

WELLSPIRE HOLDINGS BERHAD

[REGISTRATION NO. 200701033565 (791593-D)]

- RENEWAL OF DISTRIBUTOR AGREEMENT AND DISTRIBUTOR SUPPLEMENTARY AGREEMENT BETWEEN BAI LI ENTERPRISE CO., LTD. AND QIAQIA FOOD CO., LTD.

1.0 INTRODUCTION

The Board of Directors of Wellspire wishes to announce that Bai Li Enterprise (“**Bai Li Enterprise**”), a 75.01% owned subsidiary of the Company had on 20 February 2023 entered into new distributor agreement and distributor supplementary agreement with QiaQia, which shall be for the period from 1 July 2022 to 30 June 2023, collectively referred to as “**Agreements**”.

Bai Li Enterprise has been appointed as QiaQia’s exclusive distributor of ChaCha sunflower seeds and nuts products in Thailand since 2013, where the products supplied by QiaQia will only be sold by Bai Li Enterprise in Thailand.

As disclosed in the Company’s initial public offering (“**IPO**”) prospectus dated 27 December 2022, that was issued in conjunction with the listing of and quotation for the Company’s entire issued share capital on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 16 January 2023, on 13 May 2022, the distributor agreement has been renewed with QiaQia for a period of 1 year, commencing from 1 January 2022 to 31 December 2022. In addition, on 13 May 2022, Bai Li Enterprise has also entered into a distributor supplementary agreement with QiaQia in respect of the sales incentive plan. With the signing of the abovementioned Agreements, the renewal and sales incentive assessment cycle shall be from 1 July to 30 June, annually.

QiaQia is a China-based company that produces roasted seeds and nuts, and baked snack foods under the brand “ChaCha” and “ChaCheer” with sales in China and export countries including Thailand, Malaysia, Indonesia, Vietnam, the United States and Canada, among others (*Source: ChaCha Annual Report 2021*).

2.0 SALIENT TERMS OF THE AGREEMENTS

2.1 The Agreements shall be for one (1) year, commencing from 1 July 2022 to 30 June 2023.

For clarification, the period of the Agreements has been extended from 31 December 2022 to 30 June 2023 by QiaQia, following QiaQia’s decision to revise and facilitate the implementation of the new sales incentive plan with its global distributors with same assessment cycle from 1 July to 30 June, annually.

2.2 During the terms of the Agreements, Bai Li Enterprise will not be allowed to accept or sell other similar products, i.e., sunflower seeds and nuts, in Thailand or sell the distributed products outside of Thailand.

2.3 Bai Li Enterprise is obliged to take charge of the development and management of secondary distributors in Thailand, and holds full responsibility in the shipment, sales guidance, and after-sale service of the products. If secondary distributors of Bai Li Enterprise have cross-regional conflict of products, it will be deemed as the behaviour of Bai Li Enterprise.

- 2.4 If Bai Li Enterprise violates any of the above terms, QiaQia has the right to terminate the Distributor Agreement unilaterally and is exempted from any duty and entitled to deduct the performance bond (if any) as the compensation, the shortage of which can otherwise be claimed from Bai Li Enterprise thereafter.
- 2.5 The Distributor Supplementary Agreement sets out the sales incentive plan which is computed based on the percentage of the actual annual sales level. After the expiration of the annual distributor agreement, the computation of the sales incentive will be computed and honoured by QiaQia in the next quarter of the following year. Further, QiaQia has the right to reconsider the distribution rights of Bai Li Enterprise in Thailand after the expiration of the annual distributor agreement, if Bai Li Enterprise fails to meet the sales level under the sales incentive plan.
- 2.6 Both parties shall execute the clauses of the Agreements in the principle of honesty and trust. Any dispute arising from or in connection with the Agreements shall be submitted to the Shanghai Arbitration Commission for arbitration in accordance with the laws of People's Republic of China.

3.0 FINANCIAL EFFECTS OF THE AGREEMENTS

This Agreements will not have any material financial impact on the share capital and substantial shareholders' shareholdings of the Company.

This Agreements are expected to contribute positively to Wellspire's group earnings per share and net assets per share for the duration of the Agreements.

4.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the directors, major shareholders of Wellspire and/or persons connected with them has any interest, direct or indirect in the Agreements.

5.0 STATEMENT BY DIRECTORS

The Board, after having considered the Agreements, is of the opinion that the Agreements are in the best interest of Wellspire.

6.0 APPROVALS REQUIRED

The Agreements do not require the approval of Wellspire's shareholders or any relevant authorities.

This announcement is dated 21 February 2023.