dishonors or rejects any Notice of Conversion delivered in accordance with the terms of this Agreement or this Certificate of Designations or any exercise of any Warrant in accordance with its terms ("Warrant Exercise"), or

b. any third party who is not and has never been an affiliate of such holder commences any lawsuit or proceeding or otherwise asserts any claim before any court or public or governmental authority, which lawsuit, proceeding or claim seeks to challenge, deny, enjoin, limit, modify, delay or dispute the right of such holder to effect the conversion of the Series J Preferred Stock into Common Stock, and the Company refuses to honor any such Notice of Conversion or Warrant Exercise,

then such holder shall have the right, by written notice to the Company, to require the Company to redeem each share of Series J Preferred Stock for which a Notice of Conversion has been refused pursuant to Paragraphs

B(8)(a) or (b) above for cash, at an amount per share equal to the Redemption Amount (as defined in Article VI Paragraph B), pursuant to the provisions of Article VI hereof, subject to the Company's right to cure in Paragraph G of Article VI hereof.

10. Conversion in Bankruptcy. The holder of any Series J Preferred Stock shall be entitled to exercise its conversion privilege with respect to the Series J Preferred Stock notwithstanding the commencement of any case under 11 U.S.C. ss.101 et seq. (the "Bankruptcy Code"). In the event the Company is a debtor under the Bankruptcy Code, the Company hereby waives, to the fullest extent permitted, any rights to relief it may have under 11 U.S.C. ss.362 in respect of such holder's conversion privilege. The Company hereby

-7-

waives, to the fullest extent permitted, any rights to relief it may have under 11 U.S.C. ss.362 in respect of the conversion of the Series J Preferred Stock. The Company agrees, without cost or expense to such holder, to take or to consent to any and all action necessary to effectuate relief under 11 U.S.C. ss.362.

C. Automatic Conversion Upon Maturity. Any shares of Series J Preferred Stock not previously converted or redeemed as of the Maturity Date, shall be deemed to be automatically converted (an "Automatic Conversion"), without further action of any kind (including, but not necessarily limited to, the giving of a Notice of Conversion) by the holder, as of the Maturity Date at the Conversion Price applicable on the Maturity Date.

D. Limitations on Conversions. The conversion of shares of Series J Preferred Stock shall be subject to the following limitations (each of which limitations shall be applied independently):

1. Cap Regulations. If the Company is limited in the number of shares of Common Stock it may issue by virtue of (i) the number of authorized shares or (ii) the applicable rules and regulations of its Principal Trading Market, including, but not necessarily limited to, NASDAQ Rule 4310(c)(25)(H)(i) or Rule 4460(i)(1), as may be applicable (collectively, the "Cap Regulations"), (i) the Company will take all steps reasonably necessary to be in a position to issue shares of Common Stock on conversion of the Series J Preferred Stock without violating the Cap Regulations. If at any time after the Company's 2000 Annual Meeting, the then issuable number of shares of Common Stock upon conversion of all of the then outstanding Series J Preferred Stock pursuant to the Cap Regulations (the "Cap Amount") is less than the number of shares of Common Stock which would then be otherwise issuable upon conversion of all of the then outstanding shares of Series J Preferred Stock without regard to such Cap Regulations (a "Trading Market Trigger Event"), the Company shall immediately notify the holders of Series J Preferred Stock of such occurrence and shall take immediate action (including, if necessary, seeking the approval of its shareholders to authorize the listing or issuance of the full number of shares of Common Stock which would be issuable upon the conversion of the then outstanding shares of Series J Preferred Stock but for the Cap Amount) to eliminate any prohibitions under applicable law or the rules or regulations of any stock exchange, interdealer quotation system or other self-regulatory organization with jurisdiction over the Company or any of its securities on the Company's ability to list or issue shares of Common Stock in excess of the Cap Amount ("Trading Market Prohibitions"). In this event, the holder of a share of Series J Preferred Stock which can not be converted as result of the Cap Regulations after all such Series J Preferred Stock which can be converted under the Cap Amount have been converted (each such share, an "Unconverted Share") shall have the option, exercisable in such holder's sole and absolute discretion, to elect either of the following remedies:

a. (x) if permitted by the Cap Regulations, require the Company to issue shares of Common Stock in accordance with such holder's notice of conversion at a

-8-

conversion purchase price equal to the average of the closing price per share of Common Stock for any five (5) consecutive trading days (subject to certain equitable adjustments for certain events occurring during such period) during the sixty (60) trading days immediately preceding the date of notice of conversion; or

b. require the Company to redeem such Unconverted Share for an amount (the "Cap Limitation Redemption Amount"), payable in cash, equal to:

$$\frac{V}{CP} \times M$$

where:

"V" means the liquidation preference of the Unconverted Share plus any accrued but unpaid dividends thereon;

"CP" means the conversion price in effect on the date of redemption (the "Redemption Date") specified in the notice from the holder of the Unconverted Share electing this remedy; and

"M" means the highest closing price per share of the Common Stock during the period beginning on the Redemption Date and ending on the date of payment of the Cap Limitation Redemption Amount.

A holder of more than one Unconverted Share may elect one of the above remedies with respect to some of such Unconverted Shares and the other remedy with respect to other Unconverted Shares. The Cap Limitation Redemption Amount payable under the provisions of this Article IV Paragraph D shall be payable within thirty (30) days of the Redemption Date.

2. Percentage Limitation. Notwithstanding any other provision hereof, or any of the Transaction Agreements, in no event (except (i) with respect to an Automatic Conversion, if any, of the shares of Series J Preferred Stock as described in Article IV Paragraph C hereof, (ii) as specifically provided in this Certificate of Designations as an exception to this provision, or (iii) while there is outstanding a tender offer for any or all of the shares of the Company's Common Stock) shall the holder be entitled to convert any share of this Series J Preferred Stock, or shall the Company have the obligation to convert such share (and the Company shall not have the right to pay dividends on shares of Series J Preferred Stock in shares of Common Stock or require a Automatic Conversion), to the extent that, after such conversion or issuance of stock in payment of dividends, the sum of (a) the number of shares of Common Stock beneficially owned by the holder and its affiliates, and (b) the number of shares of Common Stock issuable upon the conversion of the shares of Series J Preferred Stock with respect to which the determination of this proviso is being made, would result in beneficial ownership by the holder and its affiliates of more

than 4.99% of the outstanding shares of Common Stock (after taking into account the shares to be issued to the holder upon such conversion). For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"). If the holder transfers or assigns any shares of the Series J Preferred Stock to a party who or which would not be considered such an affiliate, such assignment shall be made subject to the transferee's or assignee's specific agreement to be bound by the provisions of this Paragraph D(2) of Article IV as if such transferee or assignee were the original holder hereof. Nothing herein shall preclude the holder from disposing of a sufficient number of other shares of Common Stock beneficially owned by the holder so as to thereafter permit the continued conversion of the shares of Series J Preferred Stock.

V. RESERVATION OF SHARES OF COMMON STOCK

A. **Reserved Amount.** Upon the initial issuance of the shares of Series J Preferred Stock, the Company shall reserve out of the authorized but unissued shares of Common Stock for issuance upon conversion of the Series J Preferred Stock such number of shares equal to 150% of the number of shares which would be issuable if all of the authorized shares of Series J Preferred Stock were converted in their entirety on the Closing Date based on the Conversion Price in effect on that date and thereafter the number of authorized but unissued shares of Common Stock so reserved (the "Reserved Amount") shall not be decreased, but may be increased pursuant to Paragraph B of this Article V, and shall at all times be sufficient to provide for the conversion of the Series J Preferred Stock outstanding at the then current Conversion Price thereof. The Reserved Amount shall be allocated to the holders of Series J Preferred Stock as provided in Article X Paragraph E.

B. **Increases to Reserved Amount.** If the Reserved Amount for any 10 consecutive trading days (the last of such 10 trading days being the "Authorization Trigger Date") shall be less than 110% of the number of shares of Common Stock issuable upon conversion of the then outstanding shares of Series J Preferred Stock, the Company shall immediately notify the holders of Series J Preferred Stock of such occurrence and shall take immediate action (including, if necessary, seeking shareholder approval to authorize the issuance of additional shares of Common Stock) to increase the Reserved Amount to 150% of the number of shares of Common Stock then issuable upon conversion of the outstanding Series J Preferred Stock. In the event the Company fails to so increase the Reserved Amount within 90 days after an Authorization Trigger Date (such event being the "Reserved Amount Trigger Event"), each holder of Series J Preferred Stock shall thereafter have the option, exercisable in whole or in part at any time and from time to time by delivery of a Redemption Notice (as defined in Article VI Paragraph C) to the Company, to require the Company to purchase for cash, at an amount per share equal to the Redemption Amount (as defined in Article VI Paragraph B), a portion of the holder's Series J Preferred Stock such that, after giving effect to such purchase, the holder's allocated portion of the Reserved Amount exceeds 110% of the total number of shares of Common Stock issuable to such holder upon conversion of its Series J Preferred Stock. If the Company fails to redeem any of such shares within 5 business days after

-10-

its receipt of such Redemption Notice, then such holder shall be entitled to the remedies provided in Article VI Paragraph C.

VI. REDEMPTION

A. **Redemption by Holder.** In the event that any of the following occur (individually, a "Redemption Event"):

1. **Cap Regulations.** The Company's inability to issue sufficient shares of Common Stock upon conversion of Unconverted Shares in accordance with Paragraph D(1) of Article IV hereof.

2. **Conversion Default.** The Company's inability or refusal to delivery Conversion Certificates under Paragraph B(8) of Article IV hereof.

then, upon the occurrence of any such Redemption Event, each holder of shares of Series J Preferred Stock shall thereafter have the option, exercisable in whole or in part at any time and from time to time by delivery of a notice requesting the redemption all or part of such holders shares of Series J Preferred Stock (a "Redemption Notice") to the Company while such Redemption Event continues, to require the Company to purchase for cash any or all of the then outstanding shares of Series J Preferred Stock held by such holder for an amount per share equal to the Redemption Amount (as defined in Paragraph B below) in effect at the time of the redemption hereunder. Upon the Company's receipt of any Redemption Notice hereunder, the Company shall immediately (and in any event within 5 business days following such receipt) deliver a written notice (a "Redemption Announcement") to all holders of Series J Preferred Stock stating the date upon which the Company received such Redemption Notice and the amount

of Series J Preferred Stock covered thereby.

B. Definition of Redemption Amount. The "Redemption Amount" with respect to a share of Series J Preferred Stock means an amount equal to (x) 145% of the Liquidation Preference on the date of the Redemption Notice, plus (y) all accrued but unpaid dividends through and including the date on which the Redemption Amount is paid.

C. Redemption Defaults. If the Company fails to pay any holder the Redemption Amount with respect to any share of Series J Preferred Stock within 60 days after the latter of (i) its receipt of Redemption Notice, and (ii) the date of its Redemption Announcement, then the holder of Series J Preferred Stock delivering such Redemption Notice shall be entitled to interest on the Redemption Amount at a per annum rate equal to the lower of eighteen percent (18%) and the highest interest rate permitted by applicable law from the date on which the Company receives the Redemption Notice until the date of payment of the Redemption Amount hereunder. In the event the Company is not able to redeem all of the shares of Series J Preferred Stock subject to Redemption Notices delivered prior to the date upon which such redemption is to be effected, the Company shall redeem shares of Series J Preferred Stock from each holder pro rata, based on the total number of shares of Series J Preferred Stock outstanding at the time of redemption included by

-11-

such holder in all Redemption Notices delivered prior to the date upon which such redemption is to be effected relative to the total number of shares of Series J Preferred Stock outstanding at the time of redemption included in all of the Redemption Notices delivered prior to the date upon which such redemption is to be effected.

D. Company Redemption Right. The Company shall have the right to redeem all or any part of the then outstanding Series J Preferred Stock as to which the holder has not previously submitted a Conversion Notice, for the Company Redemption Amount (as defined below) by giving written notice (a "Company Redemption Notice") of such redemption (a "Company Redemption") to the holders of such shares (and if there be more than one, pro rata among them). The date on which the Company pays the Company Redemption Amount to the holder, which shall be not earlier than five (5) days and not later than ten (10) days after the Company Redemption Notice is given to the holder, is the "Company Redemption Date." The "Company Redemption Amount" shall be equal to (i) if the Company Redemption Date is ninety (90) days or less after the Closing Date, 110% of (a) the Liquidation Preference on the date of the Company Redemption Notice plus (b) accrued dividends thereon through and including the Company Redemption Date and (ii) if the Company Redemption Date is more than ninety (90) days after the Closing Date, 125% of (a) the Liquidation Preference on the date of the Company Redemption Notice plus (b) accrued dividends thereon through and including the Company Redemption Date. After the Company gives a Company Redemption Notice, the holder will have the right to convert, in the manner herein provided (except that such conversion shall be an exception to the provision of Article IV Paragraph D(2) hereof), any or all of the shares subject to redemption pursuant to such Company Redemption Notice at any time until the Company actually pays the Company Redemption Amount, and such conversion shall take precedence over the Company Redemption Notice. If the Company does not timely pay the Company Redemption Amount, the holder will have the right, exercisable by written notice to the Company at any time prior to the holder's receipt of the Company Redemption Amount, to (x) nullify the Company Redemption Notice (in which event the Company Redemption Notice shall be of no further force and effect) or take action to enforce the Company's performance of the Company Redemption, and (y) cancel the Company's right to effect any future Company Redemption under this paragraph.

VII. LIQUIDATION PREFERENCE

A. Liquidation Event. If the Company shall commence a voluntary case under the U.S. Federal bankruptcy laws or any other applicable bankruptcy, insolvency or similar law, or consent to the entry of an order for relief in an involuntary case under any law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or make an assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally

as they become due, or if a decree or order for relief in respect of the Company shall be entered by a court having jurisdiction in the premises in an involuntary case under the U.S. Federal bankruptcy laws or any other applicable bankruptcy, insolvency or similar law resulting in the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order

-12-

shall be unstayed and in effect for a period of 60 consecutive days and, on account of any such event, the Company shall liquidate, dissolve or wind up, or if the Company shall otherwise liquidate, dissolve or wind up, including, but not limited to, the sale or transfer of all or substantially all of the Company's assets in one transaction or in a series of related transactions (a "Liquidation Event"), no distribution shall be made to the holders of any shares of capital stock of the Company (other than Senior Securities and Pari Passu Securities) upon liquidation, dissolution or winding up unless prior thereto the holders of shares of Series J Preferred Stock shall have received the Liquidation Preference with respect to each share. If, upon the occurrence of a Liquidation Event, the assets and funds available for distribution among the holders of the Series J Preferred Stock and holders of Pari Passu Securities shall be insufficient to permit the payment to such holders of the preferential amounts payable thereon, then the entire assets and funds of the Company legally available for distribution to the Series J Preferred Stock and the Pari Passu Securities shall be distributed ratably among such shares in proportion to the ratio that the Liquidation Preference payable on each such share bears to the aggregate Liquidation Preference payable on all such shares.

