

**WELLSPIRE HOLDINGS BERHAD**  
**[REGISTRATION NO. 200701033565 (791593-D)]**

**- STRATEGIC COOPERATION AGREEMENT BETWEEN KHEE SAN FOOD INDUSTRIES SDN. BHD. AND WELLSPIRE GLOBAL TRADING SDN. BHD.**

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## **1.0 INTRODUCTION**

The Board of Directors of Wellspire Holdings Berhad (“**Wellspire**” or the “**Company**”) wishes to announce that Wellspire Global Trading Sdn. Bhd. (“**Wellspire Global Trading**”), a wholly-owned subsidiary of the Company, had on 23 August 2023 entered into a strategic cooperation agreement with Khee San Food Industries Sdn. Bhd. (“**Khee San**”), for a period of three (3) years from 23 August 2023 to 22 August 2026 (“**Agreement**”).

Wellspire Global Trading has been appointed by Khee San as the sole and exclusive distributor of the “Khee San” brand products (“**Products**”) in Thailand.

Khee San is a private limited company incorporated in Malaysia with business address at Lot 1819, 1820, 1821, 1822, 1823, 1824 & 1832, Jalan Kolej, Seri Kembangan, 43300 Selangor, Malaysia. Khee San is a wholly-owned subsidiary of Khee San Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad in 1994. Khee San Berhad (“**KSB**”) and its subsidiaries (“**KSB Group**”)’s principal business is the manufacturing of candies and is the largest manufacturer of chewy candy products in Malaysia. KSB Group’s headquarters and facilities are located in Seri Kembangan, Selangor, Malaysia where it produces and distributes candies such as chewy, tablet, hard, bubble gum/chewing gum, deposited candy and others.

## **2.0 SALIENT TERMS OF THE AGREEMENT**

- 2.1 Wellspire Global Trading has been appointed by Khee San as the sole and exclusive distributor for the purpose of distributing, importing, exporting, selling and/or reselling the Products in Thailand for a period of three (3) years, commencing from 23 August 2023 to 22 August 2026 (“**Term**”).
- 2.2 Should Wellspire Global Trading wish to extend the Term, the parties shall commence negotiation for an extension no later than three (3) months prior to the expiry of the Term, based upon mutually agreed terms and conditions in writing.
- 2.3 During the Term of the Agreement, Khee San shall not by itself act or appoint any other party as the distributor, importer, exporter, reseller, retailer or agent for the sale of the Products in Thailand. In addition, Khee San shall not sell, supply or otherwise provide or deliver any of the Products to any person outside of Thailand that Khee San knows or has reason to believe is likely to directly or indirectly sell, supply or otherwise provide or deliver the Products in Thailand or assist another person to do so.
- 2.4 Khee San reserves the right to advertise, market and/or solicit orders for the Products directly or indirectly from and sell directly or indirectly to any end-users or retail purchasers within Thailand. Any sales of Products made directly or indirectly by Khee San to any end-users or retail purchasers in Thailand shall be credited and attributed to Wellspire Global Trading, and such sales shall count towards the minimum sales quotas that Wellspire Global Trading may be subject to under the Agreement or the Exclusive Distribution Agreement(s), which sets forth the specific commercial terms governing the distribution of the specific lines, classes or categories of Products.

- 2.5 Khee San may modify the list of Products by:
- (a) introducing new products subject to mutual agreement in writing with Wellspire Global Trading; or
  - (b) by withdrawing any of the Products from sale only if such Product (i) will no longer be promoted, marketed, sold and/or distributed by Khee San during the remainder of the Term and (ii) will not be sold, supplied or otherwise provided by or to any person by Khee San for the remainder of the Term, provided that Khee San shall indemnify Wellspire Global Trading for all costs, damages, claims or losses that the Company incurs directly or indirectly as a result of such action by Khee San.
- 2.6 Wellspire Global Trading and Khee San shall within a period of six (6) months from the date of this Agreement negotiate in good faith and enter into one or more exclusive distribution agreements that shall set forth the specific commercial terms governing the distribution of the specific lines, classes or categories of Products by Wellspire Global Trading.
- 2.7 Wellspire Global Trading will be granted non-exclusive right and licence to use and utilise Khee San's intellectual property including but not limited to trademarks, service marks, trade names, patents, know-how, copyrights, designs and software if applicable. ("**Intellectual Property**") for the purpose of distributing the Products in Thailand.
- 2.8 Save as disclosed, any of the following shall constitute an event of default by a defaulting party:
- (a) the defaulting party ceases or threatens to cease to carry on its business;
  - (b) a proceeding has been instituted seeking a declaration that the defaulting party is insolvent or seeking bankruptcy, arrangement or composition with creditors, liquidation or the appointment of a trustee, judicial manager, receiver or liquidator or any analogous procedure under any applicable law and such proceedings remain undismissed for a period of thirty (30) days or more; or
  - (c) the defaulting party commits a material breach of any of the warranties, representations, covenants, undertakings or any terms and conditions contained in the Agreement, and fails to remedy such breach within a period of 30 days from the date of a written notice by the non-defaulting party is served on the defaulting party requiring the defaulting party to remedy such breach within the time period stipulated in such notice.
- 2.9 Upon the occurrence of any event of default, the non-defaulting party may (without prejudice to all other remedy available to it at law or equity) terminate the Agreement. The termination of the Agreement shall not affect the obligation of Wellspire Global Trading to pay to Khee San all amounts due and owing in respect of Products that have been duly delivered to the Wellspire Global Trading on or before the date of such termination.
- 2.10 Upon the termination of the Agreement, Wellspire Global Trading shall cease to use the Intellectual Property and shall be entitled to distribute or sell the remaining inventory of Products that it had acquired prior to such termination in any manner as it shall deem appropriate for its economic interest.

- 2.11 Any variation to the terms and conditions of the Agreement shall be made in writing with mutual agreement.
- 2.12 The Agreement shall be governed by and construed in accordance with Malaysian law, and the Parties agree to submit to the non-exclusive jurisdiction of the Malaysian courts.

### **3.0 RATIONALE OF THE AGREEMENT**

The Agreement is in line with Wellspire's group's strategy to draw on Wellspire's group's strength in distributing consumer packaged foods and the group's objectives to diversify its portfolio as well as broaden Wellspire group's revenue stream.

### **4.0 FINANCIAL EFFECTS OF THE AGREEMENT**

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

The Agreement is expected to contribute positively to Wellspire's group earnings per share and net assets per share for the duration of the Agreement.

### **5.0 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 Agreement.

### **6.0 STATEMENT BY DIRECTORS**

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

### **7.0 APPROVALS REQUIRED**

The Agreement does not require the approval of Wellspire's shareholders or any relevant authorities.

This announcement is dated 23 August 2023.