

Coronavirus spurs China's appetite for our tea tree oil, hand sanitiser, honey, medicine, technology

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Promising green shoots are appearing amid tumbling stocks as China reaches out to Australian producers amid the coronavirus outbreak.

While it's doom and gloom in Australia's retail sector, it's a different story in some of the smaller stocks as the coronavirus outbreak spreads across the globe.

Known as COVID-19, the coronavirus outbreak and subsequent work stoppages have sent some parts of the stock market into freefall.

And while the full impact of the coronavirus won't be known for a while yet, market analysts warn investors that diversification remains the best defence.

Here in Australia, consumers are stocking up on toilet paper like lunatics, but the items being purchased in a panic in other parts of the world have proven to be particularly good news for some smaller stocks.

Australia's tea tree oil, honey, hand sanitiser, health and vitamins stocks are in strong demand as China and other parts of the world develop an insatiable appetite for health and wellness products produced in the Land Down Under.

These promising green shoots are proving to be just what the doctor ordered given that so many ASX stocks have tumbled as the pandemic reaches fever pitch.

Antimicrobial solution maker Zoono (ASX:ZNO) has been overwhelmed with demand since the virus broke out, with hand sanitiser not that easy to come by, even in Australia these days.

Competing hand sanitiser stock, Holista CollTech (ASX:HCT) also distributes in Asia, and has reported a sharp rise in demand.

Eagle Health (ASX:EHH) is also capitalising on the pandemic in China, where it's business as usual despite much of China's manufacturing industry reducing or shutting its doors to contain the virus from spreading.

Eagle Health is a brand of traditional Chinese and western nutritional and dietary supplements.

But in February the company struck a deal with Zoono to distribute the hand sanitiser maker's products. It then revealed it would expand its Chinese factory in Xiamen to allow it to produce 6,500 masks per hour as orders from around the world flood in.

Vection Technologies (ASX:VR1) has also enjoyed a boost on the back of the coronavirus, with its FrameS software helping people collaborate remotely.

Not one to look a gift horse in the mouth, the company will launch a promotion in a bid to entice new clients on board during the outbreak.

It's more good news for Netlinkz (ASX:NET), which provides information services, such as web technologies, mainframe, system applications and products (SAP) as a global outsourcing service supplier.

It recently landed a one-year contract in a move that will bolster revenues by 1m Chinese yuan (\$225,000), prompting the company to prepare for a second phase of revenue generation to add more on-premise services and licences.

But prior to that, the company was approached by the Beijing municipal government to provide remote information-sharing services as part of a coordinated effort to contain the coronavirus.

The latest piece of good news comes from Eve Investments, (ASX:EVE), which is ramping up production following an order for 57,600 units of its newly launched Meluka Australia-branded tea tree oil.

The order follows an initial purchase from China for 21,114 units of Meluka Australia's honey in January, which arrived in the country on March 9.

Tea tree extract contains high levels of antioxidant compounds and is utilised in Meluka's tea tree infused range of honeys.

Managing director Bill Fry says the order from China represents a significant milestone for the company, demonstrating the significant appetite for Australian-branded tea tree oil in China.

The range will also be sold in Australia.

The health, nutrition and wellness company has also unveiled a range of Meluka-branded honey.

While it's strikingly similar in name, Eve's brand is not to be confused with Manuka Honey, which also originates from Australia and New Zealand. It's produced by bees that pollinate the flower commonly known as the Manuka bush.

Eve Investments has confirmed that the new Meluka branding was inspired by the Melaleuca Alternifolia Tea Tree, which grows in the Bungawalbin Valley in NSW.

The expansion into China coincides with a major investment in the company's tea tree harvesting process to bolster efficiency.

This includes an upgrade of the plant and equipment to produce tea tree extract on a larger scale at its Alstonville facility in northern New South Wales.

However, Eve would not confirm the size of the investment, nor the dollar value of this latest order from China.

Here in Australia, the company is preparing to launch its first bio-fermented honey and lemon drink this month. The product will initially be available via Meluka Australia's online website, followed by introduction into its Australian distribution network.

Eve also confirmed that plans to enter the US and Japan markets had been delayed after the Foodex Expo in Japan and Expo West in the US was postponed due to the coronavirus.