B. Exclusions. The purchase or redemption by the Company of stock of any class, in any manner permitted by law, shall not, for the purposes hereof, be regarded as a liquidation, dissolution or winding up of the Company. Neither the consolidation or merger of the Company with or into any other entity nor the sale or transfer by the Company of less than substantially all of its assets shall, for the purposes hereof, be deemed to be a liquidation, dissolution or winding up of the Company.

VIII. ADJUSTMENTS TO THE CONVERSION PRICE

A. Sale. The Conversion Price shall be subject to adjustment from time to time as follows: If, for as long as any shares of Series J Preferred Stock remain outstanding, the Company enters into a merger (other than where the Company is the surviving entity) or consolidation with another corporation or other entity or a sale or transfer of all or substantially all of the assets of the Company to another person (collectively, a "Sale"), the Company will require, in the agreements reflecting such transaction, that the surviving entity expressly assume the obligations of the Company hereunder. Notwithstanding the foregoing, if the Company enters into a Sale and the holders of the Common Stock are entitled to receive stock, securities or property in respect of or in exchange for Common Stock, then as a condition of such Sale, the Company and any such successor, purchaser or transferee will agree that the Series J Preferred Stock may thereafter be converted on the terms and subject to the conditions set forth above into the kind and amount of stock, securities or property receivable upon such merger, consolidation, sale or transfer by a holder of the number of shares of Common Stock into which then outstanding shares of Series J Preferred Stock might have been converted immediately before such merger, consolidation, sale or transfer, subject to adjustments which shall be as nearly equivalent as may be practicable. In the event of any such proposed Sale, the holder hereof shall have the right to convert by delivering a Notice of Conversion to the Company within 15 days of receipt of notice of such Sale from the Company.

-13-

B. Spin Off. The Company agrees that for as long as shares of Series J Preferred Stock remain outstanding, the Company will not, without the consent of the holder, spin off or otherwise divest itself of a part of its business or operations or dispose all or of a part of its assets in a transaction (the "Spin

Off") in which the Company does not receive just compensation for such business, operations or assets, but causes securities of another entity (the "Spin Off Securities") to be issued to security holders of the Company. If, for any reason, prior to the Conversion Date or the Redemption Payment Date, the Company, with the consent of the holder, consummates a Spin Off, then the Company shall cause (i) to be reserved Spin Off Securities equal to the number thereof which would have been issued to the holder had all of the holder's shares of Series J Preferred Stock outstanding on the record date (the "Record Date") for determining the amount and number of Spin Off Securities to be issued to security holders of the Company (the "Outstanding Series J Preferred Stock") been converted as of the close of business on the trading day immediately before the Record Date (the "Reserved Spin Off Shares"), and (ii) to be issued to the holder on the conversion of all or any of the Outstanding Series J Stock, such amount of the Reserved Spin Off Shares equal to (x) the Reserved Spin Off Shares multiplied by (y) a fraction, of which (a) the numerator is the principal amount of the Outstanding Series J Preferred Stock then being converted, and (b) the denominator is the principal amount of the Outstanding Series J Preferred Stock.

C. Stock Splits, etc. If, at any time while any shares of Series J Preferred Stock remain outstanding, the Company effectuates a stock split or reverse stock split of its Common Stock or issues a dividend on its Common Stock consisting of shares of Common Stock, the Fixed Conversion Price shall be equitably adjusted to reflect such action. By way of illustration, and not in limitation, of the foregoing (i) if the Company effectuates a 2:1 split of its Common Stock, thereafter, with respect to any conversion for which the Company issues the shares after the record date of such split, the Fixed Conversion Price shall be deemed to be one-half of what it had been calculated to be immediately prior to such split; (ii) if the Company effectuates a 1:10 reverse split of its Common Stock, thereafter, with respect to any conversion for which the Company issues the shares after the record date of such reverse split, the Fixed Conversion Price shall be deemed to be ten times what it had been calculated to be immediately prior to such split; and (iii) if the Company declares a stock dividend of one share of Common Stock for every 10 shares outstanding, thereafter, with respect to any conversion for which the Company issues the shares after the record date of such dividend, the Fixed Conversion Price shall be deemed to be the amount of such Fixed Conversion Price calculated immediately prior to such record date multiplied by a fraction, of which the numerator is the number of shares (10 in the example) for which a dividend share will be issued and the denominator is such number of shares plus the dividend share(s) issuable or issued thereon (11 in the example).

D. Notice of Adjustments. Upon the occurrence of each adjustment or readjustment of the Fixed Conversion Price pursuant to this Article VIII, the Company, at its expense, shall promptly compute such adjustment or readjustment and prepare and furnish to each holder of Series J Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of any holder of Series J Preferred Stock, furnish to such holder a like certificate setting forth (i) such adjustment or readjustment, (ii) the Fixed Conversion Price at the

-14-

time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other securities or property which at the time would be received upon conversion of a share of Series X Preferred Stock.

IX. VOTING RIGHTS

A. Generally. The holders of the Series J Preferred Stock have no voting power whatsoever, except as otherwise provided by the BCA.

B. Class Voting. To the extent that under the BCA the vote of the holders of the Series J Preferred Stock, voting separately as a class or series, as applicable, is required to authorize a given action of the Company, the affirmative vote or consent of the holders of at least a majority of the then outstanding shares of the Series J Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of the holders of at least a majority of the then outstanding shares of Series J Preferred Stock (except as otherwise may be required under the BCA, a "Required Interest") shall constitute the approval of such action by the class. To the extent that under

the BCA holders of the Series J Preferred Stock are entitled to vote on a matter with holders of Common Stock, voting together as one class, each share of Series J Preferred Stock shall be entitled to a number of votes equal to the number of shares of Common Stock into which it is then convertible (subject to the limitations contained in Article IV Paragraph D) using the record date for the taking of such vote of shareholders as the date as of which the Conversion Price is calculated.

X. MISCELLANEOUS

A. Right of First Refusal, Special Dilution Protection.

1. The Company covenants and agrees that, if during the period from the date hereof through and including the date which is 240 days after the Effective Date, the Company offers to enter into any transaction other than an underwritten public offering (a "New Transaction") for the sale of New Common Stock for cash or cash equivalents, the Company shall notify the Holder in writing of all of the terms of such offer (a "New Transaction Offer"). The Holder shall have the right (the "Right of First Refusal"), exercisable by written notice given to the Company by the close of business on the third business day after the Holder's receipt of the New Transaction Offer (the "Right of First Refusal Expiration Date"), to participate in all or any part of the New Transaction Offer on the terms so specified.

2. If, and only if, the Holder does not exercise the Right of First Refusal in full, the Company may consummate the remaining portion of the New Transaction with any New Investor on the terms specified in the New Transaction Offer within 20 days of the Right of First Refusal Expiration Date.

3. If the terms of the New Transaction to be consummated with such other party differ in a material respect from the terms specified in the New Transaction Offer so that the

-15-

terms are more beneficial in any respect to the New Investor, the Company shall give the Holder a New Transaction Offer relating to the terms of the New Transaction, as so changed, and the Holder's Right of First Refusal and the preceding terms of this Paragraph B of Article X shall apply with respect to such changed terms.

4. If there is more than one Buyer signatory to this Agreement, the preceding provisions of this Paragraph B of Article X shall apply pro rata among them (based on their relative Holder's Allocable Shares), except that, to the extent any such Holder does not exercise its Right of First Refusal in full (a "Declining Holder"), the remaining Holder or Holders who or which have exercised their own Right of First Refusal in full, shall have the right (pro rata among them based on their relative Holder's Allocable Shares, if more than one) to exercise all or a portion of such Declining Holder's unexercised Right of Refusal. Nothing in this Paragraph B of Article X shall be deemed to permit a transaction not otherwise permitted by Paragraph A of Article X, as modified by the provisions of Subparagraphs (i) and (ii).

5. In the event the New Transaction is consummated for the sale of New Common Stock or the issuance of warrants or other rights to purchase New Common Stock with such third party at any time prior to the expiration of 240 days after the Effective Date on terms providing for either a sale price equal to or computed based on, or a determination of a conversion price based on, a lower percentage of the then current Market Price and/or for a greater number of shares per dollar paid or invested by such third party to or in the Company, shall be modified to (i) reduce the relevant Conversion Price or Fixed Price, in each instance to be equal to that provided in the New Transaction as so consummated.

B. Rank. The Series J Preferred Stock shall rank (i) prior to the Company's Common Stock; (ii) prior to any Junior Securities; (iii) junior to any Senior Securities; and (iv) pari passu with any Pari Passu Securities; provided, however, that no additional Senior or Pari Passu Securities shall be created

without the written consent of a Required Interest.

C. Cancellation of Series J Preferred Stock. If any shares of Series J Preferred Stock are converted pursuant to Article IV, the shares so converted shall be canceled, shall return to the status of authorized, but unissued preferred stock of no designated series, and shall not be issuable by the Company as Series J Preferred Stock.

D. Lost or Stolen Certificates. Upon receipt by the Company of (i) evidence of the loss, theft, destruction or mutilation of any Series J Preferred Stock certificate(s) and (ii) (y) in the case of loss, theft or destruction, of indemnity (without any bond or other security) reasonably satisfactory to the Company, or (z) in the case of mutilation, upon surrender and cancellation of the Series J Preferred Stock certificate(s), the Company shall execute and deliver new Series J Preferred Stock certificate(s) of like tenor and date. However, the Company shall not be obligated to reissue such lost or stolen Series J Preferred Stock certificate(s) if the holder contemporaneously requests the Company to convert such Series J Preferred Stock.

-16-

E. Allocation of Cap Amount and Reserved Amount. The initial Cap Amount and Reserved Amount shall be allocated pro rata among the holders of Series J Preferred Stock based on the number of shares of Series J Preferred Stock issued to each holder. Each increase to the Cap Amount and the Reserved Amount shall be allocated pro rata among the holders of Series J Preferred Stock based on the number of shares of Series J Preferred Stock held by each holder at the time of the increase in the Cap Amount or Reserved Amount. In the event a holder shall sell or otherwise transfer any of such holder's shares of Series J Preferred Stock, each transferee shall be allocated a pro rata portion of such transferor's Cap Amount and Reserved Amount. Any portion of the Cap Amount or Reserved Amount which remains allocated to any person or entity which does not hold any Series J Preferred Stock shall be allocated to the remaining holders of shares of Series J Preferred Stock, pro rata based on the number of shares of Series J Preferred Stock then held by such holders.

F. Payment of Cash; Defaults. Whenever the Company is required to make any cash payment to a holder under this Certificate of Designations (upon redemption or otherwise), such cash payment shall be made to the holder within 5 business days after delivery by such holder of a notice specifying that the holder elects to receive such payment in cash and the method (e.g., by check, wire transfer) in which such payment should be made. If such payment is not delivered within such 5 business day period, such holder shall thereafter be entitled to interest on the unpaid amount at a per annum rate equal to the lower of 15% and the highest interest rate permitted by applicable law until such amount is paid in full to the holder.

G. Status as Stockholder. Upon submission of a Notice of Conversion by a holder of Series J Preferred Stock, (i) the shares covered thereby (other than the shares, if any, which cannot be issued because their listing or issuance would exceed such holder's allocated portion of the Reserved Amount or Cap Amount) shall be deemed converted into shares of Common Stock and (ii) the holder's rights as a holder of such converted shares of Series J Preferred Stock shall cease and terminate, excepting only the right to receive certificates for such shares of Common Stock and to any remedies provided herein or otherwise available at law or in equity to such holder because of a failure by the Company to comply with the terms of this Certificate of Designations.

These Articles of Amendment of Articles of Incorporation were adopted by the Board of Directors without shareholder action and shareholder action was not required.

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-17-

NATURAL HEALTH TRENDS CORP.

By:

being sent by facsimile to the telecopier number and officer indicated above, with a copy to the Company's counsel.

The Holder has previously surrendered or will surrender (or cause to be surrendered) the certificate(s) for the Converted Shares, duly endorsed, to the Company at the address indicated above by express courier within 5 business days after delivery or facsimile transmission of this Notice of Conversion.

The certificates representing the Conversion Shares (together with certificate(s) representing the shares of Series J Preferred Stock not converted hereby) should be transmitted by the Company to the Holder via express courier or by electronic transfer within the time contemplated by the Certificate of Designations after receipt of this Notice of Conversion (by facsimile transmission or otherwise) and the certificate(s) representing the Converted Shares to:

As contemplated by Section Article III of the Certificate of Designations, the Company should also pay all unpaid dividends on the Converted Shares by check payable to the Holder (unless such dividends are being paid in Common Stock as contemplated by said section, in which event such shares should be issued in the name of the Holder) delivered in the same manner as, and together with, the Conversion Shares.

(Print name of Holder)

By:

(Signature of Authorized Person)

(Printed Name and Title)

EXHIBIT 4.1

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT, dated as of the date of acceptance set forth below (this "Agreement"), is entered into by and between NATURAL HEALTH TRENDS CORP., a Florida corporation, with headquarters located at 380 Lashley Street, Longmont, CO 80501 (the "Company"), and each entity named on a signature page hereto (each, a "Buyer") (each agreement with a Buyer being deemed a separate and independent agreement between the Company and such Buyer, except that each Buyer acknowledges and consents to the rights granted to each other Buyer under such agreement and the Transaction Agreements, as defined below, referred to therein).

WITNESSETH:

WHEREAS, the Company and the Buyer are executing and delivering this Agreement in accordance with and in reliance upon the exemption from securities registration afforded, inter alia, by Regulation S ("Regulation S") as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "1933 Act"), and/or Section 4(2) of the 1933 Act; and

WHEREAS, the Buyer wishes to purchase, upon the terms and subject to the conditions of this Agreement, shares of Series J Convertible Preferred Stock, \$.001 par value, and having a liquidation preference of \$1,000 per share, of the Company (the "Convertible Preferred Stock") which will be convertible into shares of Common Stock, \$.001 par value per share of the Company (the "Common Stock"), upon the terms and subject to the conditions of such Convertible Preferred Stock, together with the Warrants (as defined below) exercisable for the purchase of shares of Common Stock (the "Warrant Shares"), and subject to acceptance of this Agreement by the Company; and

WHEREAS, the Convertible Preferred Stock and the Shares (as those terms are defined below) have not been registered under the 1933 Act and may not be offered or sold in the United States or to U.S. Persons, other than distributors (as such terms are defined in Regulation S), unless the Convertible Preferred Stock or the Shares, as the case may be, are registered under the 1933 Act, or an exemption or safe harbor from the registration provisions of the 1933 Act is available;

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. AGREEMENT TO PURCHASE; PURCHASE PRICE.

a. Purchase; Certain Definitions.

