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## HISTORY, DEVELOPMENT AND REORGANISATION

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### ORIGIN AND HISTORY

Since 1993, Mr. Liu has engaged himself in the vegetables wholesaling business under the trade name of C.Y. Trading Company, Mr. Liu later set up CY Food Trading Limited in May 1998 and C.Y. Food Trading Company Limited in November 2004 to further develop his vegetables wholesaling trading business.

In September 2005, with a view to distinguish his business from businesses bearing similar names in the PRC and develop food sourcing business in addition to his vegetables wholesaling business, Mr. Liu established our principal operating subsidiary, C.Y. Food, with his personal savings, and redirected all of his relevant business into it. C.Y. Food is principally engaged in the business of food processing and supply of vegetables, fruits and other food ingredients. Under the leadership and effort of Mr. Liu and other members of the management, our Group has developed into a scaled food ingredients supplier, that we supply food ingredients to over 700 customer outlets in Hong Kong during the Track Record Period.

### IMPORTANT BUSINESS MILESTONES

The following illustrates certain key milestone and achievements in the business development of our Group:

<b>Year</b>	<b>Event</b>
2005	C.Y. Food was established and taken up all of Mr. Liu's previous business as a vegetables wholesaler
2009	C.Y. Food commenced its fruit wholesaling business
2011	C.Y. Food relocated its headquarters to its current address to cope with the business development
2012	C.Y. Food was granted its food factory licence by the Food and Environmental Hygiene Department, and launched its food-processing operations
2012	C.Y. Food was accredited with HACCP
2012	C.Y. Food was accredited with ISO 22000:2005

### OUR GROUP

Our Group has one direct subsidiary, Eminent Ace, and three indirect subsidiaries, namely Lion Metro, C.Y. Food and Healthy Cheer. Details of the members of our Group and their respective corporate history are set out below.

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### OUR COMPANY

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 6 April 2016 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On 6 April 2016, one nil-paid Share, representing the entire issued share capital of our Company at the relevant time, was allotted and issued to the initial subscriber to the memorandum and articles of association of our Company, which was subsequently transferred to Classic Line on the same day.

As part of the Reorganisation, 9,999 nil-paid Shares were allotted and issued to Classic Line on 13 May 2016, in consideration for the acquisition of the entire issued share capital of C.Y. Food by Eminent Ace from Mr. Liu. On 16 May 2016, Classic Line transferred the entire issued share capital of Eminent Ace to our Company, in consideration of which our Company credited the 10,000 nil-paid Shares held by Classic Line as fully-paid. On 18 May 2016, Classic Line transferred 1,500, 600 and 400 Shares to Good Vision, Golden Bliss and Power Shield at the consideration of HK\$11,862,000, HK\$4,745,000 and HK\$3,163,000, respectively. Immediately following the above transactions, the shareholding structure of our Company was as follows:

Name of shareholders	Number of Shares	Shareholding %
Classic Line	7,500	75%
Good Vision	1,500	15%
Golden Bliss	600	6%
Power Shield	400	4%
Total	<u>10,000</u>	<u>100%</u>

Immediately after completion of the Reorganisation and before completion of the [REDACTED], our Company became the holding company of our Group with its business being conducted through the principal operating subsidiary of our Group, namely C.Y. Food.

### OUR SUBSIDIARIES

#### Eminent Ace

Eminent Ace was incorporated in the BVI with limited liability on 10 March 2016, and is authorised to issue a maximum of 50,000 shares of US\$1 each. On 10 March 2016, one fully-paid share of Eminent Ace, representing its entire issued share capital at the relevant time, was allotted and issued to Classic Line.

As part of the Reorganisation, on 16 May 2016, Classic Line transferred the entire issued share capital of Eminent Ace to our Company, in consideration of which our Company credited the 10,000 nil-paid Shares held by Classic Line as fully-paid. On 22 June 2016, Mr. Liu transferred the entire issued share capital of Healthy Cheer to Lion Metro, in consideration of which Eminent Ace allotted and issued 99 fully-paid shares to our Company.

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Eminent Ace is an investment holding company and had no substantive business activities as at the Latest Practicable Date.

### **C.Y. Food**

C.Y. Food was incorporated in Hong Kong with limited liability on 6 September 2005 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On 6 September 2005, one fully-paid share of C.Y. Food, representing its entire issued share capital at the relevant time, was allotted and issued to Mr. Liu.

As part of the Reorganisation, on 13 May 2016, Mr. Liu transferred the entire issued share capital of C.Y. Food to Eminent Ace, in consideration of which our Company issued and allotted 9,999 nil-paid Shares to Classic Line.

