

BPH GLOBAL LTD

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

23 October 2023

60 Days' Market Update on China-based and other business activities

Highlights

- Executive Directors undertake new visit to China and Singapore to advance BP8's Birds' Nest projects.
- Expansion of sales, marketing, and distribution channels for Birds' Nest products.
- Focus on completion of the acquisition of Foshan Gedishi Biotechnology Co Ltd which will incorporate the China Tobacco distribution agreement into the BP8 group.

Further to the announcements made by the Board of BPH Global Ltd (ASX: BP8) (**Company**) on 20 July 2023 ([20 July Announcement](#)) and 1 September 2023 ([1 September Announcement](#)), the Board announces that the Company's executive Directors Matthew Leonard and Frank Cannavo are again visiting Singapore and China for a series of commercial meetings to advance the Company's birds' nest projects and to continue the Company's assessment of its Singapore-based activities.

Timetable milestones

In the 20 July Announcement, the Company announced the goals of the new Board and management team over the coming three months commencing with the then proposed initial China visit as a means to facilitate the commercialisation of the Company's bird's nest products and to engage deeply with China, Singapore and Malaysia-based investors ahead of the proposed placement and convertible note offers. That announcement was followed by the 1 September Announcement which provided an update regarding the outcomes achieved in the initial China visit. As announced previously, the Company has structured its activities around timeline milestones as follows:

- **30 days - The China visit:** Initial visits to China, Malaysia and Singapore were undertaken.
- **60 days - Completion of transactions:** Following on from the initial China visit, the Company has:
 - executed an agreement to acquire 100% of Foshan Gedishi Biotechnology Co Ltd (**Foshan**), the company which undertook the birds' nest pilot study in Foshan, China (**Foshan Agreement**);
 - executed a joint venture R&D agreement with Chemokine Yuesheng (**Chemokine**) for the development of new products including birds' nest extract tablets infused with Australian honey and mushroom extract (**Chemokine Agreement**); and
 - completed a fund raise in the aggregate amount of \$970,000 under placement and convertible note offers.
- **90 days - Execution:** The non-executive Directors have embarked on a further visit to Singapore and China. The Company will be seeking to commence and consolidate operations pursuant to the new commercial operations agreements, further review and rationalisation of Malaysian and Singapore-based assets and provide initial confirmation (in part) of use of funds raised during the placement and convertible note offers.

Additional visits to Singapore and China

The Company's executive Directors Matthew Leonard and Frank Cannavo are again visiting Singapore and China for a series of commercial meetings to advance the Company's birds' nest projects and to continue the Company's assessment of its Malaysia and Singapore-based activities.

In the 20 July Announcement, the Board stated it would prioritise the finalisation and execution of agreements regarding the investment and commercial operations opportunities that arose from the initial China visit during the second 30 days of the 90 days' timetable. The Company was pleased to announce the execution of the Foshan Agreement and the Chemokine Agreement. As the Company has now entered the third of the three 30 days' periods, its focus is now on the completion of the acquisition of Foshan targeted for late November 2023 and consolidation of operations pursuant to these executed agreements.

Bird's nest products

The 20 July Announcement highlighted the pilot program which successfully trialled supply and distribution channels for the sale of bird's 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**). On 20 September 2023, the Company announced it had entered into the Foshan Agreement to acquire 100% of Foshan.

The executive Directors are currently in China to complete the Company's due diligence review of Foshan. It is a condition precedent to completion that the Company completes the due diligence review of the Foshan business to its satisfaction. The Company's management and professional advisors are intending to work through and satisfy the key conditions precedent to completion of the Company's acquisition of Foshan over the coming month. Completion of the acquisition is anticipated to occur 2 business days following the Company's AGM on 21 November 2023 where shareholder approval for the issuance of shares to the vendors is being sought.

On completion of the acquisition of Foshan, the Company will focus its attention on ensuring supply of birds' nest products in the lead up to Chinese New Year in February 2024, the peak demand period for birds' nest products in China.

The executive Directors continue to work closely with non-executive Director Michael Huang on the Company's birds' nest activities, and during their China visit will seek to consolidate the Company's plans for growing its sales and distribution footprint for birds' nest products in China. The Company is currently in negotiations with China Tobacco to enter into additional distribution agreements that will have the effect of growing the Company's sales and distribution footprint in China.

Bird's nest supply arrangements

The Company has predicated its plans to secure birds' nests supply arrangements on completion of the Foshan acquisition and securing funding under the placement and convertible note offers. Having secured funding under the offers, and subject to completion of the Foshan acquisition occurring, the Company will acquire birds' nest products in Malaysia for sales and distribution in China in the lead up to and during the Chinese New Year holiday period.

Chemokine Agreement

Whilst in Singapore the executive Directors met with representatives of Chemokine to discuss the implementation of the Chemokine Agreement. The Company entered into the Chemokine Agreement with Singapore-based company Chemokine for the joint development of two (2) birds' nest related products:

- A capsule form birds nest product incorporating Australian honey extract; and
- A nutraceutical form birds' nest product incorporating nutraceuticals extracted from mushrooms.

In line with the parties' undertakings in the Chemokine Agreement, the parties will seek to agree the commercialisation terms for each Project in the context of determining and agreeing the budget for each Project.

Ongoing review of Singapore and Malaysia operations

As part of its ongoing extensive review and restructure of operations, the Company is actioning the winding up/deregistration of its sole Malaysian subsidiary SCU Southeast Asia Sdn Bhd and its second Singapore-based subsidiary SCU Essentials Pte Ltd. Both companies are not currently playing an active part in the Company's operations and do not form part of Company's planned operations for the future.

As with other costs savings that have resulted from the Company's ongoing strategic review, the savings realised through the closure of these companies will be wisely reinvested in key operational areas of the Company's business.

The Company has also completed its strategic review of the operation of the floating platform in the East Johor Strait and is conducting discussions with its joint venture partner Rong-Yao Fisheries Pte Ltd regarding a potential sale of the platform to a third party.

The Company's ongoing focused approach to cost reduction and strategic capital utilisation has and will yield tangible results, and we anticipate further progress in this area.

Fund raise successfully completed

On 12 October 2023, the Company disclosed in a [cleansing prospectus](#) that it had completed a fund raise in the aggregate amount of \$970,000 under placement and convertible note offers comprising:

- \$368,750 from institutional, professional and sophisticated investors for 368,750 convertible notes under the convertible note offer;
- \$371,250 from institutional, professional and sophisticated investors for 247,500,000 shares and new options under the placement; and
- \$230,000 from Directors and the Company's chief financial officer (**CFO**) for 153,333,333 shares and attaching new options under the placement offer, the amount having been agreed to be offset against unpaid amounts owing and payable by the Company to those Directors and the CFO.

The Company has closed the placement offer but the convertible note offer will remain open until the closing date on 8 December 2023, unless closed earlier by the Company. The majority of the funds raised will be spent on the Company's China-based operations for the sale and distribution of birds' nest products in the China market.

Ongoing updates

The Company will provide further updates in due course on its progress with these matters and the achievement of the target timelines set out above.

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Authorised for lodgement by the Board of the Company

For further information, please visit our website at <https://bphglobal.com.au/> or contact:

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