(i) The undersigned hereby agrees to purchase from the Company Convertible Preferred Stock having a liquidation preference in the amount set forth on the Buyer's signature page

1

of this Agreement (the "Preferred Stock"), out of a total offering of \$1,000,000 of such Convertible Preferred Stock, and having the terms and conditions set forth in the Statement of Designations of the Series J Convertible Preferred Stock of the Company attached hereto as Annex I (the "Certificate of Designations").

(ii) The purchase price to be paid by the Buyer shall be equal to the amount set forth on the Buyer's signature page of this Agreement, and shall be payable in United States Dollars.

b. Certain Definitions. As used herein, each of the following terms has the meaning set forth below, unless the context otherwise requires:

(i) "Securities" means the Preferred Stock, the Warrants and the Common Stock issuable upon conversion of the Preferred Stock or the exercise of the Warrants.

(ii) "Purchase Price" means the purchase price for the Preferred Stock.

(iii) "Closing Date" means the date of the closing of the purchase and sale of the Preferred Stock, as provided herein.

(iv) "Buyer's Allocable Share" means the fraction of which the numerator is the liquidation preference of the Buyer's Preferred Stock specified on the Buyer's signature page of this Agreement and the denominator is \$1,000,000.

(v) "Effective Date" means the effective date of the Registration Statement covering the Registrable Securities (as those terms are defined in the Registration Rights Agreement defined below).

(vi) "Converted Shares" means the shares of Common Stock issuable upon conversion of the Preferred Stock.

(vii) "Warrant Shares" means the shares of Common Stock issuable upon exercise of the Warrants.

(viii) "Shares" means the shares of Common Stock representing any or all of the Converted Shares and the Warrant Shares.

(ix) As used herein, the term "Market Price of the Common Stock" means the average closing bid price of the Common Stock for the three (3) trading days (which need not be consecutive) during the period of the twenty (20) trading days ending on the trading day immediately before the date indicated in the relevant provision hereof (unless a different relevant period is specified in the relevant provision) for which the closing bid price of the Common Stock (as reported by Bloomberg, LP or, if not so reported, as reported by the securities exchange or automated quotation system on which the Common Stock is listed or on the over-the-counter market) were the lowest.

2

(x) "Person" means any living person or any entity, such as, but not necessarily limited to, a corporation, partnership or trust.

(xi) "Affiliate" means, with respect to a specific Person referred to in the relevant provision, another Person who or which controls or is controlled by or is under common control with such specified Person.

(xii) "Transaction Agreements" means the Securities Purchase Agreement, the Registration Rights Agreement (as defined below), the Certificate of Designations, the Warrants, and the Joint Escrow Instructions (as defined below).

c. Form of Payment; Delivery of Certificates.

(i) The Buyer shall pay the Purchase Price for the Preferred Stock by delivering immediately available good funds in United States Dollars to the escrow agent (the "Escrow Agent") identified in the Joint Escrow Instructions attached hereto as Annex II (the "Joint Escrow Instructions") on the date prior to the Closing Date.

(ii) No later than the Closing Date, but in any event promptly following payment by the Buyer to the Escrow Agent of the Purchase Price, the Company shall deliver one or more certificates representing the Preferred Stock and, if relevant to the transactions to be consummated on that Closing Date, the Warrants to be issued hereunder, each duly executed on behalf of the Company and issued in the name of the Buyer (collectively, the "Certificates") to the Escrow Agent. Time is of the essence with respect to such delivery, and failure by the Company to make such delivery shall allow the Buyer to cancel this Agreement.

(iii) By signing this Agreement, each of the Buyer and the Company, subject to acceptance by the Escrow Agent, agrees to all of the terms and conditions of, and becomes a party to, the Joint Escrow Instructions, all of the provisions of which are incorporated herein by this reference as if set forth in

full.

d. Method of Payment. Payment into escrow of the Purchase Price shall be made by wire transfer of funds to:

Bank of New York
350 Fifth Avenue
New York, New York 10001

ABA# 021000018
For credit to the account of Krieger & Prager LLP, Esqs.
Account No.: [To be provided to the Buyer by Krieger & Prager LLP]
Re: Natural Health Trends Transaction

3

Not later than 5:00 p.m., New York time, on the date which is three (3) New York Stock Exchange ("NYSE") trading days after the Company shall have accepted this Agreement and returned a signed counterpart of this Agreement to the Escrow Agent by facsimile, the Buyer shall deposit with the Escrow Agent the Purchase Price for the Preferred Stock in immediately available funds. Time is of the essence with respect to such payment, and failure by the Buyer to make such payment, shall allow the Company to cancel this Agreement.

e. Escrow Property. The Purchase Price and the Certificates delivered to the Escrow Agent as contemplated by Sections 1(c) and (d) hereof are referred to as the "Escrow Property."

2. BUYER REPRESENTATIONS, WARRANTIES, ETC.; ACCESS TO INFORMATION; INDEPENDENT INVESTIGATION.

The Buyer represents and warrants to, and covenants and agrees with, the Company as follows:

a. Without limiting Buyer's right to sell the Common Stock pursuant to the Registration Statement, the Buyer is purchasing the Preferred Stock and the Warrants and will be acquiring the Shares for its own account for investment only and not with a view towards the public sale or distribution thereof and not with a view to or for sale in connection with any distribution thereof.

b. (i) The Buyer is not a U.S. Person as that term is defined under Regulation S, and is not controlled, directly or indirectly, by a U.S. Person.

(ii) The Buyer is outside the United States as of the date of the execution and delivery of this Agreement.

(iii) The Buyer is purchasing the Preferred Stock for its own account and not on behalf of any U.S. Person, and the Buyer is the sole beneficial owner of the Preferred Stock, and has not pre-arranged any sale of the Securities with any purchaser or purchasers in the United States.

(iv) The Buyer understands that the Preferred Stock and the Shares may not be transferred, offered or sold in the United States or to a U.S. Person or citizen of the United States prior to the end of the one (1) year Distribution Compliance Period (the "Restricted Period") commencing on the later of (A) the date the Preferred Stock are first offered to persons other than Distributors (as defined in Regulation S) or (B) the date of the final closing of the Offering of the Preferred Stock by the Company. The Buyer acknowledges that the Company may not allow a transfer of the Preferred Stock in the United States or to a U.S. Person or citizen of the United States if, in the Company's opinion, Regulation S or any other applicable state, federal or foreign securities laws have not been complied with.

4

(v) The Buyer understands that in the view of the SEC the statutory basis for the exemption claimed for this transaction would not be present if the offering of Preferred Stock, and the Shares issuable upon conversion thereof,

although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the 1933 Act. The Buyer is acquiring the Preferred Stock for investment purposes and has no present intention to sell the Preferred Stock, or the Shares issuable upon conversion thereof, in the United States or to a U.S. Person or for the account or benefit of a U.S. Person either now or after the expiration of the Restricted Period, except pursuant to registration thereof or an exemption or safe harbor from registration.

(vi) The Buyer is not an underwriter of, or dealer in, the Securities, and the Buyer is not participating, pursuant to a contractual agreement, in the distribution of the Securities.

(vii) No offer to sell the Preferred Stock has been made to the Buyer within the United States, and the Buyer is not and will not be in the United States as of the date of execution and delivery of this Agreement.

(viii) If the Buyer is a corporation or a partnership, the Buyer was not (A) formed principally for the purpose of acquiring the Preferred Stock or the Shares, or any other securities not registered under the Act, or (B) organized or incorporated under the laws of any state or jurisdiction of the United States.

(ix) The Buyer is not subscribing for the Preferred Stock as a result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting, or any solicitation of a subscription by person previously not known to the Buyer in connection with investment securities generally.

(x) The Buyer is purchasing the Preferred Stock for its own account and/or for accounts over which the Buyer has discretionary authority, and not on behalf of or for the account of any person or entity who or which is a U.S. Person or citizen of the United States and not with a view to resale or distribution or any present intention to resell or distribute the Preferred Stock or the Shares in violation of any applicable securities laws. Anything herein contained to the contrary notwithstanding, for the purposes of this Agreement, the term "Buyer" shall mean the undersigned, and, if applicable, any person or entity for whom or which the undersigned is subscribing for Preferred Stock pursuant to discretionary authority granted to the undersigned.

(xi) The Buyer is not purchasing the Preferred Stock with the present intention of "distributing" the Preferred Stock on behalf of the Company or on behalf of a "distributor" as defined in Regulation S, or any of their affiliates, in the United States or to a U.S. Person.

(xii) The Buyer is not a "distributor" as defined in Regulation S.

5

(xiii) To the knowledge of the Buyer, no activity has been undertaken by the Company or any person acting on its behalf for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market for the Preferred Stock or the Shares in the United States.

(xiv) The Buyer understands that, except as set forth in the Registration Rights Agreement, the Company is under no obligation to register the Preferred Stock or the Shares under the Act, or to assist the Buyer in complying with the Act or the securities laws of any state of the United States or of any foreign jurisdiction.

(xv) The Buyer does not have a short position in the Shares or otherwise have a hedge against the risk of purchasing the Preferred Stock and will not have a short position in the Shares or otherwise hedge the risk of holding the Preferred Stock at any time prior to the expiration of the Restricted Period.

(xvi) If at any time after the expiration of the Restricted Period the Buyer wishes to transfer or attempts to transfer the Preferred Stock or the Shares to a U.S. Person, the Buyer agrees to notify the Company if at such time it is either an "underwriter," "dealer," "distributor," or an "affiliate" of the

Company (as such terms are defined in the federal securities laws of the United States or the regulations promulgated hereunder, including, but not limited to, Regulation S), or if such transfer is being made as part of a plan or scheme to evade the registration provisions of the Act.

(xvii) In the event that the Buyer desires to offer or sell the Preferred Stock or the Shares, such offer or sale shall at all times comply with the Act and rules and regulations promulgated thereunder, including Regulation S, and all other applicable state, federal and foreign securities laws. Subject to effective registration of the Shares, the Buyer agrees not, prior to the expiration of the Restricted Period, to sell the Preferred Stock or Shares to or for the account or benefit of a U.S. Person, to a citizen of the United States or in the United States, except in compliance with the Act and the applicable rules and regulations promulgated thereunder and thereafter the Buyer agrees not to sell the Preferred Stock or Shares in the United States except in compliance with the Act and the applicable rules and regulations promulgated thereunder, including Regulation S, and all applicable state, federal and foreign securities laws.

c. The Buyer is (i) an "accredited investor" as that term is defined in Rule 501 of the General Rules and Regulations under the 1933 Act by reason of Rule 501(a)(3), (ii) experienced in making investments of the kind described in this Agreement and the related documents, (iii) able, by reason of the business and financial experience of its officers (if an entity) and professional advisors (who are not affiliated with or compensated in any way by the Company or any of its affiliates or selling agents), to protect its own interests in connection with the transactions described in this Agreement, and the related documents, and (iv) able to afford the entire loss of its investment in the Securities.

6

d. All subsequent offers and sales of the Preferred Stock and the Shares by the Buyer shall be made pursuant to registration of the Shares under the 1933 Act or pursuant to an exemption from registration.

e. The Buyer understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of the Buyer to acquire the Preferred Stock. In particular, the Buyer understands that the Company is relying on the rules governing offers and sales made outside the United States pursuant to Regulation S. Rules 901 through 904 of Regulation S govern this transaction. The Buyer will notify the Company immediately upon the occurrence of any material change in the information regarding the Buyer contained herein occurring prior to the issuance of Converted Shares.

f. The Buyer and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Preferred Stock and the offer of the Shares which have been requested by the Buyer, including those set forth on Annex V hereto. The Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company and have received complete and satisfactory answers to any such inquiries. Without limiting the generality of the foregoing, the Buyer has also had the opportunity to obtain and to review the Company's (1) Annual Report on Form 10-KSB for the fiscal year ended December 31, 1998, (2) Quarterly Reports on Form 10-QSB for the fiscal quarters ended March 31, June 30, 1999, and September 30, 1999, respectively, (3) Current Reports on Form 8-K filed on January 25, 1999 and February 19, 1999, as amended as filed on May 5, 1999, (4) Definitive Proxy Statement filed on January 25, 1999, and (5) Registration Statement on Form S-1/A filed on November 12, 1999 (collectively, the "Company's SEC Documents").

g. The Buyer understands that its investment in the Securities involves a high degree of risk.

h. The Buyer understands that no United States federal or state agency or any other government or governmental agency has passed on or made any

recommendation or endorsement of the Securities.

i. The Buyer hereby covenants that it will comply with all laws and regulations in each foreign jurisdiction in which it purchases, offers, sells or delivers the Securities, or has in its possession or distributes any offering material.

j. This Agreement has been duly and validly authorized, executed and delivered on behalf of the Buyer and is a valid and binding agreement of the Buyer enforceable in accordance with its terms, subject as to enforceability to general principles of equity and to bankruptcy, insolvency, moratorium and other similar laws affecting the enforcement of creditors' rights generally.

