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## CONNECTED TRANSACTIONS

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The following transactions have been carried out by our Group and connected persons during the Track Record Period and are expected to be continued following the [REDACTED]. The following transactions will be regarded as connected transactions exempt from the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

### FULLY EXEMPTED CONTINUING CONNECTED TRANSACTIONS

#### A. Tenancy Agreement

Across Well is a company owned as to 50% by Mr. Liu, our Chairman and Controlling Shareholder, and is a connected person of our Company under the GEM Listing Rules. Any transaction between Across Well and our Group thus constitutes a connected transaction upon [REDACTED]. Across Well is an investment holding company.

On 24 December 2015, C.Y. Food entered into a tenancy agreement (the “**Tenancy Agreement**”) with Across Well pursuant to which Across Well agreed to lease and C.Y. Food agreed to rent a residential property in Tsuen Wan owned by Across Well (the “**Rented Property**”) for staff accommodation for a term of three years from 1 April 2015 to 31 March 2018 at a monthly rental fee of HK\$28,000 which was agreed after arm’s length negotiations between the parties with regard to the prevailing market rates of similar properties in the vicinity. The maximum annual amount of rental fee payable to Across Well by our Group under the Tenancy Agreement for the year ending 31 March 2017 and 31 March 2018 is HK\$336,000 and HK\$336,000, respectively.

As it is expected that the highest relevant percentage ratio in respect of the rental fee paid by our Group to Across Well will be, on an annual basis, less than 5% and the total consideration will be less than HK\$3,000,000 in aggregate according to the Tenancy Agreement, and is on normal commercial terms, the transactions under the Tenancy Agreement are exempted from the reporting, announcement, annual review and independent shareholders’ approval requirements under the GEM Listing Rules.

#### B. Purchase Agreement

Au Kit Ying, a partnership business engaging in groceries trading owned by Ms. Au Kit Ying who is the mother of Mr. Liu, and Ms. Liu Shek Chun who is the sister of Mr. Liu, is therefore a connected person of our Company under the GEM Listing Rules. Any transaction between Au Kit Ying and our Group thus constitutes a connected transaction upon [REDACTED].

During the Track Record Period, Au Kit Ying has been a supplier of our Group. For the two years ended 31 March 2015 and 2016, the total historical amount paid by our Group to Au Kit Ying amounted to approximately HK\$99,000 and HK\$88,000, respectively.

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On 1 June 2016, Au Kit Ying entered into a framework purchase agreement (the "**Framework Purchase Agreement**") with our Group pursuant to which Au Kit Ying agreed to supply groceries to our Group from 1 June 2016 to 31 March 2019 at a price which shall be agreed after arm's length negotiations between the parties with regard to the prevailing market rates of similar products from time to time.

The maximum annual amount of purchase fee payable to Au Kit Ying by our Group under the Framework Purchase Agreement for the years ending 31 March 2017, 2018 and 2019 is HK\$100,000, HK\$105,000 and HK\$105,000, respectively. In arriving at the above amount, our Directors had considered (i) the historical amount paid by our Group to Au Kit Ying; (ii) the estimated demand of our Group for groceries from Au Kit Ying; and (iii) the estimated market demand and rates for groceries for the three years ending 31 March 2019.

As it is expected that the highest relevant percentage ratio in respect of the purchases from Au Kit Ying by our Group will be, on an annual basis, less than 5% and the total consideration will be less than HK\$3,000,000 in aggregate according to the Framework Purchase Agreement, and is on normal commercial terms, the transactions under the Framework Purchase Agreement are exempted from the reporting, announcement, annual review and independent shareholders' approval requirements under the GEM Listing Rules.

### C. Sales Agreements

#### *China Land Framework Sales Agreement*

China Land is a company owned as to 30% by Mr. Liu, our Chairman, executive Director and Controlling Shareholder, and is a connected person of our Company under the GEM Listing Rules. Any transaction between China Land and our Group thus constitutes a connected transaction upon [REDACTED].

During the Track Record Period, China Land has been a customer of our Group. For the two years ended 31 March 2015 and 2016, the total historical amount paid by China Land to our Group amounted to approximately HK\$665,000 and HK\$691,000 respectively.