C.Y. Food commenced business in September 2005 and is principally engaged in the business of food processing and supply of vegetables, fruits and other food ingredients.

### **Healthy Cheer**

Healthy Cheer was incorporated in Hong Kong with limited liability on 11 March 2009 with an authorised share capital of HK\$100,000 divided into 100,000 shares of HK\$1.00 each.

On 11 March 2009, one fully-paid share of Healthy Cheer, representing its entire issued share capital at the relevant time, was allotted and issued to the initial subscriber and was subsequently transferred to Ms. Liu Shek Chun (who held the share as nominee on trust for Mr. Liu) on 9 July 2009. On 9 July 2009, one share was further allotted and issued to Mr. Chan Kam Cheong (who held the share as nominee on trust for Mr. Liu). On 1 September 2015, 99,998 shares were further allotted and issued to Mr. Liu. On 22 June 2016, Ms. Liu Shek Chun and Mr. Chan Kam Cheong transferred the legal interest of one and one share in Healthy Cheer to Mr. Liu at nil consideration. Mr. Liu has been the beneficial owner of the entire issued share capital of Healthy Cheer since 9 July 2009.

As part of the Reorganisation, on 22 June 2016, Lion Metro acquired the entire issued share capital of Healthy Cheer from Mr. Liu in consideration of which Eminent Ace allotted and issued 99 fully-paid shares to our Company.

Healthy Cheer is an investment holding company and had no substantive business activities as at the Latest Practicable Date.

### **Lion Metro**

Lion Metro was incorporated in the BVI with limited liability on 25 May 2016, and is authorised to issue a maximum of 50,000 shares of US\$1 each. On 1 June 2016, 100 fully-paid shares of Lion Metro, representing its entire issued share capital at the relevant time, were allotted and issued to Eminent Ace.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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Lion Metro is an investment holding company and had no substantive business activities as at the Latest Practicable Date.

### REORGANISATION

#### 1. Incorporation of Eminent Ace

On 10 March 2016, Eminent Ace was incorporated in the BVI and is authorised to issue a maximum of 50,000 shares of US\$1 each. On 10 March 2016, one fully-paid share of Eminent Ace, representing its entire issued share capital at the relevant time, was allotted and issued to Classic Line.

#### 2. Incorporation of our Company

On 6 April 2016, our Company was incorporated in the Cayman Islands with limited liability and with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On 6 April 2016, one nil-paid Share, representing the entire issued share capital of our Company at the relevant time, was allotted and issued to the initial subscriber to the memorandum and articles of association of our Company, which was subsequently transferred to Classic Line on the same day.

#### 3. Acquisition of C.Y. Food

On 13 May 2016, Eminent Ace acquired the entire issued share capital of C.Y. Food from Mr. Liu, in consideration of which our Company issued and allotted 9,999 nil-paid Shares to Classic Line. The said consideration was settled on 13 May 2016.

Following the completion of the aforesaid share transfer, C.Y. Food became a direct wholly-owned subsidiary of Eminent Ace.

#### 4. Acquisition of Eminent Ace

On 16 May 2016, our Company acquired the entire issued share capital of Eminent Ace, in consideration of which our Company credited the 10,000 nil-paid Shares held by Classic Line as fully paid. The said consideration was settled on 16 May 2016.

After the aforesaid transactions, our Company became the holding company of Eminent Ace and C.Y. Food.

#### 5. Acquisition of 15%, 6% and 4% of the issued share capital of our Company by Good Vision, Golden Bliss and Power Shield, respectively (“Pre-IPO Investments”)

On 18 May 2016, Classic Line, as vendor, and Good Vision, as a purchaser, entered into a sale and purchase agreement (the “**Pre-IPO Investment Agreement 1**”), pursuant to which Good Vision agreed to acquire 1,500 Shares, representing 15% of the issued share capital of our Company at the relevant time, from Classic Line at a consideration of HK\$11,862,000.

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On 18 May 2016, Classic Line, as vendor, and Golden Bliss, as a purchaser, entered into a sale and purchase agreement (the “**Pre-IPO Investment Agreement 2**”), pursuant to which Golden Bliss agreed to acquire 600 Shares, representing 6% of the issued share capital of our Company at the relevant time, from Classic Line at a consideration of HK\$4,745,000.