7

3. COMPANY REPRESENTATIONS, ETC. The Company represents and warrants to the Buyer as of the date hereof and as of each Closing Date that, except as otherwise provided in the Company Disclosure Materials attached hereto as Annex V hereto:

a. Concerning the Preferred Stock and the Shares. The Preferred Stock has been duly authorized, and when issued and paid for in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and non-assessable and will not subject the holder thereof to personal liability solely by reason of acquiring the Preferred Stock hereunder. There are no preemptive rights of any stockholder of the Company, as such, to acquire the Preferred Stock, the Warrants or the Shares.

b. Reporting Company Status. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and has the requisite corporate power to own its properties and to carry on its business as now being conducted. The Company is duly qualified as a foreign corporation to do business and is in good standing in each jurisdiction where the nature of the business conducted or property owned by it makes such qualification necessary, other than those jurisdictions in which the failure to so qualify would not have a material adverse effect on the business, operations or financial condition or results of operation of the Company and its subsidiaries taken as a whole. The Company is a "Reporting Issuer" as defined by Rule 902 of Regulation S. The Company has registered its stock and is obligated to file reports pursuant to Section 12 of the 1934 Act. The Common Stock is listed and traded on The NASDAQ/SmallCap Market. The Company has received no notice, either oral or written, with respect to the continued eligibility of the Common Stock for such listing, and the Company has maintained all requirements for the continuation of such listing.

c. Authorized Shares. The authorized capital stock of the Company consists of (i) 50,000,000 shares of Common Stock, \$.001 par value per share, of which approximately 7,860,000 shares had been issued as of the date hereof and (ii) 1,500,000 shares of Preferred Stock, par value \$.001 per share, of which shares have been issued as of the date hereof as provided in Annex V annexed hereto. All issued and outstanding shares of Common Stock have been duly authorized and validly issued and are fully paid and nonassessable. The Company has sufficient authorized and unissued shares of Common Stock as may be necessary to effect the issuance of the Shares. The Shares have been duly authorized and, when issued upon conversion of, or as dividends on, the Preferred Stock or upon exercise of the Warrants, each in accordance with its respective terms, will be duly and validly issued, fully paid and non-assessable and will not subject the holder thereof to personal liability by reason of being such holder.

d. Securities Purchase Agreement; Registration Rights Agreement and Stock. This Agreement and the Registration Rights Agreement, the form of which is attached hereto as Annex IV (the "Registration Rights Agreement"), and the transactions contemplated thereby, have been duly and validly authorized by the Company. This Agreement has been duly executed and delivered by the Company and this Agreement is, and each of the other Transaction Agreements,

8

when executed and delivered by the Company, will be, a valid and binding agreement of the Company enforceable in accordance with their respective terms, subject as to enforceability to general principles of equity and to bankruptcy, insolvency, moratorium, and other similar laws affecting the enforcement of creditors' rights generally.

e. Non-contravention. The execution and delivery of this Agreement and the Registration Rights Agreement by the Company, the issuance of the Securities, and the consummation by the Company of the other transactions contemplated by this Agreement, the Registration Rights Agreement, and the Preferred Stock do not and will not conflict with or result in a breach by the Company of any of the terms or provisions of, or constitute a default under (i) the certificate of incorporation or by-laws of the Company, each as currently in effect, (ii) any indenture, mortgage, deed of trust, or other material agreement or instrument to which the Company is a party or by which it or any of its properties or assets are bound, including any listing agreement for the Common Stock except as herein set forth, (iii) to its knowledge, any existing applicable law, rule, or regulation or any applicable decree, judgment, or order of any court, United States federal or state regulatory body, administrative agency, or other governmental body having jurisdiction over the Company or any of its properties or assets, or (iv) the Company's listing agreement for its Common Stock, except such conflict, breach or default which would not have a material adverse effect on the business, operations, condition (financial or otherwise), or results of operations of the Company and its subsidiaries, taken as a whole, or on the transactions contemplated herein.

f. Approvals. No authorization, approval or consent of any court, governmental body, regulatory agency, self-regulatory organization, or stock exchange or market or the stockholders of the Company is required to be obtained by the Company for the issuance and sale of the Securities to the Buyer as contemplated by this Agreement, except such authorizations, approvals and consents that have been obtained.

g. SEC Filings. None of the Company's SEC Documents contained, at the time they were filed, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements made therein in light of the circumstances under which they were made, not misleading. The Company has since January 1, 1999 timely filed all requisite forms, reports and exhibits thereto with the SEC.

h. Absence of Certain Changes. Since December 31, 1998, there has been no material adverse change and no material adverse development in the business, properties, operations, condition (financial or otherwise), or results of operations of the Company, except as disclosed in the Company's SEC Documents. Since December 31, 1998, except as provided in the Company's SEC Documents, the Company has not (i) incurred or become subject to any material liabilities (absolute or contingent) except liabilities incurred in the ordinary course of business consistent with past practices; (ii) discharged or satisfied any material lien or encumbrance or paid any material obligation or liability (absolute or contingent), other than current liabilities paid in the ordinary course of business consistent with past practices; (iii) declared or made any payment or distribution of cash or other property to stockholders with respect to its capital stock, or purchased or redeemed,

or made any agreements to purchase or redeem, any shares of its capital stock; (iv) sold, assigned or transferred any other tangible assets, or canceled any debts or claims, except in the ordinary course of business consistent with past practices; (v) suffered any substantial losses or waived any rights of material value, whether or not in the ordinary course of business, or suffered the loss of any material amount of existing business; (vi) made any changes in employee compensation, except in the ordinary course of business consistent with past practices; or (vii) experienced any material problems with labor or management in connection with the terms and conditions of their employment.

i. Full Disclosure. There is no fact known to the Company (other than general economic conditions known to the public generally or as disclosed in the Company's SEC Documents) that has not been disclosed in writing to the Buyer that (i) would reasonably be expected to have a material adverse effect on the

business, operations, condition (financial or otherwise), or results of operations of the Company and its subsidiaries, taken as a whole, (ii) would reasonably be expected to materially and adversely affect the ability of the Company to perform its obligations pursuant to this Agreement or any of the agreements contemplated hereby (collectively, including this Agreement, the "Transaction Agreements"), or (iii) would reasonably be expected to materially and adversely affect the value of the rights granted to the Buyer in the Transaction Agreements.

j. Absence of Litigation. Except as set forth in the Company's SEC Documents, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or, to the knowledge of the Company, threatened against or affecting the Company, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the properties, business, operations, condition (financial or otherwise), or results of operation of the Company and its subsidiaries taken as a whole or the transactions contemplated by any of the Transaction Agreements or which would adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, any of the Transaction Agreements.

k. Absence of Events of Default. Except as set forth in Section 3(e) hereof, no Event of Default (or its equivalent term), as defined in the respective agreement to which the Company is a party, and no event which, with the giving of notice or the passage of time or both, would become an Event of Default (or its equivalent term) (as so defined in such agreement), has occurred and is continuing, which would have a material adverse effect on the business, operations, condition (financial or otherwise), or results of operations of the Company and its subsidiaries, taken as a whole.

l. Prior Issues. Except as disclosed in the Company's SEC Documents, during the twelve (12) months preceding the date hereof, the Company has not issued any convertible securities. The presently outstanding unconverted principal amount of each such issuance as at the date hereof are set forth in Annex V.

10

m. No Undisclosed Liabilities or Events. The Company has no liabilities or obligations other than those disclosed in the Company's SEC Documents or those incurred in the ordinary course of the Company's business since December 31, 1998, and which individually or in the aggregate, do not or would not have a material adverse effect on the properties, business, operations, condition (financial or otherwise), or results of operations of the Company and its subsidiaries, taken as a whole. No event or circumstances has occurred or exists with respect to the Company or its properties, business, operations, condition (financial or otherwise), or results of operations, which, under applicable law, rule or regulation, requires public disclosure or announcement prior to the date hereof by the Company but which has not been so publicly announced or disclosed. There are no proposals currently under consideration or currently anticipated to be under consideration by the Board of Directors or the executive officers of the Company (other than the transactions contemplated by the Transaction Agreements) which proposal would (x) change the certificate of incorporation or other charter document or by-laws of the Company, each as currently in effect, with or without shareholder approval, which change would reduce or otherwise adversely affect the rights and powers of the shareholders of the Common Stock or (y) materially or substantially change the business, assets or capital of the Company, including its interests in subsidiaries.

n. Dilution. The number of Shares issuable upon conversion of the Preferred Stock and the exercise of the Warrants may increase substantially in certain circumstances, including, but not necessarily limited to, the circumstance wherein the trading price of the Common Stock declines prior to the conversion of the Preferred Stock. The Company's executive officers and directors have studied and fully understand the nature of the Securities being sold hereby and recognize that they have a potential dilutive effect. The board of directors of the Company has concluded, in its good faith business judgment, that such issuance is in the best interests of the Company and its shareholders. The Company specifically acknowledges that its obligation to issue the Shares upon conversion of the Preferred Stock and upon exercise of the Warrants is

binding upon the Company and enforceable regardless of the dilution such issuance may have on the ownership interests of other shareholders of the Company, and the Company will honor every Notice of Conversion (as defined in the Certificate of Designations) relating to the conversion of the Preferred Stock and every Notice of Exercise Form (as contemplated by the Warrants) relating to the exercise of the Warrants unless the Company is subject to an injunction (which injunction was not sought by the Company) prohibiting the Company from doing so.

o. Offshore Transaction. The Company has not offered or sold the Preferred Stock to any person in the United States, or, to the best knowledge of the Company any identifiable groups of U.S. citizens abroad, or any U.S. Person as that term is defined in Regulation S. At the time the buy order for the Preferred Stock was originated, the Company and/or its agents reasonably believed the Buyer was outside the United States and was not a U.S. Person.

p. No Directed Selling Efforts. In regard to this transaction, the Company has not conducted any "direct selling efforts" as that term is defined in Rule 902 of Regulation S nor has the Company conducted any general solicitation relating to the offer and sale of the within securities to persons resident within the United States or elsewhere.

11

q. Brokers, Finders. The Company has taken no action which would give rise to any claim by any person for brokerage commission, finder's fees or similar payments by Buyer relating to this Agreement or the transactions contemplated hereby. Buyer shall have no obligation with respect to such fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section 3(q) that may be due in connection with the transactions contemplated hereby. The Company shall indemnify and hold harmless each of Buyer, its employees, officers, directors, agents, and partners, and their respective affiliates, from and against all claims, losses, damages, costs (including the costs of preparation and attorney's fees) and expenses suffered in respect of any such claimed or existing fees, as and when incurred.

4. CERTAIN COVENANTS AND ACKNOWLEDGMENTS.

a. Transfer Restrictions. The Buyer acknowledges that (1) the Preferred Stock have not been and are not being registered under the provisions of the 1933 Act and, except as provided in the Registration Rights Agreement, the Shares have not been and are not being registered under the 1933 Act, and may not be transferred unless (A) subsequently registered thereunder or (B) the Buyer shall have delivered to the Company an opinion of counsel, reasonably satisfactory in form, scope and substance to the Company, to the effect that the Securities to be sold or transferred may be sold or transferred pursuant to an exemption from such registration; (2) any sale of the Securities made in reliance on Rule 144 promulgated under the 1933 Act may be made only in accordance with the terms of said Rule and further, if said Rule is not applicable, any resale of such Securities under circumstances in which the seller, or the person through whom the sale is made, may be deemed to be an underwriter, as that term is used in the 1933 Act, may require compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC thereunder; and (3) neither the Company nor any other person is under any obligation to register the Securities (other than to the extent contemplated by the Registration Rights Agreement) under the 1933 Act or to comply with the terms and conditions of any exemption thereunder.

b. Restrictive Legend. The Buyer acknowledges and agrees that the Preferred Stock and the Warrants, and, until such time as the Common Stock has been registered under the 1933 Act as contemplated by the Registration Rights Agreement and sold in accordance with an effective Registration Statement or an applicable exemption from registration, certificates and other instruments representing any of the Securities shall bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of any such Securities):

THESE SECURITIES (THE "SECURITIES") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT

FOR THE SECURITIES OR AN OPINION OF COUNSEL OR OTHER EVIDENCE ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

12

The legend set forth above shall be promptly removed, and the Company shall issue a certificate without such legend to the holder of any such Securities upon which such legend is stamped, if, unless otherwise required by federal or state securities laws, (i) such Securities are registered for resale under the Securities Act and are sold in accordance with an effective Registration Statement, or (ii) such holder provides the Company with reasonable assurances that such Securities can be sold pursuant to Rule 144(k) promulgated under the Securities Act. The Company shall bear the cost of the removal of any legend as anticipated by this Section 4.

c. Registration Rights Agreement. The parties hereto agree to enter into the Registration Rights Agreement on or before the Closing Date.

d. Filings. (i) The Company undertakes and agrees to make all necessary filings in connection with the sale of the Securities to the Buyer under any United States laws and regulations applicable to the Company, or by any domestic securities exchange or trading market, and to provide a copy thereof to the Buyer promptly after such filing.

(ii) Subject to the conditions of the immediately following sentence, the Company undertakes and agrees to take all steps necessary to have a meeting and vote of the stockholders of the Company no later than the Meeting Date (as defined below) regarding authorization of the Company's issuance to the holders of the Preferred Stock and Warrants of shares of Common Stock in excess of twenty percent (20%) of the outstanding shares of Common Stock on the date of this Agreement in accordance with NASDAQ Rule 4310(c)(25)(H)(i) or Rule 4460(i)(1), as may be applicable. The term "Meeting Date" means the date which is the earlier of (x) seventy-five (75) days after the date on which the Company has issued, after the date of this Agreement, shares of Common Stock which, in the aggregate equal or exceed ten percent (10%) of the outstanding shares of Common Stock on the date hereof or (y) the date on which the Company holds its next regular or special stockholders meeting. The Company will recommend to the stockholders that such authorization be granted and will seek proxies from stockholders not attending the meeting naming a director or officer of the Company as such stockholder's proxy and directing the proxy to vote, or giving the proxy the authority to vote, in favor of such authorization.

e. Reporting Status. So long as the Buyer beneficially owns any of the Securities, the Company shall file all reports required to be filed with the SEC pursuant to Section 13 or 15(d) of the 1934 Act, and the Company shall not terminate its status as an issuer required to file reports under the 1934 Act even if the 1934 Act or the rules and regulations thereunder would permit such termination. The Company will take all reasonable action under its control to obtain and to continue the listing and trading of its Common Stock (including, without limitation, all Registrable Securities) on The NASDAQ/SmallCap Market and will comply in all material respects with the Company's reporting, filing and other obligations under the by-laws or rules of the National Association of Securities Dealers, Inc. ("NASD") or The NASDAQ/SmallCap Market.

f. Use of Proceeds. The Company will use the proceeds from the sale of the Preferred Stock (excluding amounts paid by the Company for legal fees, finder's fees and escrow fees in connection with the sale of the Preferred Stock) for internal working capital purposes, and, unless

13

specifically consented to in advance in each instance by the Buyer, the Company shall not, directly or indirectly, use such proceeds for any loan to or investment in any other corporation, partnership enterprise or other person or for the repayment of any outstanding loan by the Company to any other party.

g. Available Shares. The Company shall have at all times authorized and reserved for issuance, free from preemptive rights, shares of Common Stock sufficient to yield the aggregate of (i) one hundred fifty percent (150%) of the number of shares of Common Stock issuable at conversion as may be required to satisfy the conversion rights of the Buyer pursuant to the terms and conditions of the Certificate of Designations or to represent payment of dividends on the Preferred Stock and (ii) the number of shares issuable upon exercise as may be required to satisfy the exercise rights of the Buyer pursuant to the terms and conditions of the Warrants.

