

China supplement firm reveals three-pronged approach to fighting diabetes epidemic

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A Chinese supplement firm is aiming to tackle diabetes in the country with nutritional products, lower prices, and a novel approach to market research.

Eagle Health Holdings last year launched a pre-meal shake for type 2 diabetes patients, sold in China under the name Hutang 1, with four concept stores opened in Xiamen to facilitate the sale of the product.



Rodney Hannington, a member of the company's board of directors, told *NutraIngredients-Asia*: "We received the exclusive rights to distribute the product — which was developed by Australian manufacturer Omni Innovation and the University of Adelaide — in China.

"It should be taken before meals, and is meant to help type 2 diabetics reduce post-prandial blood sugar levels by up to 80%. Ongoing studies on the product have seen patients managing their condition very well after 12 weeks of regular use."

The product contains ingredients such as whey and other dairy proteins, guar, and sucralose.

Direct market research

With regards to the concept stores, Hannington explained: "The way we like to launch our products is to open our own stores so we can communicate directly with consumers. This also shows our distributors how successful our products are.

"Currently, we see about 250 patients a day at our concept stores: on-site healthcare professionals administer each patient a finger-prick blood test, and offer advice on appropriate lifestyle interventions, as well as recommendations on how our product can help them."

He added that the company felt this was preferable to spending time and money on extensive market research before even launching the product, and allowed it to better gauge consumer response.

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So far, Eagle Health has invested \$3.1m and committed a further \$5.7m for factory, warehouse and exhibition centre upgrades that include a high-speed line for the production of Hutang 1.

China focus, Aussie support

The firm also opened an office in Australia in September last year, as part of its plan to focus on investor relations and to source for ingredients from Australia and New Zealand for their products.

This came shortly after it held an IPO that raised A\$25m in July 2017, and was listed on the ASX with a market cap of A\$124.8m.

Hannington said, "Australian products are selling well in China, and there's a lot of cross-border activity. We believe the future is in leveraging Australian ingredients and developing them in China to make them more affordable to Chinese consumers."

"We can't tackle diabetes if it costs two to three times what people can afford to buy our products, so we bring in Australian ingredients, but 96% of our products are made in China."

Presently, the company has no plans to export its products, which include protein and amino acid supplements.

"There is a lot of growth in China to focus on, and being a credible success here is our top priority. Of course, we wouldn't say 'no' to overseas distribution opportunities in future, but our focus remains on China for now," Hannington said.

He added that in terms of products for diabetics, Eagle Health is *"looking at new innovations for both distribution and development but can't reveal more than that right now"*.

For FY 2017, the firm — which currently employs close to 300 staff in total — recorded a revenue of A\$89.2m, up A\$5.1m from 2016, and a gross profit of S\$46.4m, up A\$700,000 from 2016.

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