

WELLSPIRE HOLDINGS BERHAD

[REGISTRATION NO. 202101026155 (1426455-A)]

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

1.0 INTRODUCTION

The Board of Directors of Wellspire wishes to announce that Bai Li Enterprise Co., Ltd. ("**Bai Li Enterprise**"), a 75.01% owned subsidiary of the Company, had on 28 December 2023 entered into new distributor agreement and distributor supplementary agreement with QiaQia Food Co., Ltd. ("**QiaQia**") and ChaCha Food (Thailand) Co., Ltd. ("**ChaCha Thailand**") (collectively referred to as "**QiaQia Group**"), which shall be for the period from 1 July 2023 to 30 June 2024 (collectively referred to as "**Agreements**").

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

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 2022). ChaCha Thailand is a wholly-owned subsidiary of QiaQia.

2.0 SALIENT TERMS OF THE AGREEMENTS

- 2.1 The Agreements shall be for one (1) year, commencing from 1 July 2023 to 30 June 2024.
- 2.2 During the terms of the Agreements, Bai Li Enterprise is not allowed to sell the distributed products outside of Thailand and will not act as agent or sell other similar products (i.e., sunflower seeds and nuts products).
- 2.3 Bai Li Enterprise is obliged to develop new marketing channels and expand the market share of the products. Bai Li Enterprise shall fix the sales price of the products suitable for local market with market competitiveness under the guidance of QiaQia Group.
- 2.4 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.
- 2.5 Should there be vicious competition found between the secondary distributors of Bai Li Enterprise, QiaQia Group has the right to take necessary measures until the termination of the Agreements.
- 2.6 If Bai Li Enterprise violates any of the above terms, QiaQia Group has the right to terminate the Agreements 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.

- 2.7 The distributor supplementary agreement sets out the sales incentive plan which is computed based on the percentage of the actual annual sales amount. When the assessment period of the annual distributor agreement is due, the computation of the sales incentive will be computed and honoured by QiaQia Group in the following quarter.
- 2.8 In the event Bai Li Enterprise fails to meet the quarterly sales target for two consecutive quarters as set out in the new distributor agreement during the execution period of the agreement, QiaQia Group has the right to adjust Bai Li Enterprise's distribution area or products or terminate the Agreements without liability after 30 days of prior notice to Bai Li Enterprise.
- 2.9 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 RATIONALE OF THE AGREEMENTS

The Agreements are in line with Wellspire's group's strategy to draw on Wellspire's group's strength in distributing consumer packaged foods in Thailand.

4.0 FINANCIAL EFFECTS OF THE AGREEMENTS

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

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

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 Agreements.

6.0 STATEMENT BY DIRECTORS

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

7.0 APPROVALS REQUIRED

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

This announcement is dated 28 December 2023.