h. Warrants. The Company agrees to issue to the Buyer on the Closing Date transferable warrants (the "Warrants") for the purchase of a number of shares of Common Stock equal to (x) twenty percent (20%) of the Purchase Price, as indicated on the Buyer's signature page to this Agreement, divided by (y) 110% of the closing bid price of the Common Stock (as reported by Bloomberg, LP) on the trading day immediately before the Closing Date. The Warrants shall bear an exercise price per share equal to 110% of the closing bid price of the Common Stock (as reported by Bloomberg, LP) on the trading day immediately before the Closing Date (subject to adjustment as provided in the Warrant). The Warrants will expire on the last day of the calendar month in which the fifth anniversary of the Closing Date occurs. The Warrants shall be in the form annexed hereto as Annex VI, together with (x) registration rights as provided in the Registration Rights Agreement and (y) piggy-back registration rights after the effectiveness of the Registration Statement expires, as contemplated by the Registration Rights Agreement.

i. Limitation on Issuance of Shares. If applicable to the Company, the Company may be limited in the number of shares of Common Stock it may issue by virtue of (i) the number of authorized shares or (ii) the applicable rules and regulations of the principal securities market on which the Common Stock is listed or traded, including, but not necessarily limited to, NASDAQ Rule 4310(c)(25)(H)(i) or Rule 4460(i)(1), as may be applicable (collectively, the "Cap Regulations"). Without limiting the other provisions thereof, the Preferred Stock shall provide that (i) the Company will take all steps reasonably necessary to be in a position to issue shares of Common Stock on conversion of the Preferred Stock without violating the Cap Regulations and (ii) if, despite taking such steps, the Company still can not issue such shares of Common Stock without violating the Cap Regulations, the holder of a share of Preferred Stock which can not be converted as result of the Cap Regulations after all such shares of Preferred Stock which can be converted under the Cap Regulations have been converted (each such share, an "Unconverted Share") shall have the option, exercisable in such holder's sole and absolute discretion, to elect either of the following remedies:

(x) if permitted by the Cap Regulations, require the Company to issue shares of Common Stock in accordance with such holder's notice of conversion at a conversion purchase price equal to the average of the closing price per share of Common Stock for any five (5) consecutive trading days (subject to certain equitable

adjustments for certain events occurring during such period) during the sixty (60) trading days immediately preceding the date of notice of conversion; or

(y) require the Company to redeem such Unconverted Share for an amount (the "Cap Limitation Redemption Amount"), payable in cash, equal to:

$$\frac{V}{CP} \times M$$

where:

"V" means the liquidation preference of the Unconverted Share plus any accrued but unpaid dividends thereon;

"CP" means the conversion price in effect on the date of redemption

(the "Redemption Date") specified in the notice from the holder of the Unconverted Share electing this remedy; and

"M" means the highest closing price per share of the Common Stock during the period beginning on the Redemption Date and ending on the date of payment of the Cap Limitation Redemption Amount.

A holder of more than one Unconverted Share may elect one of the above remedies with respect to some of such Unconverted Shares and the other remedy with respect to other Unconverted Shares. The Cap Limitation Redemption Amount payable under the provisions of this Section 4(i) shall be payable within thirty (30) days of the Redemption Date. The Certificate of Designations shall contain provisions substantially consistent with the above terms, with such additional provisions as may be consented to by the Buyer. The provisions of this paragraph are not intended to limit the scope of the provisions otherwise included in the Certificate of Designations.

j. Right of First Refusal, Special Dilution Protection. (i) The Company covenants and agrees that, if during the period from the date hereof through and including the date which is two hundred forty (240) days after the Effective Date, the Company offers to enter into any transaction other than an underwritten public offering (a "New Transaction") for the sale of New Common Stock, the Company shall notify the Buyer in writing of all of the terms of such offer (a "New Transaction Offer"). The Buyer shall have the right (the "Right of First Refusal"), exercisable by written notice given to the Company by the close of business on the third business day after the Buyer's receipt of the New Transaction Offer (the "Right of First Refusal Expiration Date"), to participate in all or any part of the New Transaction Offer on the terms so specified.

(ii) If, and only if, the Buyer does not exercise the Right of First Refusal in full, the Company may consummate the remaining portion of the New Transaction with any New Investor

15

on the terms specified in the New Transaction Offer within twenty (20) days of the Right of First Refusal Expiration Date.

(iii) If the terms of the New Transaction to be consummated with such other party differ from the terms specified in the New Transaction Offer so that the terms are more beneficial in any respect to the New Investor, the Company shall give the Buyer a New Transaction Offer relating to the terms of the New Transaction, as so changed, and the Buyer's Right of First Refusal and the preceding terms of this Section 4(j) shall apply with respect to such changed terms.

(iv) If there is more than one Buyer signatory to this Agreement, the preceding provisions of this Section 4(j) shall apply pro rata among them (based on their relative Buyer's Allocable Shares), except that, to the extent any such Buyer does not exercise its Right of First Refusal in full (a "Declining Buyer"), the remaining Buyer or Buyers who or which have exercised their own Right of First Refusal in full, shall have the right (pro rata among them based on their relative Buyer's Allocable Shares, if more than one) to exercise all or a portion of such Declining Buyer's unexercised Right of Refusal.

(v) In the event the New Transaction is consummated for the sale of New Common Stock or the issuance of warrants or other rights to purchase New Common Stock with such third party at any time prior to the expiration of two hundred forty (240) days after the Effective Date on terms providing for (x) either a sale price equal to or computed based on, or a determination of a conversion price based on, a lower percentage of the then current market price (howsoever defined or computed) than provided in the Certificate of Designations for determining the Conversion Rate or a lower Fixed Price (as defined in the Certificate of Designations, but howsoever defined or computed in the New Transaction documents) and/or (y) the issuance of warrants at an exercise price lower than that provided in the Warrants and/or for a greater number of shares per dollar paid or invested by such third party to or in the Company, the terms of the Certificate of Designations (or other documentation affecting the terms of the Preferred Stock) and the Warrants (whether previously issued and/or converted or not) shall be modified to (i) reduce the relevant Conversion Rate,

Fixed Price or Warrant exercise price and/or (ii) increase the number of shares covered by the Warrants, in each instance to be equal to that provided in the New Transaction as so consummated (provided, however, that such increased Warrants shall have the same exercise price formula as the New Transaction warrants).

k. Reimbursement. If (i) any Buyer, other than by reason of its gross negligence or willful misconduct, becomes involved in any capacity in any action, proceeding or investigation brought by any stockholder of the Company, in connection with or as a result of the consummation of the transactions contemplated by the Transaction Agreements, or if such Buyer is impleaded in any such action, proceeding or investigation by any Person, or (ii) any Buyer, other than by reason of its gross negligence or willful misconduct or by reason of its trading of the Common Stock in a manner that is illegal under the federal securities laws, becomes involved in any capacity in any action, proceeding or investigation brought by the SEC against or involving the Company or in connection with or as a result of the consummation of the transactions contemplated by the

16

Transaction Agreements, or if such Buyer is impleaded in any such action, proceeding or investigation by any Person, then in any such case, the Company will reimburse such Buyer for its reasonable legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith, as such expenses are incurred. The reimbursement obligations of the Company under this paragraph shall be in addition to any liability which the Company may otherwise have, shall extend upon the same terms and conditions to any Affiliates of the Buyers who are actually named in such action, proceeding or investigation, and partners, directors, agents, employees and controlling persons (if any), as the case may be, of the Buyers and any such Affiliate, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company, the Buyers and any such Affiliate and any such Person. The Company also agrees that neither any Buyer nor any such Affiliate, partners, directors, agents, employees or controlling persons shall have any liability to the Company or any person asserting claims on behalf of or in right of the Company in connection with or as a result of the consummation of the Transaction Agreements except to the extent that any losses, claims, damages, liabilities or expenses incurred by the Company result from the gross negligence or willful misconduct of such Buyer.

5. TRANSFER AGENT INSTRUCTIONS.

a. The Company warrants that, with respect to the Securities, other than the stop transfer instructions to give effect to Section 4(a) hereof, it will give its transfer agent no instructions inconsistent with instructions to issue Common Stock from time to time upon conversion of the Preferred Stock in such amounts as specified from time to time by the Company to the transfer agent, bearing the restrictive legend specified in Section 4(b) of this Agreement prior to registration of the Shares under the 1933 Act, registered in the name of the Buyer or its nominee and in such denominations to be specified by the Buyer in connection with each conversion of the Preferred Stock. Except as so provided, the Shares shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement, the Registration Rights Agreement, and applicable law. Nothing in this Section shall affect in any way the Buyer's obligations and agreement to comply with all applicable securities laws upon resale of the Securities. If the Buyer provides the Company with an opinion of counsel reasonably satisfactory to the Company that registration of a resale by the Buyer of any of the Securities in accordance with clause (1)(B) of Section 4(a) of this Agreement is not required under the 1933 Act, the Company shall (except as provided in clause (2) of Section 4(a) of this Agreement) permit the transfer of the Securities and, in the case of the Converted Shares or the Warrant Shares, as the case may be, promptly instruct the Company's transfer agent to issue one or more certificates for Common Stock without legend in such name and in such denominations as specified by the Buyer.

b. Subject to the provisions of this Agreement, the Company will permit the Buyer to exercise its right to convert the Preferred Stock in the manner contemplated by the Certificate of Designations.

c. The Company understands that a delay in the issuance of the Shares of Common Stock beyond the Delivery Date (as defined in the Certificate of Designations) could result

17

in economic loss to the Buyer. As compensation to the Buyer for such loss, the Company agrees to pay late payments to the Buyer for late issuance of Shares upon Conversion in accordance with the following schedule (where "No. Business Days Late" is defined as the number of business days beyond three (3) business days from the Delivery Date):

No. Business Days Late	Late Payment For Each \$10,000 of Liquidation Preference or Dividend Amount Being Converted
-----	-----
1	\$100
2	\$200
3	\$300
4	\$400
5	\$500
6	\$600
7	\$700
8	\$800
9	\$900
10	\$1,000
>10	\$1,000 + \$200 for each Business Day Late beyond 10 days

The Company shall pay any payments incurred under this Section in immediately available funds upon demand. For purposes of this Section 5(c), in connection with a Mandatory Conversion (as defined in the Certificate of Designations), the term "Delivery Date" shall refer to the earlier of (i) the Delivery Date determined in relation to a Notice of Conversion actually submitted by the Buyer to the Company or (ii) the fourth or sixth business date, as the case may be, after written notice from the Buyer that the delivery of shares to the Buyer in connection with the Mandatory Conversion has not been accomplished. The Company shall pay any payments incurred under this Section in immediately available funds upon demand. Nothing herein shall limit the Buyer's right to pursue actual damages for the Company's failure to issue and deliver the Common Stock to the Buyer. Furthermore, in addition to any other remedies which may be available to the Buyer, in the event that the Company fails for any reason to effect delivery of such shares of Common Stock within three (3) business days after the Delivery Date, the Buyer will be entitled to revoke the relevant Notice of Conversion by delivering a notice to such effect to the Company whereupon the Company and the Buyer shall each be restored to their respective positions immediately prior to delivery of such Notice of Conversion.

d. If, by the relevant Delivery Date, the Company fails for any reason to deliver the Shares to be issued upon conversion of Preferred Stock and after such Delivery Date, the holder of the Preferred Stock being converted (a "Converting Holder") purchases, in an arm's-length open market transaction or otherwise, shares of Common Stock (the "Covering Shares") in order to make delivery in satisfaction of a sale of Common Stock by the Converting Holder (the "Sold Shares"), which delivery such Converting Holder anticipated to make using the Shares to be issued upon such conversion (a "Buy-In"), the Converting Holder shall have the right, to require the Company to pay to the Converting Holder, in addition to the amounts contemplated in other provisions of the

18

Transaction Agreements, and not in lieu of any such other amounts, the Buy-In Adjustment Amount (as defined below). The "Buy-In Adjustment Amount" is the amount equal to the excess, if any, of (x) the Converting Holder's total purchase price (including brokerage commissions, if any) for the Covering Shares over (y) the net proceeds (after brokerage commissions, if any) received by the Converting Holder from the sale of the Sold Shares. The Company shall pay the

Buy-In Adjustment Amount to the Company in immediately available funds immediately upon demand by the Converting Holder. By way of illustration and not in limitation of the foregoing, if the Converting Holder purchases shares of Common Stock having a total purchase price (including brokerage commissions) of \$11,000 to cover a Buy-In with respect to shares of Common Stock it sold for net proceeds of \$10,000, the Buy-In Adjustment Amount which Company will be required to pay to the Converting Holder will be \$1,000.

e. In lieu of delivering physical certificates representing the Common Stock issuable upon conversion, provided the Company's transfer agent is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer program, upon request of the Buyer and its compliance with the provisions contained in this paragraph, so long as the certificates therefor do not bear a legend and the Buyer thereof is not obligated to return such certificate for the placement of a legend thereon, the Company shall use its best efforts to cause its transfer agent to electronically transmit the Common Stock issuable upon conversion to the Buyer by crediting the account of Buyer's Prime Broker with DTC through its Deposit Withdrawal Agent Commission system.

f. If, at any time the Company challenges, disputes or denies the right of a holder of Preferred Stock to effect a conversion of the Preferred Stock into Common Stock or otherwise dishonors or rejects any Conversion Notice delivered in accordance with the terms of this Agreement or the Certificate of Designations or any exercise of any Warrant in accordance with its terms ("Warrant Exercise"), then such holder shall have the right, by written notice to the Company, to require the Company to promptly redeem the Preferred Stock for cash at a redemption price (the "Mandatory Purchase Amount") equal to (x) one hundred forty-five percent (145%) of the liquidation preference of the unconverted Preferred Stock held by such holder plus (y) all accrued but unpaid dividends on the Preferred Stock through the date of payment of the Mandatory Purchase Amount. Under any of the circumstances set forth above, the Company shall be responsible for the payment of all costs and expenses of such holder, including, but not necessarily limited to, reasonable legal fees and expenses, as and when incurred in connection with such holder's disputing any such action or pursuing such holder's rights hereunder (in addition to any other rights such holder may have hereunder or otherwise). The Mandatory Purchase Amount will be payable to such holder in cash within five (5) business days from the date such holder gives the Company written notice that it is exercising its rights under this paragraph.

g. The holder of any Preferred Stock shall be entitled to exercise its conversion privilege with respect to the Preferred Stock notwithstanding the commencement of any case under 11 U.S.C. ss.101 et seq. (the "Bankruptcy Code"). In the event the Company is a debtor under the Bankruptcy Code, the Company hereby waives, to the fullest extent permitted, any rights to relief it may have under 11 U.S.C. ss.362 in respect of such holder's conversion privilege. The Company hereby waives, to the fullest extent permitted, any rights to relief it may have under 11 U.S.C. ss.362

19

in respect of the conversion of the Preferred Stock. The Company agrees, without cost or expense to such holder, to take or to consent to any and all action necessary to effectuate relief under 11 U.S.C. ss.362.

h. The Company will authorize its transfer agent to give information relating to the Company directly to the Buyer or the Buyer's representatives upon the request of the Buyer or any such representative, to the extent such information relates to (i) the status of shares of Common Stock issued or claimed to be issued to the Buyer in connection with a Notice of Conversion, or (ii) the number of outstanding shares of Common Stock of all stockholders as of a current or other specified date. The Company will provide the Buyer with a copy of the authorization so given to the transfer agent.

