

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

- DISTRIBUTION AGREEMENT BETWEEN BAI LI ENTERPRISE CO., LTD. AND HH INTERNATIONAL ENTERPRISE LIMITED

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 23 March 2023 entered into a distribution agreement with HH International Enterprise Limited (“**HH**”), which shall be for the period from 23 March 2023 to 31 December 2023 (“**Agreement**”).

Bai Li Enterprise has been appointed by HH as the exclusive distributor of “WEILONG” brand products, where the products supplied by HH will only be marketed, distributed and sold by Bai Li Enterprise in Thailand. Wellspire will commence with the distribution of the WEILONG brand konjac and seasoned flour products, namely the *Weilong Big Hot Stick (Latiao)* and the *Weilong Konjac Shuang*.

HH is a corporation incorporated under the laws of Hong Kong and having a place of business at Room 701, 7th floor, Block 2, New Port Centre, No. 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, China. HH is the wholly-owned subsidiary of Weilong Delicious Global Holdings Ltd (“**Weilong Delicious Global**”), a public company listed on the Main Board of the Hong Kong Stock Exchange on 15 December 2022. Weilong Delicious Global Holdings Ltd and its subsidiaries are principally engaged in the production and sales of spicy snack foods.

2.0 SALIENT TERMS OF THE AGREEMENT

- 2.1 The Agreement shall be valid for ten (10) months, commencing from 23 March 2023 to 31 December 2023.
- 2.2 If Bai Li Enterprise wishes to continue the Agreement after 31 December 2023, Bai Li Enterprise must make a written notice to HH at least 1 month before the expiry date, 31 December 2023. The new agreement will be made for the next period subject to the satisfaction of both parties
- 2.3 Bai Li Enterprise will be granted a license to use the licensed trademarks, for sales online, offline and full platform of “WEILONG” brand products in Thailand.
- 2.4 During the terms of the Agreement, Bai Li Enterprise will not be allowed to purchase and prohibited to be the agent or sole distributor of identical, similar or competitive products for the sales in Thailand.
- 2.5 The distribution right under this Agreement is prohibited to be assigned to other enterprises or individuals without the authorisation of HH and Bai Li Enterprise, notwithstanding even under the situation that HH or Bai Li Enterprise be merged or be purchased by other enterprise or individuals.
- 2.6 The agreements signed by Bai Li Enterprise with its sub-distributors shall not contradict the terms of the Agreement.
- 2.7 Bai Li Enterprise shall not register the trademark(s), logo(s), packaging(s) and/or any other relevant intellectual property right(s) of the products supplied by HH and its affiliates unless written authorisation has been obtained from HH.

2.8 If Bai Li Enterprise violates any of the above terms, HH has the right to terminate the Agreement.

2.9 Bai Li Enterprise are to employ and maintain an efficient sales organisation or appoint sub-distributors, in order to promote the sales of the products, including a reasonable number of persons of its sales staff conversant with the products.

To ensure the advertisements and promotion materials to be consistent with the global promotion strategy of HH, the parties agree to communicate with each other prior to the publishing of such advertisements and promotion materials. HH may determine the basic elements of the advertisement and provide such information to Bai Li Enterprise. HH is entitled to revise or to reject the publication of such advertisements and promotion materials if HH find it deviated from the global promotion strategy of HH.

Bai Li Enterprise and HH will each bear 50% of the listing fee of modern channel. The product promotion expenses of modern channel shall be fully borne by HH.

2.10 The Agreement sets out the minimum sales target for 2023. If Bai Li Enterprise unable to meet the minimum quantity, HH has the right to terminate the Agreement.

Conversely, HH will reward Bai Li Enterprise by way of discounts or presentation products or other ways that agreed by the parties if surpassed the minimum sales target.

2.11 The Agreement shall be governed by Chinese law. Any dispute arising from or in connection with the Agreement shall be submitted to the China International Economic and Trade Arbitration Commission for arbitration that shall be conducted in accordance with the Commission's arbitration rules in effect at the time of applying for arbitration. The arbitration shall be conducted at Shanghai, China.

3.0 RATIONALE OF THE AGREEMENT

The Agreement is in line with Wellspire's group's objectives, which is to diversify its portfolio and broaden the 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 are expected to contribute positively to Wellspire's group earnings per share and net assets per share for the 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 March 2023.