On 18 May 2016, Classic Line, as vendor, and Power Shield, as a purchaser, entered into a sale and purchase agreement (the “**Pre-IPO Investment Agreement 3**”), pursuant to which Power Shield agreed to acquire 400 Shares, representing 4% of the issued share capital of our Company at the relevant time, from Classic Line at a consideration of HK\$3,163,000.

Details of the Pre-IPO Investments are summarised below:

### **Pre-IPO Investment Agreement 1**

Name of investor	:	Good Vision
Date of the Pre-IPO Investment Agreement 1	:	18 May 2016
Amount of consideration paid	:	HK\$11,862,000
Date of payment of the consideration	:	18 May 2016
Effective cost per Share paid <sup>(note 1)</sup>	:	Approximately HK\$0.165
Percentage of shareholding upon [REDACTED] <sup>(note 2)</sup>	:	[REDACTED] Shares, representing 11.25% of the issued share capital of our Company upon [REDACTED]

### **Pre-IPO Investment Agreement 2**

Name of investor	:	Golden Bliss
Date of the Pre-IPO Investment Agreement 2	:	18 May 2016
Amount of consideration paid	:	HK\$4,745,000
Date of payment of the consideration	:	18 May 2016
Effective cost per Share paid <sup>(note 1)</sup>	:	Approximately HK\$0.165
Percentage of shareholding upon [REDACTED] <sup>(note 2)</sup>	:	[REDACTED] Shares, representing 4.5% of the issued share capital of our Company upon [REDACTED]

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### Pre-IPO Investment Agreement 3

Name of investor	:	Power Shield
Date of the Pre-IPO Investment Agreement 3	:	18 May 2016
Amount of consideration paid	:	HK\$3,163,000
Date of payment of the consideration	:	18 May 2016
Effective cost per Share paid <sup>(note 1)</sup>	:	Approximately HK\$0.165
Percentage of shareholding upon [REDACTED] <sup>(note 2)</sup>	:	[REDACTED] Shares, representing 3% of the issued share capital of our Company upon [REDACTED]

*Notes:*

1. For illustration purposes only. Based on the indicative [REDACTED] range, representing a discount of approximately 63.4% to HK\$[REDACTED] per Share, being the lower end of the stated [REDACTED] range, and a discount of approximately 67.1% to HK\$[REDACTED] per Share, being the upper end of the stated [REDACTED] range.
2. Assuming completion of the [REDACTED] and without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme.

The said considerations were arrived at after arm's length negotiations between the parties with reference to the average price-to-earnings ratio before [REDACTED] of our Company for the Track Record Period of approximately 9.5 and the prospect of our Group. The aforesaid transactions were completed on 18 May 2016. Our Directors are of the view that the Pre-IPO Investments were entered into on normal commercial terms.

Good Vision is a limited company incorporated in the Seychelles on 4 May 2016 and its entire issued share capital is owned by Tang Palace. The principal business activity of Good Vision is investment holding. The holding company of Tang Palace, Tang Palace (China) (Stock Code: 1181), a company listed on the Main Board of the Stock Exchange, is principally engaged in restaurant operations in the PRC and Hong Kong. Ms. Weng Peihe, the chief executive officer of Tang Palace (China), has known Mr. Liu, our Controlling Shareholder, for over three years in a social occasion. Upon introduction of the potential [REDACTED] of Group to Ms. Weng Peihe by Mr. Liu, Tang Palace (China) expressed interests in investing in our Group. In order to make a sound investment decision, Tang Palace (China) has undertaken certain due diligence work, including discussion with our Directors and senior management, studying our production process, products and sources of our food ingredients, license, our historical financial performance and market conditions of the industry. After such due diligence and review, Tang Palace (China) considered that our Group has good management and good industry prospect.

Golden Bliss is a limited company incorporated in the Seychelles on 4 May 2016 and its entire issued share capital is owned by Ms. Liu. The principal business activity of Golden Bliss is investment holding. Ms. Liu is the deputy sales director of the industrial/office department of a leading real estate agency in Hong Kong. Ms. Liu has known Mr. Liu, our Controlling Shareholder, for over ten years in a business occasion. Upon introduction of the

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potential [REDACTED] of our Group to Ms. Liu by Mr. Liu, Ms. Liu expressed interests in investing in our Group. After several due diligence work was conducted, Ms. Liu is confident in our future prospect.

Power Shield is a limited company incorporated in the Seychelles on 4 May 2016 and its entire issued share capital is owned by Mr. Lee. The principal business activity of Power Shield is investment holding. Mr. Lee is a restaurant operator in Hong Kong. Mr. Lee has known Mr. Liu, our Controlling Shareholder, for over three years in a business occasion. Upon introduction of the potential [REDACTED] of our Group to Mr. Lee by Mr. Liu, Mr. Lee expressed interests in investing in our Group. After several due diligence work was conducted, Mr. Lee is confident in our future prospect.