6. CLOSING DATES.

a. The Closing Date shall occur on the date which is the first NYSE trading day after each of the conditions contemplated by Sections 7 and 8 hereof shall have either been satisfied or been waived by the party in whose favor such conditions run.

b. The closing of the purchase and issuance of Preferred Stock shall occur on the Closing Date at the offices of the Escrow Agent and shall take place no later than 3:00 P.M., New York time, on such day or such other time as is mutually agreed upon by the Company and the Buyer.

c. Notwithstanding anything to the contrary contained herein, the Escrow Agent will be authorized to release the Escrow Funds to the Company and to others and to release the other Escrow Property on the Closing Date upon satisfaction of the conditions set forth in Sections 7 and 8 hereof and as provided in the Joint Escrow Instructions.

7. CONDITIONS TO THE COMPANY'S OBLIGATION TO SELL.

The Buyer understands that the Company's obligation to sell the Preferred Stock to the Buyer pursuant to this Agreement on the Closing Date is conditioned upon:

a. The Buyer's execution and delivery of this Agreement and the other Transaction Agreements contemplated to be signed by the Buyer;

b. Delivery by the Buyer to the Escrow Agent of good funds as payment in full of an amount equal to the Purchase Price for the Preferred Stock in accordance with this Agreement;

c. The accuracy on the Closing Date of the representations and warranties of the Buyer contained in this Agreement, each as if made on such date, and the performance by the Buyer on or before such date of all covenants and agreements of the Buyer required to be performed on or before such date;

20

d. There shall not be in effect any law, rule or regulation prohibiting or restricting the transactions contemplated hereby or requiring any consent or approval which shall not have been obtained; and

e. From and after the date hereof to and including the Closing Date, the trading of the Common Stock shall not have been suspended by the SEC or the NASD and trading in securities generally on The NASDAQ/SmallCap Market shall not have been suspended or limited, nor shall minimum prices been established for securities traded on The NASDAQ/SmallCap Market, nor shall there be any outbreak or escalation of hostilities involving the United States or any material adverse change in any financial market that in either case in the reasonable judgment of the Company makes it impracticable or inadvisable to sell the Preferred Stock.

8. CONDITIONS TO THE BUYER'S OBLIGATION TO PURCHASE.

The Company understands that the Buyer's obligation to purchase the Preferred Stock on the Closing Date is conditioned upon:

a. The adoption of the Certificate of Designations by all necessary corporate action of the Company and the filing of all filings necessary to effectuate the Certificate of Designations as a part of the charter documents of the Company;

b. The execution and delivery of this Agreement and the Registration Rights Agreement by the Company;

c. Delivery by the Company to the Escrow Agent of the Certificates in accordance with this Agreement;

d. The accuracy in all material respects on the Closing Date of the representations and warranties of the Company contained in this Agreement, each as if made on such date, and the performance by the Company on or before such date of all covenants and agreements of the Company required to be performed on or before such date;

e. On the Closing Date, the Registration Rights Agreement shall be in full force and effect and the Company shall not be in default thereunder;

f. On the Closing Date, the Buyer shall have received an opinion of counsel for the Company, dated such Closing Date, in form, scope and substance reasonably satisfactory to the Buyer, substantially to the effect set forth in Annex III attached hereto;

g. There shall not be in effect any law, rule or regulation prohibiting or restricting the transactions contemplated hereby or requiring any consent or approval which shall not have been obtained;

h. From and after the date hereof to and including the Closing Date, the trading of the Common Stock shall not have been suspended by the SEC or the NASD and trading in securities generally on The NASDAQ/SmallCap Market shall not have been suspended or limited,

21

nor shall minimum prices been established for securities traded on The NASDAQ/SmallCap Market, nor shall there be any outbreak or escalation of hostilities involving the United States or any material adverse change in any financial market that in either case in the reasonable judgment of the Buyer makes it impracticable or inadvisable to purchase the Preferred Stock.

9. GOVERNING LAW: MISCELLANEOUS.

a. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions. To the extent determined by such court, the Company shall reimburse the Buyer for any reasonable legal fees and disbursements incurred by the Buyer in enforcement of or protection of any of its rights under any of the Transaction Agreements.

b. Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

c. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

d. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.

e. A facsimile transmission of this signed Agreement shall be legal and binding on all parties hereto.

f. This Agreement may be signed in one or more counterparts, each of which shall be deemed an original.

g. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

h. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction.

i. This Agreement may be amended only by an instrument in writing signed by the party to be charged with enforcement thereof.

22

j. This Agreement supersedes all prior agreements and understandings among

the parties hereto with respect to the subject matter hereof.

10. NOTICES. Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given on the earliest of

- (a) the date delivered, if delivered by personal delivery as against written receipt therefor or by confirmed facsimile transmission,
- (b) the seventh business day after deposit, postage prepaid, in the United States Postal Service by registered or certified mail, or
- (c) the third business day after mailing by domestic or international express courier, with delivery costs and fees prepaid,

in each case, addressed to each of the other parties thereunto entitled at the following addresses (or at such other addresses as such party may designate by ten (10) days' advance written notice similarly given to each of the other parties hereto):

COMPANY: Natural Health Trends Corp.
380 Lashley Street
Longmont, CO 80501
Attn: Mark Woodburn
Telephone No.: (303) 682-4637
Telecopier No.: (303) 682-4236

with a copy to:

Silverman, Collura & Chernis, P.C.
381 Park Avenue South, Suite 1601
New York, NY 10016
Attn: Martin C. Licht, Esq.
Telephone No.: (212) 779-8600
Telecopier No.: (212) 779-8858

BUYER: At the address set forth on the signature page of this Agreement.

with a copy to:

Krieger & Prager LLP, Esqs.
39 Broadway
Suite 1440
New York, NY 10006
Attn: Samuel Krieger, Esq.
Telephone No.: (212) 363-2900
Telecopier No. (212) 363-2999

23

ESCROW AGENT: Krieger & Prager LLP, Esqs.
39 Broadway
Suite 1440
New York, NY 10006
Attn: Samuel Krieger, Esq.
New York, New York 10016
Telephone No.: (212) 363-2900
Telecopier No. (212) 363-2999

11. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The Company's and the Buyer's representations and warranties herein shall survive the execution and delivery of this Agreement and the delivery of the Certificates and the Warrants and the payment of the Purchase Price, and shall inure to the benefit of the Buyer and the Company and their respective successors and assigns.

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24

EXHIBIT 4.2

ANNEX IV
TO
SECURITIES PURCHASE
AGREEMENT

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT, dated as of March , 2000 (this "Agreement"), is made by and between NATURAL HEALTH TRENDS CORP., a Florida corporation, with headquarters located at 380 Lashley Street, Longmont, CO 80501 (the "Company"), and each entity named on a signature page hereto (each, an "Initial Investor") (each agreement with an Initial Investor being deemed a separate and independent agreement between the Company and such Initial Investor, except that each Initial Investor acknowledges and consents to the rights granted to each other Initial Investor under such agreement).

WITNESSETH:

WHEREAS, upon the terms and subject to the conditions of the Securities Purchase Agreement, dated as of March , 2000, between the Initial Investor and the Company (the "Securities Purchase Agreement"; terms not otherwise defined herein shall have the meanings ascribed to them in the Securities Purchase Agreement), the Company has agreed to issue and sell to the Initial Investor shares of Series J Convertible Preferred Stock of the Company having an aggregate liquidation preference of \$1,000,000 (the "Preferred Stock"); and

WHEREAS, the Company has agreed to issue the Warrants to the Initial Investor in connection with the issuance of the Preferred Stock; and

WHEREAS, the Preferred Stock is convertible into shares of Common Stock (the "Conversion Shares"; which term, for purposes of this Agreement, shall include shares of Common Stock of the Company issuable in lieu of accrued dividends on conversion as contemplated by the Preferred Stock) upon the terms and subject to the conditions contained in the Certificate of Designations and the Warrants may be exercised for the purchase of shares of Common Stock (the "Warrant Shares") upon the terms and conditions of the Warrants; and

WHEREAS, to induce the Initial Investor to execute and deliver the Securities Purchase Agreement, the Company has agreed to provide certain piggy-back registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "Securities Act"), with respect to the Conversion Shares and the Warrant Shares;

1

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Initial Investor hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) "Investor" means the Initial Investor and any permitted transferee or assignee who agrees to become bound by the provisions of this Agreement in accordance with Section 9 hereof and who holds Preferred Stock, Warrants or Registrable Securities.

(b) "Potential Material Event" means any of the following: (i) the possession by the Company of material information not ripe for disclosure in a registration statement, which shall be evidenced by determinations in good faith by the Board of Directors of the Company that disclosure of such information in the registration statement would be detrimental to the business and affairs of the Company; or (ii) any material engagement or activity by the Company which

would, in the good faith determination of the Board of Directors of the Company, be adversely affected by disclosure in a registration statement at such time, which determination shall be accompanied by a good faith determination by the Board of Directors of the Company that the registration statement would be materially misleading absent the inclusion of such information.

(c) "Register," "Registered," and "Registration" refer to a registration effected by preparing and filing a Registration Statement or Statements in compliance with the Securities Act and pursuant to Rule 415 under the Securities Act or any successor rule providing for offering securities on a continuous basis ("Rule 415"), and the declaration or ordering of effectiveness of such Registration Statement by the United States Securities and Exchange Commission (the "SEC").

(d) "Registrable Securities" means the Conversion Shares and the Warrant Shares.

(e) "Registration Statement" means a registration statement of the Company under the Securities Act.

(f) "Required Effective Date" means the relevant Anticipated Initial Effective Date or Anticipated Subsequent Effective Date (as those terms are defined below).

2. Registration.

(a) Piggy Back Registration.

(i) If at any time after the date hereof, except in connection with the registration statement currently filed for the secondary offering with May Davis Group, Inc. (SEC File No. 33389419), the Company shall prepare and file with the SEC, either a Registration Statement on Form S-1 or an amendment to an existing Registration Statement for the sale of shares of Common

2

Stock of the Company, the Company shall, as part of such Registration Statement, register for resale by the Investor a sufficient number of shares of Common Stock for the Initial Investors to sell the Registrable Securities (or such lesser number as may be required by the SEC, but in no event less than the number of shares equal to the sum of (A) two hundred percent (200%) of the number of shares into which the Preferred Stock and all dividends thereon through the fifth anniversary of the Closing Date would be convertible at the time of filing of such Registration Statement (assuming for such purposes that all shares of Preferred Stock, had been eligible to be converted, and had been converted, into Conversion Shares in accordance with their terms, whether or not such accrual of dividends, eligibility or conversion had in fact occurred as of such date) and (B) the number of shares which would be issued upon exercise of all of the Warrants at the time of filing of the Registration Statement (assuming for such purposes that all Warrants, including all Warrants had been eligible to be exercised and had been exercised in accordance with their terms, whether or not such eligibility or exercise had in fact occurred as of such date). The Registration Statement shall state that, in accordance with Rule 416 and 457 under the Securities Act, it also covers such indeterminate number of additional shares of Common Stock as may become issuable upon conversion of the Preferred Stock and the exercise of the Warrants to prevent dilution resulting from stock splits, or stock dividends.

(ii) If at any time (an "Increased Registered Shares Date"), the number of shares of Common Stock represented by the Registrable Shares, issued or to be issued as contemplated by the Transaction Agreements, exceeds the aggregate number of shares of Common Stock then registered, then,

(A) if permitted by SEC regulations or practice, the Company shall, within ten (10) business days after the Increased Registered Shares Date, amend the Registration Statement filed by the Company pursuant to the preceding provisions of this Section 2, if such Registration Statement has not been declared effective by the SEC at that time, to register, in the aggregate, at least the number of shares (the "Increased Shares Amount") equal to (x) (I) the number of shares theretofore issued on conversion of the Preferred Stock (including any dividends paid on conversion by the issuance of

Conversion Shares) plus (II) two hundred percent (200%) of the number of shares into which the unconverted Preferred Stock and all dividends thereon through the second anniversary of the Closing Date would be convertible at the Increased Registered Shares Date (assuming for such purposes that all such shares of Preferred Stock had been eligible to be converted, and had been converted, into Conversion Shares in accordance with their terms, whether or not such accrual of dividends, eligibility or conversion had in fact occurred as of such date) and (y) the number of shares which would be issued upon exercise of all of the Warrants (assuming for such purposes that all Warrants had been eligible to be exercised and had been exercised in accordance with their terms, whether or not such eligibility or exercise had in fact occurred as of such date); and

(B) If such Registration Statement has been declared effective by the SEC at that time and such Registration Statement can not be so amended, the Company will

3

include such shares in any subsequent or additional Registration Statement on Form S-1 or other appropriate registration statement form (an "Additional Registration Statement") filed with the SEC so as to register the number of shares equal to the excess of the Increased Shares Amount over the aggregate number of shares of Common Stock already registered.

(b) Payments by the Company.

(i) Anything herein to the contrary notwithstanding, the Company agrees that if (A) a Registration Statement covering the number of the shares contemplated by the provisions of Section 2(a)(i) is not declared effective within ninety (90) days after the Initial Closing Date, (the "Anticipated Initial Effective Date"), (B) a Registration Statement covering the number of shares contemplated by the provisions of Section 2(a)(ii)(A) is not declared effective by the earlier of the Anticipated Initial Effective Date or sixty (60) days after the Increased Registered Shares Date (an "Anticipated Subsequent Effective Date"), or (C) a Registration Statement covering the number of shares contemplated by the provisions of Section 2(a)(ii)(B) is not declared effective by sixty (60) days after the Increased Registered Shares Date (an "Anticipated Subsequent Effective Date"), the Company will make payment to the Initial Investor in such amounts and at such times as shall be determined pursuant to this Section 2(b).

(ii) If the Investor is restricted from making sales of Registrable Securities covered by a previously effective Registration Statement at any time (the date such restriction commences, a "Restricted Sale Date") after the Effective Date other than during a Permitted Suspension Period (as defined below), then the Company will make payments to the Initial Investor in such amounts and at such times as shall be determined pursuant to this Section 2(b).

