



Eagle Health Holdings Limited

ASX Announcement

7 March 2019

Traditional Chinese Medicine – a strategic opportunity

Eagle Health Holdings Limited (ASX: EHH) (“Eagle Health” or “Company”) is pleased to provide an update to the market in relation to its plan to expand and improve its Traditional Chinese Medicine (TCM) product range and offering.

As announced previously, Eagle Health launched a new range of 50 TCM products at the 53rd China New Drug Trade Fair in August 2018. These products will be progressively rolled out to our 100 Zhang Lao San “Education and Experience” stores (50 opened as at January 2019). Once Eagle Health’s own store rollout is complete, the Company will further expand its distribution throughout China using a franchise model with the goal of 500 stores by 2020.

Traditional Chinese Medicine is a significant sector, growing nationally at 11% pa in each of the past 5 years up to 2018. Total revenue of the TCM sector has been estimated at A\$ 37.4 billion. (Source - ibisworld)

TCM’s contribution to Eagle Health’s revenue in 2018 was A\$18 million, representing 16% of A\$111 million. Eagle Health sees this contribution growing in the future.

“According to statistics, “foreign Chinese medicine” has occupied a large share of the domestic Chinese medicine market, while in the global Chinese medicine market except China, Japan has a market share of 80%, and China only accounts for 5%”. (Source People’s Daily – Overseas Edition.)

Australian products have always been trusted by Chinese consumers because of their clean green reputation. There will also be a natural attraction towards clean, green, organic Australian grown TCM. For Eagle Health this represents a significant opportunity.

To capture this opportunity, Eagle Health proposes to source natural, reliable, high quality raw materials and establish TCM production facilities in Australia, to produce and supply the growing demand for TCM from its own Education and Experience stores and its existing 276 traditional distributors throughout China. Eagle Health will take the opportunity to establish a retail store for its products alongside the Australian production facility.

Further, the Company will establish a customer loyalty program in China and offer incentives to major Chinese customers to visit its agricultural and production facilities in Australia, building greater customer loyalty and sales.

A state of the art facility will be a showpiece for customers, tourists and educators, building Eagle Health’s reputation in Australia and China as a leading supplier in TCM. Working with Australian Universities, it is hoped Eagle can inspire academic research and publication of academic papers on the features and benefits of TCM.



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Mr Zhang, Managing Director of Eagle Health said "Since Eagle Health's listing on ASX, we have been working towards an Australian operating presence. With the rollout of this strategy, we can at last be proud that we are an international company with a presence in China and Australia. We will source and manufacture product in Australia for sale in China, and we will use our main manufacturing plant in Xiamen for production and sale of product in China and Australia. Ultimately we would like to include South Africa in this international strategy."

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About Eagle Health Holdings Limited

Eagle Health is an ASX listed vertically integrated health and nutritional products business which develops, manufactures and distributes products into 26 provinces in China. Eagle Health produces a range of traditional Chinese Medicine and Western nutritional products including amino acids, protein supplements, lozenges and dendrobium oil. Eagle Health has a GMP certified manufacturing facility and a Head Office in Xiamen, China, acting as a central hub for distribution into Chinese pharmacies, health food stores, trading companies and supermarkets. Eagle Health has a corporate and sales office in Melbourne, Australia. Eagle Health has a stated strategy of acquiring or partnering with quality Australian products for distribution into China and in 2017 a pre-meal shake for Type 2 diabetes, branded Hutang 1, was licensed from Omni Innovation in Australia.

For more information visit: www.aeuhh.com.au or www.eaglehealthltd.com/EN/index.aspx