As advised by Tang Palace Group, Ms. Liu and Mr. Lee, they invested in our Group due to their confidence in the business prospects of the food sourcing and processing industry in Hong Kong and in the management and potentials of our Group. Our Directors believe that the Pre-IPO Investments would strengthen the shareholder base of our Group and enhance the corporate governance practice and business network of our Group. Our Company considers that by introducing Good Vision, Golden Bliss and Power Shield as additional shareholders, our Group would benefit from the insight and management experience of Tang Palace (China), Ms. Liu and Mr. Lee. A more diversified shareholding structure of our Group is expected to promote accountability of the management to shareholders, thereby facilitate and strengthen internal control.

Save as aforesaid, each of Tang Palace Group, Ms. Liu, Mr. Lee, Good Vision, Golden Bliss and Power Shield is not connected (as defined in the GEM Listing Rules) with our Group or any of its connected persons (including the Controlling Shareholders).

As a result of the completion of the Pre-IPO Investments, the shareholding structure of our Company was as follows:

<b>Name of shareholders</b>	<b>Number of Shares</b>	<b>Shareholding %</b>
Classic Line	7,500	75%
Good Vision	1,500	15%
Golden Bliss	600	6%
Power Shield	<u>400</u>	<u>4%</u>
Total	<u>10,000</u>	<u>100%</u>

Upon [REDACTED], Good Vision, Golden Bliss and Power Shield would be interested in 11.25%, 4.5% and 3% of the issued share capital of our Company, respectively. Considering that Good Vision will become a substantial Shareholder upon [REDACTED], its shareholding in our Company will not be counted as part of the “public float” for the purpose of Rule 11.23 of the GEM Listing Rules.

Good Vision, Golden Bliss, Power Shield, Tang Palace Group, Ms. Liu and Mr. Lee are not involved in the management and daily operations of our Group.

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Pursuant to the Pre-IPO Investment Agreements, Good Vision, Golden Bliss and Power Shield do not enjoy any special right in connection with the Pre-IPO Investments.

The Sole Sponsor is of the view that the Pre-IPO Investments is in compliance with the Guidance Letters HKEx-GL29-12, HKEx-GL43-12 and HKEx-GL44-12 in respect of guidance on pre-IPO investments issued by the Stock Exchange, as the Pre-IPO Investments has been completed at least 28 clear days before the date of our Company's first submission of the [REDACTED] application.

### **6. Incorporation of Lion Metro**

On 25 May 2016, Lion Metro was incorporated in the BVI and is authorised to issue a maximum of 50,000 shares of US\$1.00 each. 100 fully paid ordinary shares of Lion Metro, representing the entire issued share capital of Lion Metro, were allotted and issued at par to Eminent Ace on 1 June 2016.

### **7. Acquisition of Healthy Cheer**

On 22 June 2016, Lion Metro acquired an aggregate of 100,000 shares in Healthy Cheer (representing the entire issued share capital of Healthy Cheer) from Mr. Liu in consideration of which Eminent Ace allotted and issued 99 fully-paid shares in Eminent Ace to our Company.

Following the completion of the aforesaid share transfer, Healthy Cheer became a direct wholly-owned subsidiary of Lion Metro and an indirect wholly-owned subsidiary of our Company.

### **8. Capitalisation Issue and [REDACTED]**

On 22 August 2016, our Company resolved to increase its authorised share capital from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each in order to be positioned to (i) allot and issue [REDACTED] new Shares to the [REDACTED]; and (ii) allot and issue a further [REDACTED] new Shares to the existing shareholders of our Company, being [REDACTED], [REDACTED], [REDACTED] and [REDACTED] new Shares to Classic Line, Good Vision, Golden Bliss and Power Shield, respectively.

Our Company will offer [REDACTED] [REDACTED] Shares under the [REDACTED] comprising [REDACTED] new Shares for subscription by professional, institutional and other investors, representing a total of 25% of the enlarged issued share capital of our Company upon [REDACTED].