(iii) The amount (the "Periodic Amount") to be paid by the Company to the Initial Investor shall be determined as of each Computation Date (as defined below) and such amount shall be equal to the Periodic Amount Percentage (as defined below) of the Purchase Price for all Preferred Stock for the period from the date following the relevant Required Effective Date or Restricted Sale Date, as the case may be, to the first relevant Computation Date, and thereafter to each subsequent Computation Date. The "Periodic Amount Percentage" means two percent (2.0%) of the Purchase Price of all Preferred Stock (prorated on a daily basis if the period from the relevant Required Effective Date, Restricted Sale Date or immediately preceding Computation Date, as the case may be, until the next Computation Date is less than thirty (30) days). Anything in the preceding provisions of this paragraph (iii) to the contrary notwithstanding, after the Effective Date the Purchase Price for such Preferred Stock shall be deemed to refer to the sum of (X) the principal amount of all Preferred Stock not yet converted and (Y) the Held Shares Value (as defined below). The "Held Shares Value" means, for shares acquired by the Investor upon a conversion within the thirty (30) days preceding the Restricted Sale Date, but not yet sold by the Investor, the principal amount of the Preferred Stock converted into such Conversion Shares; provided, however, that if the Investor effected more than one conversion during such thirty (30) day

period and sold less than all of such shares, the sold shares shall be deemed to be derived first from the conversions in the

4

sequence of such conversions (that is, for example, until the number of shares from the first of such conversions have been sold, all shares shall be deemed to be from the first conversion; thereafter, from the second conversion until all such shares are sold). By way of illustration and not in limitation of the foregoing, if the Registration Statement is not declared effective until one hundred sixty-five (165) days after the Initial Closing Date, the Periodic Amount will aggregate five percent (5%) of the Purchase Price of the Preferred Stock theretofore issued (2% for days 91-120, plus 2% for days 121-150, plus 1% for days 151-165).

(iv) Each Periodic Amount will be payable by the Company in cash or other immediately available funds to the Investor monthly, without requiring demand therefor by the Investor.

(v) The parties acknowledge that the damages which may be incurred by the Investor if the Registration Statement has not been declared effective by a Required Effective Date, including if the right to sell Registrable Securities under a previously effective Registration Statement is suspended, may be difficult to ascertain. The parties agree that the Periodic Amounts represent a reasonable estimate on the part of the parties, as of the date of this Agreement, of the amount of such damages.

(vi) Notwithstanding the foregoing, the amounts payable by the Company pursuant to this provision shall not be payable (i) to the extent any delay in the effectiveness of the Registration Statement occurs because of an act of, or a failure to act or to act timely by the Initial Investor or its counsel, (ii) in the event all of the Registrable Securities may be sold pursuant to Rule 144 or another available exemption under the Act without volume or other restrictions or limits or (iii) with respect to a Permitted Suspension Period.

(vii) "Computation Date" means (A) the date which is the earlier of (1) thirty (30) days after any relevant Required Effective Date or a Restricted Sale Date, as the case may be, or (2) the date after such Required Effective Date or Restricted Sale Date on which the Registration Statement is declared effective or has its restrictions removed, as the case may be, and (B) each date which is the earlier of (1) thirty (30) days after the previous Computation Date or (2) the date after the previous Computation Date on which the Registration Statement is declared effective or has its restrictions removed, as the case may be.

3. Obligations of the Company. In connection with the registration of the Registrable Securities, the Company shall do each of the following:

(a) After filing with the SEC a Registration Statement with respect to not less than the number of Registrable Securities provided in Section 2(a) above, use its reasonable best efforts to cause such Registration Statement relating to Registrable Securities to become effective by the Required Effective Date and keep the Registration Statement effective at all times during the period (the "Registration Period") continuing until the earliest of (i) the date that is two (2) years after the last day of the calendar month following the month in which the Effective Date occurs, (ii)

5

the date when the Investors may sell all Registrable Securities under Rule 144 without volume or other restrictions or limits or (iii) the date the Investors no longer own any of the Registrable Securities, which Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(b) Prepare and file with the SEC such amendments (including post-effective amendments) and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to keep the Registration Statement effective at all times during the Registration Period, and, during the Registration Period, comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities of the Company covered by the Registration Statement until such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in the Registration Statement;

(c) Permit a single firm of counsel designated by the Initial Investors to review the Registration Statement and all amendments and supplements thereto a reasonable period of time (but not less than three (3) business days) prior to their filing with the SEC, and not file any document in a form to which such counsel reasonably objects;

(d) Notify each Investor's legal counsel identified to the Company and which has requested by written notice to the Company that it receive such notification (which, until further notice, shall be deemed to be Krieger & Prager LLP, Attn: Samuel Krieger, Esq., which firm has requested to receive such notification; each, an "Investor's Counsel"), and any managing underwriters immediately (and, in the case of (i)(A) below, not less than three (3) business days prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one (1) business day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to the Registration Statement is proposed to be filed; (B) whenever the SEC notifies the Company whether there will be a "review" of such Registration Statement; (C) whenever the Company receives (or a representative of the Company receives on its behalf) any oral or written comments from the SEC in respect of a Registration Statement (copies or, in the case of oral comments, summaries of such comments shall be promptly furnished by the Company to the Investors); and (D) with respect to the Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the SEC or any other Federal or state governmental authority for amendments or supplements to the Registration Statement or Prospectus or for additional information; (iii) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement covering any or all of the Registrable Securities or the initiation of any proceedings for that purpose; (iv) if at any time any of the representations or warranties of the Company contained in any agreement (including any underwriting agreement) contemplated hereby ceases to be true and correct in all material respects; (v) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose; and (vi) of the occurrence of any event that to the

6

best knowledge of the Company makes any statement made in the Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to the Registration Statement, Prospectus or other documents so that, in the case of the Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. In addition, the Company shall furnish the Investor's Counsel with copies of all intended written responses to the comments contemplated in clause (C) of this Section 3(d) not later than one (1) business day in advance of the filing of such responses with the SEC so that the Investors shall have the opportunity to comment thereon;

(e) Furnish to the Investor's Counsel (i) promptly after the same is prepared and publicly distributed, filed with the SEC, or received by the Company, one (1) copy of the Registration Statement, each preliminary prospectus and prospectus, and each amendment or supplement thereto, and (ii) such number of copies of a prospectus, and all amendments and supplements thereto and such other documents, as such Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor;

(f) As promptly as practicable after becoming aware thereof, notify each Investor of the happening of any event of which the Company has knowledge, as a result of which the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and use its best efforts promptly to prepare a supplement or amendment to the Registration Statement or other appropriate filing with the SEC to correct such untrue statement or omission, and deliver a number of copies of such supplement or amendment to each Investor as such Investor may reasonably request;

(g) As promptly as practicable after becoming aware thereof, notify each Investor who holds Registrable Securities being sold (or, in the event of an underwritten offering, the managing underwriters) of the issuance by the SEC of a Notice of Effectiveness or any notice of effectiveness or any stop order or other suspension of the effectiveness of the Registration Statement at the earliest possible time;

(h) Notwithstanding the foregoing, if at any time or from time to time after the date of effectiveness of the Registration Statement, the Company notifies the Investors in writing of the existence of a Potential Material Event, the Investors shall not offer or sell any Registrable Securities, or engage in any other transaction involving or relating to the Registrable Securities, from the time of the giving of notice with respect to a Potential Material Event until such Investor receives written notice from the Company that such Potential Material Event either has been disclosed to the public or no longer constitutes a Potential Material Event; provided, however, that the Company may not so suspend the right to such holders of Registrable Securities during the periods the Registration Statement is required to be in effect other than during a Permitted Suspension Period. The term "Permitted Suspension Period" means up to two suspension periods during any consecutive 12-

7

month period, each of which suspension period shall not either (i) be for more than twenty (20) days or (ii) begin less than ten (10) business days after the last day of the preceding suspension (whether or not such last day was during or after a Permitted Suspension Period); provided further that the Company shall, if lawful to do so, provide the Investor with at least two (2) business days' notice of the existence (but not the substance of) a Potential Material Event;

(i) Use its reasonable efforts to secure and maintain the designation of all the Registrable Securities covered by the Registration Statement on the "NASDAQ/SmallCap Market" of the National Association of Securities Dealers Automated Quotations System ("NASDAQ") within the meaning of Rule 11Aa2-1 of the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the quotation of the Registrable Securities on The NASDAQ/SmallCap Market; and, without limiting the generality of the foregoing, to arrange for at least two market makers to register with the National Association of Securities Dealers, Inc. ("NASD") as such with respect to such Registrable Securities;

(j) Provide a transfer agent and registrar, which may be a single entity, for the Registrable Securities not later than the effective date of the Registration Statement;

(k) Cooperate with the Investors who hold Registrable Securities being offered to facilitate the timely preparation and delivery of certificates for the Registrable Securities to be offered pursuant to the Registration Statement and enable such certificates for the Registrable Securities to be in such denominations or amounts as the case may be, as the Investors may reasonably request, and, within five (5) business days after a Registration Statement which includes Registrable Securities is ordered effective by the SEC, the Company shall deliver, and shall cause legal counsel selected by the Company to deliver, to the transfer agent for the Registrable Securities (with copies to the Investors whose Registrable Securities are included in such Registration Statement) an appropriate instruction and opinion of such counsel; and

(l) Take all other reasonable actions necessary to expedite and facilitate

disposition by the Investor of the Registrable Securities pursuant to the Registration Statement.

4. Obligations of the Investors. In connection with the registration of the Registrable Securities, the Investors shall have the following obligations:

(a) The Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request. At least ten (10) days prior to the first anticipated filing date of the Registration Statement, the Company shall notify each Investor of the information the Company requires from each such Investor (the "Requested Information") if such Investor has any Registrable Securities included in the Registration Statement.

8

(b) Each Investor, by such Investor's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of the Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from the Registration Statement; and

(c) Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(e) or 3(f), above, such Investor will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(e) or 3(f) and, if so directed by the Company, such Investor shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in such Investor's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

5. Expenses of Registration. All reasonable expenses (other than underwriting discounts and commissions of the Investor) incurred in connection with registrations, filings or qualifications pursuant to Section 3, but including, without limitation, all registration, listing, and qualifications fees, printers and accounting fees, the fees and disbursements of counsel for the Company shall be borne by the Company. In addition, a fee for a single counsel to review the Registration Statement on behalf of the Investors equal to, in the aggregate for all Investors, \$3,500, shall be borne by the Company.

6. Indemnification. In the event any Registrable Securities are included in a Registration Statement under this Agreement:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Investor who holds such Registrable Securities, the directors, if any, of such Investor, the officers, if any, of such Investor, each person, if any, who controls any Investor within the meaning of the Securities Act or the Exchange Act (each, an "Indemnified Person" or "Indemnified Party"), against any losses, claims, damages, liabilities or expenses (joint or several) incurred (collectively, "Claims") to which any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any of the following statements, omissions or violations in the Registration Statement, or any post-effective amendment thereof, or any prospectus included therein: (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any post-effective amendment thereof or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading or (iii) any violation

or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation under the Securities Act, the Exchange Act or any state securities law (the matters in the foregoing clauses (i) through (iii) being, collectively, "Violations"). Subject to clause (b) of this Section 6, the Company shall reimburse the Investors, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a) shall not (I) apply to a Claim arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of any Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto, after such prospectus was made available by the Company pursuant to Section 3(c) hereof; (II) be available to the extent such Claim is based on a failure of the Investor to deliver or cause to be delivered the prospectus made available by the Company or the amendment or supplement thereto made available by the Company; (III) be available to the extent such Claim is based on the delivery of a prospectus by the Investor after receiving notice from the Company under Section 3(e), (f) or (g) hereof (other than a notice regarding the effectiveness of the Registration Statement or any amendment or supplement thereto), or (IV) apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed. Each Investor will indemnify the Company and its officers, directors and agents (each, an "Indemnified Person" or "Indemnified Party") against any claims arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company, by or on behalf of such Investor, expressly for use in connection with the preparation of the Registration Statement or the amendment or supplement thereto, subject to such limitations and conditions as are applicable to the Indemnification provided by the Company to this Section 6. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 9.

(b) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action (including any governmental action), such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly notified, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be. In case any such action is brought against any Indemnified Person or Indemnified Party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, assume the defense thereof, subject to the provisions herein stated and after notice from the indemnifying party to such Indemnified Person or Indemnified Party of its election so to assume the defense thereof, the indemnifying party will not be liable to such Indemnified Person or Indemnified Party under this Section 6 for any legal or other reasonable out-of-pocket expenses subsequently

incurred by such Indemnified Person or Indemnified Party in connection with the defense thereof other than reasonable costs of investigation, unless the indemnifying party shall not pursue the action of its final conclusion. The Indemnified Person or Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and reasonable out-of-pocket expenses of such counsel shall not be at the expense of the indemnifying party if the indemnifying party has assumed the

defense of the action with counsel reasonably satisfactory to the Indemnified Person or Indemnified Party provided such counsel is of the opinion that all defenses available to the Indemnified Party can be maintained without prejudicing the rights of the indemnifying party. In no event shall the Indemnifying Party be responsible for the legal fees and expenses of more than one separate counsel for the Indemnified Person or the Indemnified Party. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred and is due and payable.

7. Contribution. To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that (a) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6; (b) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of such fraudulent misrepresentation; and (c) except where the seller has committed fraud (other than a fraud by reason of the information included or omitted from the Registration Statement as to which the Company has not given notice as contemplated under Section 3 hereof) or intentional misconduct, contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

8. Reports under Exchange Act. With a view to making available to the Investors the benefits of Rule 144 promulgated under the Securities Act or any other similar rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration ("Rule 144"), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

11

(c) furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company and (iii) such other information as may be reasonably requested to permit the Investors to sell such securities pursuant to Rule 144 without registration.

9. Assignment of the Registration Rights. The rights to have the Company register Registrable Securities pursuant to this Agreement shall be automatically assigned by the Investors to any transferee of the Registrable Securities (or all or any portion of any unconverted Preferred Stock or unexercised Warrant) only if: (a) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (b) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (i) the name and address of such transferee or assignee and (ii) the securities with respect to which such registration rights are being transferred or assigned, (c) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act and applicable state securities laws, (d) at or before the time the Company received the written notice contemplated by clause (b) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein,

and (e) such transfer of Registrable Securities is completed and disclosed to the Company prior to the initial Effective Date or involves the transfer of Registrable Securities resulting from the conversion of Preferred Stock having a liquidation preference of at least \$100,000. In the event of any delay in filing or effectiveness of the Registration Statement as a result of such assignment, the Company shall not be liable for any damages arising from such delay, or the payments set forth in Section 2(c) hereof arising from such delay.

10. Amendment of Registration Rights. Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Investors who hold a sixty-seven (67%) percent interest of the Registrable Securities (as calculated by the liquidation preference of the Preferred Stock without any reference to the Warrant Shares). Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company.

