

# BPH GLOBAL LTD

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Level 5, 126 Phillip Street, Sydney NSW 2000, Australia

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Company Announcements Platform

Australian Securities Exchange

## Agreement to acquire China-based Foshan Gedishi Biotechnology Co Ltd

### Highlights

- BP8 to acquire 100% of Foshan Gedishi Biotechnology Co Ltd ('Foshan'), the company which operated the birds' nest Pilot Study with BP8's China Partners
- Foshan to advance commercialisation of the China birds' nest business following successful Pilot Study
- Foshan holds sales and distribution agreements with China Tobacco
- Ongoing sales and distribution activities to use the same brand names used in the Pilot Study.
- Foshan operates a sales platform via social media influencers on Douyin

Further to previous announcements made by the Board of BPH Global Ltd (ASX: BP8) (**Company**) on [20 July 2023](#) and [1 September 2023](#) regarding the Company's strategy to reactivate and expand the Company's bird's nest business in China, the Board is pleased to announce that the Company has entered into a binding terms sheet to acquire Foshan.

### **Background**

The 20 July Announcement highlighted the pilot program which successfully trialled supply and distribution channels for the sale of birds' nest products via China Tobacco's outlets in Guangzhou and via social media influencers on Douyin, the China version of TikTok, most recently from December 2022 to February 2023 (**Pilot Study**). The Pilot Study was successful in validating consumer demand for the products and the parties have in recent months been planning full commercialisation of the birds' nest opportunity via Foshan.

BP8 made various contributions to the Pilot Study including sourcing birds nest products, providing funding to purchase birds nest stock and packaging materials, and other expenses for the market testing of the products. In addition, Michael Huang (on behalf of BP8) negotiated the signing of sales and distribution agreements with China Tobacco.

During their recent China visit the executive Directors worked with non-executive Director Michael Huang to negotiate the terms of an agreement for the ongoing commercialisation of the China birds nest venture with their two (2) Pilot Study joint venture partners (**China Partners**).

The Company is pleased to announce that the terms of an agreement with its China Partners for the ongoing operation and expansion of their venture pursuant to the two (2) China Tobacco sales and distribution contracts and the trademarks that were used in the Pilot Study have been finalised. On completion of the acquisition, Foshan will become a wholly owned subsidiary of the Company.

## Terms Sheet

On 19 September 2023, the Company entered into a legally binding terms sheet for the acquisition of Foshan (**Terms Sheet**) including the following terms and conditions:

1. BP8 will receive 100% of the shares in Foshan.
2. The China Partners will be issued 100,000,000 shares in BP8 (equivalent of 7% of the ordinary shares in BP8).
3. The two (2) China Partners will continue to be engaged by Foshan to drive the sales and marketing efforts in China pursuant to new executive employment agreements. The China Partners will be directors of Foshan, but not directors of BP8. Michael Huang, who is a non-executive Director of BP8, will not be involved in the day-to-day management of the business, but will provide strategic advice and direction to the China Partners and will oversee the ongoing commercial relationship with China Tobacco.
4. As part of their employment, the two China Partners shall be entitled to performance-based bonuses over the next 3 years based on financial performance of Foshan's birds nest business.
5. Following completion of the restructuring, BP8 will provide funding to Foshan through an inter-company loan of A\$800,000 by way of instalments over a 7-month period with such funds to be spent on stock purchasing, marketing activities and commercialisation initiatives. BP8 will undertake capital raisings (by way of placement) over the forthcoming months to fund these loans.
6. Completion of the transaction is subject to the following conditions precedent:
  - BP8 completing satisfactory due diligence on Foshan. The Company has 30 days from the date of the Terms Sheet to complete its due diligence review.
  - The parties executing any documents required under China law for the transactions.
  - The shares being acquired by BP8 in Foshan are free of all encumbrances and any third-party rights.
  - Any requisite Australian regulatory, ASX and shareholder approvals for the transaction being obtained by BP8.  
***Note** that the Company has received notice from the ASX that, based on the information provided by the Company to ASX regarding the acquisition, ASX Listing Rules 11.1.1 and 11.1.2 do not apply to the proposed acquisition.*
  - Any requisite China regulatory approvals for the transaction being obtained.
  - The two China Partners entering into Executive Employment Agreements with Foshan.
  - The sales and distribution agreements with China Tobacco (or its subsidiary companies) being renewed for a period beyond 31 December 2023.
  - The China Partners confirming Foshan's ownership of its brand trademarks used in the Pilot Study.
  - Any other conditions precedent considered appropriate and necessary based on BP8's due diligence enquiries during the due diligence period.

The conditions precedent are for the benefit of BP8, and BP8 has the right to waive any of the conditions precedent to completion of the transaction.

7. The China Partners and Foshan have given exclusive dealing undertakings to the Company for the period from execution of the Terms Sheet until completion of the transaction or termination of the Terms Sheet.

The Company anticipates that completion of the acquisition will take place by 31 October 2023. The Company will provide the market with updates regarding the date for completion of the acquisition.

#### **Revitalisation and expansion of the China-based birds' nest business**

The Directors regard the acquisition of Foshan as a major milestone in the revitalisation of the Company's China-based birds' nest business. The acquisition of Foshan will facilitate the strengthening of its relationship with China Tobacco and will drive brand recognition of Foshan's brand names generally and as BP8 assets. Foshan will also serve as a platform for the Company to extend its birds' nest sales and distribution operations into other areas of China.

The Company is also excited to expand Foshan's sales platform via social media influencers on Douyin. As part of the Pilot Study, Foshan undertook a lengthy qualification process to achieve accreditation as an authorised seller of birds' nest products on Douyin. There are a limited number of accredited sellers of birds' nest products on Douyin. Accredited sellers are required, amongst other things, to demonstrate the authenticity of their products, and are permitted to upload a link which will direct prospective purchasers from Douyin to, in Foshan's case, its birds' nest products sales portal on Douyin.

In addition, by Foshan becoming a wholly owned subsidiary of BP8, BP8 will have full control of the operation and direction of the business and be able to aggregate Foshan's financials into its' consolidated financial statements.

By securing its ownership of this China-based, birds' nest sales and distribution business, the Company will be in an enhanced position to negotiate birds' nest supply agreements with suppliers. As previously announced, the Company is developing the Company's options for the purchase of raw birds' nests and birds' nest products from Malaysian suppliers for on-sale in China and elsewhere. The Company is also considering potential birds' nest supply options in Indonesia.

Foshan's sale and distribution channels will also provide opportunities for the Company's other potential supply arrangements including its own stem cell technologies and the joint venture with Singapore-based Chemokine Yuesheng Pte Ltd focused on infusing nutraceuticals extracted from birds' nests into food products for sale in the Chinese market as announced on [5 September 2023](#).

#### **Ongoing updates**

The Company will provide further updates in due course on its progress with these matters.

- END -

Authorised for lodgement by the Board of the Company

For further information, please visit our website at [www.bp8global.com](http://www.bp8global.com) or contact:

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