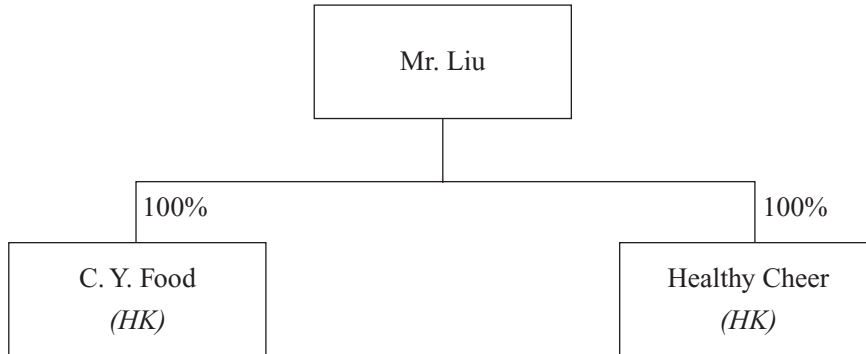
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### THE CORPORATE STRUCTURE OF OUR GROUP

Set out below is the corporate structure of our Group immediately before the Reorganisation:

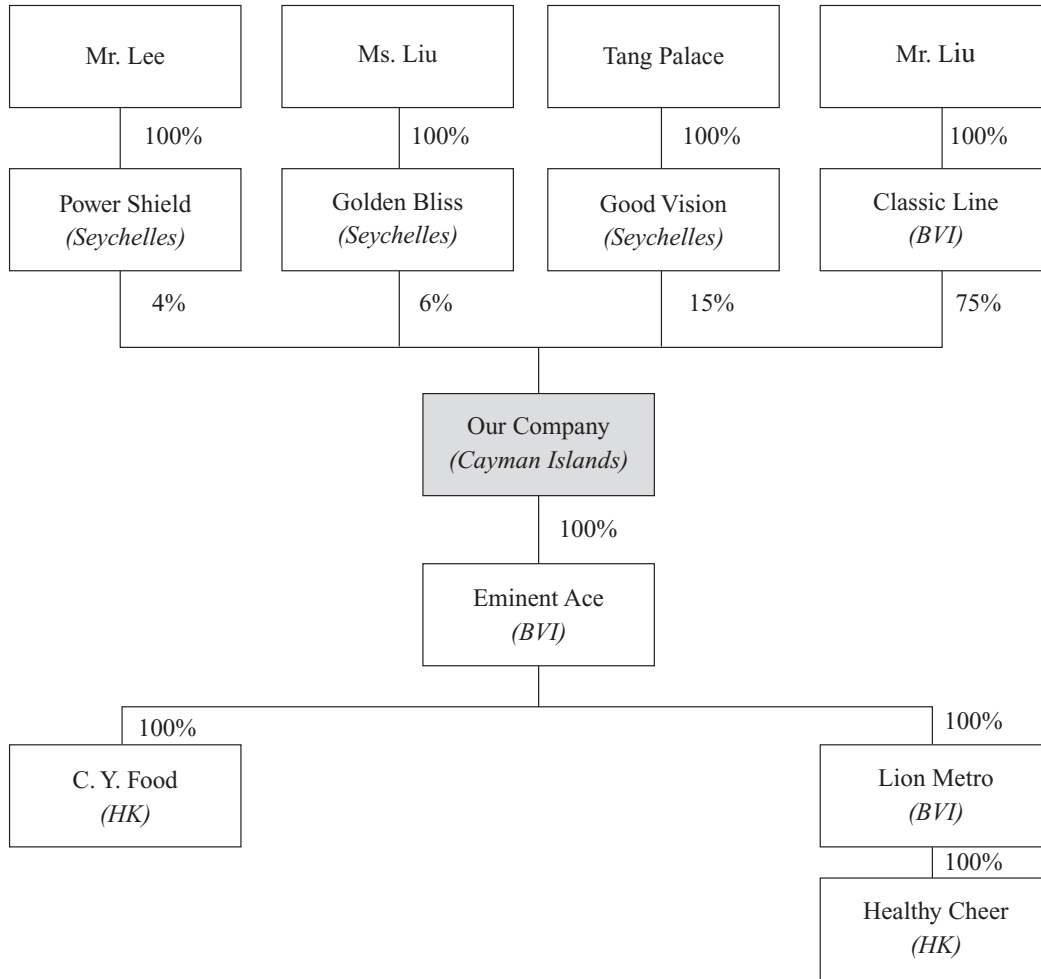


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After completion of the Reorganisation, our Company became the holding company of our Group. The following diagram sets out the corporate structure of our Group immediately after completion of the Reorganisation but before completion of the [REDACTED]



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## HISTORY, DEVELOPMENT AND REORGANISATION

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The following diagram sets out the corporate structure of our Group immediately after completion of the [REDACTED] (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme):