On 1 June 2016, China Land entered into a framework sales agreement (the "**China Land Framework Sales Agreement**") with our Group pursuant to which our Group agreed to sell vegetables and fruits and provide food processing services to China Land from 1 June 2016 to 31 March 2019 at a price which shall be agreed after arm's length negotiations between the parties with regard to the prevailing market rates of similar products and/or services from time to time.

The maximum annual amount of purchase fee payable to our Group by China Land under the China Land Framework Sales Agreement for the years ending 31 March 2017, 2018 and 2019 is HK\$719,000, HK\$748,000 and HK\$778,000, respectively. In arriving at the above amount, the Directors had considered (i) the historical amount paid by China Land to our Group; (ii) the estimated demand of China Land for

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vegetables and fruits and food processing services from our Group; and (iii) the estimated market demand and rates for provision of vegetable, fruit and food processing services for the three years ending 31 March 2019.

As it is expected that the highest relevant percentage ratio in respect of the sales and services provided to China Land will be, on an annual basis, less than 5% and the total consideration will be less than HK\$3,000,000 in aggregate according to the China Land Framework Sales Agreement, and is on normal commercial terms, the transactions under the China Land Framework Sales Agreement are exempted from the reporting, announcement, annual review and independent shareholders' approval requirements under the GEM Listing Rules.

### *Tang Palace Framework Sales Agreement*

Tang Palace (China) is the holding company of Tang Palace, a Substantial Shareholder, and therefore Tang Palace Group is a connected person of our Company under the GEM Listing Rules. Any transaction between Tang Palace Group and our Group thus constitutes a connected transaction upon [REDACTED].

Tang Palace Group is principally engaged in restaurant operations. During the Track Record Period, Tang Palace Group has been a customer of our Group. For the two years ended 31 March 2015 and 2016, the total historical amount paid by Tang Palace Group to our Group amounted to nil and approximately HK\$5,700, respectively.

On 27 June 2016, Tang Palace Group entered into a framework sales agreement (the "**Tang Palace Framework Sales Agreement**") with our Group pursuant to which our Group agreed to sell vegetables and fruits and provide food processing services to Tang Palace Group from 27 June 2016 to 31 March 2019 at a price which shall be agreed after arm's length negotiations between the parties with regard to the prevailing market rates of similar products and/or services from time to time.

The maximum annual amount of purchase fee payable to our Group by Tang Palace Group under the Tang Palace Framework Sales Agreement for the years ending 31 March 2017, 2018 and 2019 is HK\$1,000,000, HK\$1,500,000 and HK\$2,000,000, respectively. In arriving at the above amount, our Directors had considered (i) the historical amount paid by Tang Palace Group to our Group; (ii) the estimated demand of Tang Palace Group for vegetables and fruits and food processing services from our Group; and (iii) the estimated market rates for provision of vegetable, fruit and food processing services for the three years ending 31 March 2019.

As it is expected that the highest relevant percentage ratio in respect of the sales and services provided to Tang Palace Group will be, on an annual basis, less than 5% and the total consideration will be less than HK\$3,000,000 in aggregate according to the Tang Palace Framework Sales Agreement, and is on normal commercial terms, the transactions under the Tang Palace Framework Sales Agreement are exempted from the reporting, announcement, annual review and independent shareholders' approval requirements under the GEM Listing Rules.

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### CONFIRMATION FROM DIRECTORS

Our Directors (including the independent non-executive Directors) confirm that the Tenancy Agreement, Framework Purchase Agreement, China Land Framework Sales Agreement and Tang Palace Framework Sales Agreement are entered into in the ordinary and usual business of our Group, on arm's length basis and are on normal commercial terms, and on terms which are no less favourable than terms for similar transactions offered by Independent Third Parties.

Our Group expects to continue to rent the Rented Property from Across Well, to purchase groceries from Au Kit Ying and to provide vegetables, fruits and food processing services to China Land and Tang Palace Group following [REDACTED], and will continue to do so on an arm's length basis, on normal commercial terms and on terms no less favourable than the terms offered to our Group by Independent Third Parties. Our Directors (including our independent non-executive Directors) are of the view that the arrangements are in the ordinary and usual course of business, are fair and reasonable, and in the interests of the Shareholders as a whole.