

BPH GLOBAL LIMITED
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Company Announcements Platform
Australian Securities Exchange

Renewal of China Tobacco Agreements

Highlights

- **Sales and distribution agreements with China Tobacco renewed for 2024.**
- **Ongoing sales and distribution activities branded with BP8 Group brand names.**
- **Potential to expand sales and distribution footprint.**

The Board of BPH Global Ltd (ASX: BP8) (**Company**) is pleased to announce that the Company has entered into two (2) new agreements with the China Tobacco group for the sale and distribution of bird's nest products via China Tobacco's outlets in the City of Guangzhou in China for calendar year 2024 (**2024 Agreements**).

New China Tobacco Sales and Distribution Agreements

The 2024 Agreements are effectively a renewal of the two (2) sales and distribution agreements from 2023 between the Company's now wholly owned subsidiary Foshan Gedishi Biotechnology Co Ltd (**Foshan**) and two (2) wholly owned subsidiaries of China Tobacco based in Guangzhou City in the Province of Guangdong (**2023 Agreements**). The two wholly owned subsidiaries are Guangzhou Gold Leaves Franchise Co Ltd (**Golden Leaves**) and Guangzhou City Twenty Sticks Commercial Franchise Co Ltd (**Twenty Sticks**).

The principal terms of the 2024 Agreements include:

- commencement date 1 January 2024;
- term 12 months;
- products to be supplied:
 - pure bird's nest 50g box;
 - pure bird's nest 100g box; and
 - bird's nest drink - each box contains 3 bottles with 1.5g bird nest content; and
- products to be sold in China Tobacco outlets in the Guangzhou Province of China.

Commencement of sales and distribution operations

The Company is also pleased to announce that, in the lead up period prior to Chinese New Year, Foshan has commenced sales and distribution operations in China:

- pursuant to the 2024 Agreements in the Guangzhou Province; and
- directly on Douyin (the mainland Chinese counterpart of TikTok).

Foshan supplies bird's nest products to both Golden Leaves and Twenty Sticks at agreed wholesale prices. Golden Leaves and Twenty Sticks determine the retail prices of the bird's nest products supplied by Foshan.

Golden Leaves and Twenty Sticks operate "China Tobacco" branded retail outlets in Guangzhou City including high-end retail outlets. Foshan currently supplies bird's products to over 100 (in aggregate) Golden Leaves' and Twenty Sticks' retail outlets in Guangzhou City including high-end retail outlets. The Company's bird's nest products are also stored in China Tobacco warehouses in Guangzhou.



The Company's bird's nest products for sale in a China Tobacco Guangzhou City outlet



The Company's bird's nest products for sale in a China Tobacco Guangzhou City outlet

Chinese New Year commences on Saturday, 10 February 2024 and continues for two weeks until Saturday 24 February. Raw bird's nest and bird's nest infused products are popular gifts in the Chinese New Year period. The Company will inform the market regarding the initial sales achieved in the trading period commencing in January through to the end of the Chinese New Year period (**Initial Trading Period**) after the conclusion of the Chinese New Year period.



The Company's bird's nest products for sale in a China Tobacco Guangzhou City outlet

The Company's immediate focus is on maximising sales of its bird's nest products during this Initial Trading Period. The Company will then aim to leverage these trading results and increased brand awareness to negotiate with China Tobacco for an expansion of the Company's operational footprint under the 2024 Agreements, initially by expanding the number of China Tobacco outlets in which it operates within Guangzhou City then subsequently to China Tobacco outlets in the greater Guangdong Province. China Tobacco operates approximately 370 stores in Guangzhou, approximately 200 stores operated by Golden Leaves and 170 operated by Twenty Sticks.



China Tobacco high-end shop in Guangzhou City selling the Company's bird's nest products

Consistent with the Company's focus on commerciality and efficiency, the Company together with the Foshan management team will determine the commercial viability of placing its bird's nest products in additional China Tobacco stores based on commercial considerations including store location, the cost of placing stock in-store, the cost of creating the in-store display and set-up, customer demographics and anticipated revenue based on turnover in similar stores where the Company's products are sold. These same criteria will be used to measure the performance of existing stores where the Company's bird's nest products are sold.

About China Tobacco, Guangzhou City and the Guangdong Province

China National Tobacco Corporation, branded as China Tobacco, is a Chinese national key state-owned corporation with monopoly status in China to manufacture and sell tobacco products. China Tobacco produces 96% of cigarette sales in the country and is the world's largest manufacturer of tobacco products measured by revenues. It exports a small proportion of its production, mostly to Asian markets. China Tobacco also is a substantial retailer of cosmetics, perfumes, liquors and confectionaries.

Guangdong Province (also known as Canton) is China's most populous province (approximately 110 million) and is a global centre of commerce, manufacturing and trade. In 2022, the Province had a GDP of 12.9 trillion RMB (AUD2.79 trillion), contributing approximately 10.6% of the total economic output of mainland China. If it was a country, Guangdong would be the world's 12th-largest economy as of 2022 and the 11th most populous. The Guangdong Province is located on the South China Sea and borders Hong Kong and Macau.

Guangzhou City is the capital and largest city of the Guangdong Province. Guangzhou is at the heart of the Guangdong-Hong Kong-Macau Greater Bay Area, the most populous built-up metropolitan area in the world, which extends into the neighbouring cities of Foshan, Dongguan, Zhongshan, Shenzhen and part of Jiangmen, Huizhou, Zhuhai and Macau, forming the largest urban agglomeration on Earth with approximately 65,594,622 residents. This area also forms part of the Pearl River Delta Economic Zone. As of the 2020 census, the registered population of the city's expansive administrative area was 18,676,605 (up 47 percent from the previous census in 2010). Guangzhou is the fifth most populous city by urban resident population in China after Shanghai, Beijing, Shenzhen and Chongqing.

Background

In previous announcements, the Company has 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 (**Pilot Study**). The Pilot Program was successful in validating consumer demand for the bird's nest products trialled in the Pilot Study.

Company Director Michael Huang took the lead role on behalf of BP8 in conducting the Pilot Program. 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 the 2023 Agreements. Foshan, the company which conducted the Pilot Study, was the counterparty to the 2023 Agreements.

Michael Huang, together with the Company's executive Directors, also negotiated the terms of an agreement with the Company's two (2) Pilot Study joint venture partners (**China Partners**) for both the:

- acquisition of Foshan (**Acquisition**); and
- ongoing operation, commercialisation and expansion of the China-based bird's nest venture pursuant to the 2023 Agreements and the trademarks that were used in the Pilot Study.

Concurrent with the due diligence undertaken by BP8 on Foshan prior to completion of the Acquisition, the Company negotiated with China Tobacco for the renewal of the 2023 Agreements for calendar year 2024.

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Authorised for lodgement by the Board of the Company

For further information, please visit our website at www.bp8global.com or contact:

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