11. Miscellaneous.

(a) A person or entity is deemed to be a holder of Registrable Securities whenever such person or entity owns of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more persons or entities with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

12

(b) Notices required or permitted to be given hereunder shall be given in the manner contemplated by the Securities Purchase Agreement, (i) if to the Company or to the Initial Investor, to their respective address contemplated by the Securities Purchase Agreement, and (iii) if to any other Investor, at such address as such Investor shall have provided in writing to the Company, or at such other address as each such party furnishes by notice given in accordance with this Section 11(b).

(c) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

(d) This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions. To the extent determined by such court, either party hereto shall reimburse the other party for any reasonable legal fees and disbursements incurred by such party in enforcement of or protection of any of its rights under this Agreement.

(e) If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction.

(f) Subject to the requirements of Section 9 hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

(g) All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.

(h) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning thereof.

(i) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to

the other party hereto by telephone line facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

(j) The Company acknowledges that any failure by the Company to perform its obligations under Section 3(a) hereof, or any delay in such performance could result in loss to the

13

Investors, and the Company agrees that, in addition to any other liability the Company may have by reason of such failure or delay, the Company shall be liable for all direct damages caused by any such failure or delay, unless the same is the result of force majeure. Neither party shall be liable for consequential damages.

(k) This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof. This Agreement may be amended only by an instrument in writing signed by the party to be charged with enforcement thereof.

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14

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

COMPANY:
NATURAL HEALTH TRENDS CORP.

By: _____
Name:
Title:

INITIAL INVESTOR:

[Print Name of Initial Investor]

By: _____
Name:
Title:

EXHIBIT 4.3

ANNEX VI
TO
SECURITIES PURCHASE AGREEMENT

FORM OF WARRANT

THESE SECURITIES (THE "SECURITIES") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES OR AN OPINION OF COUNSEL OR OTHER EVIDENCE ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

NATURAL HEALTH TRENDS CORP.

COMMON STOCK PURCHASE WARRANT

1. Issuance; Certain Definitions. In consideration of good and valuable consideration, the receipt of which is hereby acknowledged by NATURAL HEALTH TRENDS CORP., a Florida corporation (the "Company"), _____ or registered assigns (the "Holder") is hereby granted the right to purchase at any time until 5:00 P.M., New York City time, on _____, 200(1) (the "Expiration Date"), _____ Thousand (_____) (2) fully paid and nonassessable shares of the Company's Common Stock, par value \$.001 per share (the "Common Stock") at an initial exercise price per share (the "Exercise Price") of \$____ (3) per share, subject to further adjustment as set forth herein. This Warrant is being issued pursuant to the terms of that certain Securities Purchase Agreement, dated as of March, 2000 (the "Securities Purchase Agreement"), to which the Company and Holder (or Holder's predecessor in interest) are parties. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Securities Purchase Agreement.

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(1) Insert date which is last day of month in which fifth anniversary of the relevant Closing Date occurs.

(2) Insert an amount equal to 20% of the Purchase Price of Preferred Stock purchased by the Holder on the Closing Date divided by 110% of the closing bid price of the Common Stock on the trading day immediately before the Closing Date.

(3) Insert 110% of closing bid price on trading day immediately before the Closing Date.

2. Exercise of Warrants.

2.1 General. This Warrant is exercisable in whole or in part at any time and from time to time. Such exercise shall be effectuated by submitting to the Company (either by delivery to the Company or by facsimile transmission as provided in Section 8 hereof) a completed and duly executed Notice of Exercise (substantially in the form attached to this Warrant Certificate) as provided in this paragraph. The date such Notice of Exercise is faxed to the Company shall be the "Exercise Date," provided that the Holder of this Warrant tenders this Warrant Certificate to the Company within five (5) business days thereafter. The Notice of Exercise shall be executed by the Holder of this Warrant and shall indicate the number of shares then being purchased pursuant to such exercise. Upon surrender of this Warrant Certificate with, together with appropriate payment of the Exercise Price for the shares of Common Stock purchased, the Holder shall be entitled to receive a certificate or certificates for the shares of Common Stock so purchased. If the Notice of Exercise Form elects a "cash" exercise, the Exercise Price per share of Common Stock for the shares then being exercised shall be payable in cash or by certified or official bank check. If the Notice of Exercise Form elects a "cashless" exercise, the Holder shall thereby be entitled to receive a number of shares of Common Stock equal to (x) the excess of the Current Market Value (as defined below) over the total cash exercise price of the portion of the Warrant then being exercised, divided by (y) the Current Price of the Common Stock as of the trading day immediately

prior to the Exercise Date. For the purposes of this Section 2,(q) "Current Market Value" shall be an amount equal to the Current Price of the Common Stock as of the trading day immediately prior to the Exercise Date, multiplied by the number of shares of Common Stock specified in such Notice of Exercise Form, and (r) "Current Price of the Common Stock" shall be the closing price of the Common Stock as reported by Bloomberg, LP or, if not so reported, as reported by the securities exchange or automated quotation system on which the Common Stock is listed or on the over-the-counter market for the relevant date. The Holder shall be deemed to be the holder of the shares issuable to it in accordance with the provisions of this Section 2.1 on the Exercise Date.

2.2 Limitation on Exercise. Notwithstanding the provisions of this Warrant, the Securities Purchase Agreement or of the other Transaction Agreements, in no event (except (i) with respect to an automatic conversion, if any, of the Preferred Stock as provided in the Certificate of Designations, (ii) as specifically provided in this Warrant as an exception to this provision, or (iii) while there is outstanding a tender offer for any or all of the shares of the Company's Common Stock) shall the Holder be entitled to exercise this Warrant, or shall the Company have the obligation to issue shares upon such exercise of all or any portion of this Warrant, to the extent that, after such exercise the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Preferred Stock or unexercised portion of the Warrants), and (2) the number of shares of Common Stock issuable upon the exercise of the Warrants with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 9.99% of the outstanding shares of Common Stock (after taking into account the shares to be issued to the Holder upon such exercise). For purposes of the proviso to the immediately preceding

2

sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), except as otherwise provided in clause (1) of such sentence. The Holder, by its acceptance of this Warrant, further agrees that if the Holder transfers or assigns any of the Warrants to a party who or which would not be considered such an affiliate, such assignment shall be made subject to the transferee's or assignee's specific agreement to be bound by the provisions of this Section 2.2 as if such transferee or assignee were the original Holder hereof.

3. Reservation of Shares. The Company hereby agrees that at all times during the term of this Warrant there shall be reserved for issuance upon exercise of this Warrant such number of shares of its Common Stock as shall be required for issuance upon exercise of this Warrant (the "Warrant Shares").

4. Mutilation or Loss of Warrant. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) receipt of reasonably satisfactory indemnification, and (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will execute and deliver a new Warrant of like tenor and date and any such lost, stolen, destroyed or mutilated Warrant shall thereupon become void.

5. Rights of the Holder. The Holder shall not, by virtue hereof, be entitled to any rights of a stockholder in the Company, either at law or equity, and the rights of the Holder are limited to those expressed in this Warrant and are not enforceable against the Company except to the extent set forth herein.

6. Protection Against Dilution.

6.1 Adjustment Mechanism. If an adjustment of the Exercise Price is required pursuant to this Section 6, the Holder shall be entitled to purchase such number of additional shares of Common Stock as will cause (i) the total number of shares of Common Stock Holder is entitled to purchase pursuant to this Warrant, multiplied by (ii) the adjusted Exercise Price per share, to equal (iii) the dollar amount of the total number of shares of Common Stock Holder is entitled to purchase before adjustment multiplied by the total Exercise Price before adjustment.

6.2 Capital Adjustments. In case of any stock split or reverse stock split, stock dividend, reclassification of the Common Stock, recapitalization, merger or consolidation, or like capital adjustment affecting the Common Stock of the Company, the provisions of this Section 6 shall be applied as if such capital adjustment event had occurred immediately prior to the date of this Warrant and the original Exercise Price had been fairly allocated to the stock resulting from such capital adjustment; and in other respects the provisions of this Section shall be applied in a fair, equitable and reasonable manner so as to give effect, as nearly as may be, to the purposes hereof. A rights offering to stockholders shall be deemed a stock dividend to the extent of the bargain purchase element of the rights.

3

6.3 Adjustment for Spin Off. If, for any reason, prior to the exercise of this Warrant in full, the Company spins off or otherwise divests itself of a part of its business or operations or disposes all or of a part of its assets in a transaction (the "Spin Off") in which the Company does not receive compensation for such business, operations or assets, but causes securities of another entity (the "Spin Off Securities") to be issued to security holders of the Company, then

(a) the Company shall cause (i) to be reserved Spin Off Securities equal to the number thereof which would have been issued to the Holder had all of the Holder's unexercised Warrants outstanding on the record date (the "Record Date") for determining the amount and number of Spin Off Securities to be issued to security holders of the Company (the "Outstanding Warrants") been exercised as of the close of business on the trading day immediately before the Record Date (the "Reserved Spin Off Shares"), and (ii) to be issued to the Holder on the exercise of all or any of the Outstanding Warrants, such amount of the Reserved Spin Off Shares equal to (x) the Reserved Spin Off Shares multiplied by (y) a fraction, of which (I) the numerator is the amount of the Outstanding Warrants then being exercised, and (II) the denominator is the amount of the Outstanding Warrants; and

(b) the Exercise Price on the Outstanding Warrants shall be adjusted immediately after consummation of the Spin Off by multiplying the Exercise Price by a fraction (if, but only if, such fraction is less than 1.0), the numerator of which is the Average Market Price of the Common Stock (as defined below) for the five (5) trading days immediately following the fifth trading day after the Record Date, and the denominator of which is the Average Market Price of the Common Stock on the five (5) trading days immediately preceding the Record Date; and such adjusted Exercise Price shall be deemed to be the Exercise Price with respect to the Outstanding Warrants after the Record Date. As used herein, the term "Average Market Price of the Common Stock" means the average closing bid price of a share of Common Stock, as reported by Bloomberg, LP or, if not so reported, as reported on the over-the-counter market for the relevant period.

7. Transfer to Comply with the Securities Act; Registration Rights.

7.1 Transfer. This Warrant has not been registered under the Securities Act of 1933, as amended, (the "Act") and has been issued to the Holder for investment and not with a view to the distribution of either the Warrant or the Warrant Shares. Neither this Warrant nor any of the Warrant Shares or any other security issued or issuable upon exercise of this Warrant may be sold, transferred, pledged or hypothecated in the absence of an effective registration statement under the Act relating to such security or an opinion of counsel satisfactory to the Company that registration is not required under the Act. Each certificate for the Warrant, the Warrant Shares and any other security issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, setting forth the restrictions on transfer contained in this Section.

4

7.2 Registration Rights. (a) Reference is made to the Registration Rights Agreement. The Company's obligations under the Registration Rights Agreement and the other terms and conditions thereof with respect to the Warrant Shares, including, but not necessarily limited to, the Company's commitment to file a registration statement including the Warrant Shares, to have the registration of the Warrant Shares completed and effective, and to maintain such registration, are incorporated herein by reference.

(b) In addition to the registration rights referred to in the preceding provisions of Section 7.2(a), effective after the expiration of the effectiveness of the Registration Statement as contemplated by the Registration Rights Agreement, the Holder shall have piggy-back registration rights with respect to the Warrant Shares then held by the Holder or then subject to issuance upon exercise of this Warrant (collectively, the "Remaining Warrant Shares"), subject to the conditions set forth below. If, at any time after the Registration Statement has ceased to be effective, the Company participates (whether voluntarily or by reason of an obligation to a third party) in the registration of any shares of the Company's stock (other than a registration on Form S-8), the Company shall give written notice thereof to the Holder and the Holder shall have the right, exercisable within ten (10) business days after receipt of such notice, to demand inclusion of all or a portion of the Holder's Remaining Warrant Shares in such registration statement. If the Holder exercises such election, the Remaining Warrant Shares so designated shall be included in the registration statement at no cost or expense to the Holder (other than any costs or commissions which would be borne by the Holder under the terms of the Registration Rights Agreement). The Holder's rights under this Section 7 shall expire at such time as the Holder can sell all of the Remaining Warrant Shares under Rule 144 without volume or other restrictions or limit.

8. Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage pre-paid. Any such notice shall be deemed given when so delivered personally, telegraphed, telexed or sent by facsimile transmission, or, if mailed, two days after the date of deposit in the United States mails, as follows:

(i) if to the Company, to:

Natural Health Trends Corp.
380 Lashley Street
Longmont, CO 80501
Attn: Mark Woodburn
Telephone No.: (303) 682-4637
Telecopier No.: (303) 682-4236

with a copy to:

Silverman, Collura & Chernis, P.C.
381 Park Avenue South, Suite 1601
New York, NY 10016
Attn: Martin C. Licht, Esq.
Telephone No.: (212) 779-8600
Telecopier No.: (212) 779-8858

5

(ii) if to the Holder, to:

ATTN:
Telephone No.: () -
Telecopier No.: () -

with a copy to:

Krieger & Prager LLP, Esqs.
39 Broadway
Suite 1440

New York, NY 10006
Attn: Samuel Krieger, Esq.
Telephone No.: (212) 363-2900
Telecopier No. (212) 363-2999

Any party may be notice given in accordance with this Section to the other parties designate another address or person for receipt of notices hereunder.

9. Supplements and Amendments; Whole Agreement. This Warrant may be amended or supplemented only by an instrument in writing signed by the parties hereto. This Warrant of even date herewith contain the full understanding of the parties hereto with respect to the subject matter hereof and thereof and there are no representations, warranties, agreements or understandings other than expressly contained herein and therein.

10. Governing Law. This Warrant shall be deemed to be a contract made under the laws of the State of New York for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in connection with any dispute arising under this Warrant and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions. To the extent determined by such court, the Company shall reimburse the Holder for any reasonable legal fees and disbursements incurred by the Holder in enforcement of or protection of any of its rights under any of the Transaction Agreements.

11. Counterparts. This Warrant may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

6

12. Descriptive Headings. Descriptive headings of the several Sections of this Warrant are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Warrant as of the __th day of _____, 2000.

NATURAL HEALTH TRENDS CORP.

By:

Name:-----
Its:-----

Attest:

Name:

Title:

7

NOTICE OF EXERCISE OF WARRANT

The undersigned hereby irrevocably elects to exercise the right, represented by the Warrant Certificate dated as of _____, _____, to purchase _____ shares of the Common Stock, par value \$.001 per share, of NATURAL HEALTH TRENDS CORP. and tenders herewith payment in accordance with Section 1 of said Common Stock Purchase Warrant.

Please deliver the stock certificate to:

Dated:

[Name of Holder]

By:

CASH: \$

CASHLESS EXERCISE