

EAGLE EXPANDS MANUFACTURING FACILITIES FOR BFE>95 SPECIFICATION MEDICAL MASKS

Highlights

- Brand new medical mask production lines added to Xiamen facility
- Production capacity of ~300m units per annum for BFE>95% disposable medical masks
- Production has commenced for the first purchase order of 3.2m units
- “Green Channel” facility status is expected to be granted imminently by Chinese government
- First shipment for Zoono co-branding raw materials has arrived Xiamen
- The Company is well-positioned to participate in the fast-growing medical mask market

Eagle Health Holdings Limited (ASX: EHH) (“Eagle” or the “Company”) is pleased to announce that it has expanded its production facilities at its wholly owned GMP pharmaceutical facility in Xiamen China for the production of disposable medical masks.

Expanded Manufacturing Facility

Eagle has purchased and begun commissioning sophisticated automated industrial machinery (as well as the raw materials) for the high-speed production of disposable medical masks; with the first two production lines (2 of 6) currently in trial production (4 additional lines are currently being commissioned). Medical mask production capacity at Eagle’s facility is ~6,500 units (masks) per hour per line; with a full production capacity (6 lines) of 300 million units per annum. Eagle has acquired these machinery for a cost of circa AUD1.2 million, which will be paid for in cash (50% already settled).

Medical Mask Specifications

Eagle’s first batch medical masks are being manufactured to the following specifications (from 2 different source materials):

- Minimum Bacterial Filtration Efficiency (BFE): **BFE >95%**
 - Source material 1 - test results to BFE 97-97.8% (YY/T 0969-2013 standard)
 - Source material 2 - test results to BFE >99% (TSI 8130 standard)[being the effectiveness of a medical mask in capturing (percentage) aerosol droplets containing bacteria]
- Differential Pressure (Pa) = <49Pa/cm

Medical Mask Standards

Eagle’s medical masks are being manufactured to the standards of the People’s Republic of China Pharmaceutical Industry Standard and in accordance with the State Food and Drug Administration (Standard YY/T 0969-2013) (Classification of International Standard: ICS 11.140, C48) and ASTM (the American Society of Testing and Materials).

ASTM Standards:

- F2100-01 – Standard specification for performance of materials used in medical face masks.
- F2101-07 – Standard test method for evaluating Bacterial Filtration Efficiency (BFE).

Purchase Orders for Medical Masks

Eagle has secured its first purchase order for its disposable medical masks from Hainan Yiling Medical Industry Development Co., Ltd (“Hainan Yiling”, a subsidiary of Yiling Hospital Management Group), for the quantity of 3.2 million units (masks).

The Company has received the required partial upfront payment for the order and production has already commenced.

The total units (3.2m) to Hainan Yiling’s purchase order is scheduled to take 10 business days to completion.

Eagle has also received additional smaller orders from other purchasers including government agencies.

The Company is in the process of securing further large orders from various parties both In China and internationally and will update its shareholders accordingly.

Green Channel

Eagle’s Xiamen facility has been identified as a candidate by the local government as a strategic facility for the provision of vital medical and health products. The Company’s wholly owned subsidiary Xiamen Eagle Don Pharmaceuticals Co., Ltd is expected to be granted a ‘Green Channel’ status to fast-track any registrations that Eagle Don’s facility may require for further expanding its operations and products.

The Company confirms that no additional registration is required for the production and sales of its medical masks; in accordance with its facility’s existing registration status.

Xiamen Facility Update - ‘Sanitation Product’ Registration

Eagle confirms that the final inspection of its Xiamen facility related to its application for the additional registration required for the ‘production and packaging of sanitation products’ has been completed. The Company is pleased to confirm that it will be granted the required licenses and can commence the packaging and distribution of its co-branded Zoono products, after minor setup changes as advised by the inspector.

Medical Mask Market

In response to the COVID-19 pandemic, China's Authorities to date, have imposed compulsory mask wearing protocol in public places across most provinces and major cities throughout the country, including (and not limited to) Beijing, Shanghai, Guangzhou, Shenzhen, Xiamen, Tianjin, Hangzhou, Chengdu, Nanjing, Ma'an Shan, Xinyang [Province wide controls include and are not limited to; Liaoning, Guangdong and Jiangxi]*.

China's mask supply is now regulated by the National Development and Reform Commission (NDRC), the country's economic planning agency. This change is a direct result of the current global supply shortage of medical masks, which has become a high demand commodity in China, with the demand growing in other world regions. Eagle is now well-positioned to contribute to fulfilling the shortage of local and global demand, which in the Company's opinion may remain for the foreseeable future*.

Approved for release by the full Board of Directors.

This announcement is intended to lift the trading halt requested and granted on 4 March 2020.

-ENDS-

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About Eagle Health Holdings Limited

Eagle is an ASX listed vertically integrated health and nutritional products business which develops, manufactures and distributes products into 26 provinces in China. Eagle has collectively more than 300 Zhang Lao San exclusive product stores and franchised stores throughout China, with a further 271 distribution partners placing Eagle's branded products into more than 30,000 outlets across the country. Eagle produces a range of traditional Chinese Medicine and Western nutritional products including amino acids, protein supplements, lozenges and dendrobium oil. Eagle 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 has a corporate and sales office in Melbourne, Australia. Eagle has a stated strategy of acquiring or partnering with quality Australian products for distribution into China.

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

*References:

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