
CONTINUING CONNECTED TRANSACTIONS

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Upon Listing, the transactions disclosed under this section will constitute continuing connected transactions under the Listing Rules pursuant to Chapter 14A of the Listing Rules.

RELEVANT CONNECTED PERSONS

The following entities/persons with whom we have entered into transactions will be regarded as our connected persons under the Listing Rules:

<u>Connected Persons</u>	<u>Connected Relationship</u>
Mr. Yu Jie (余傑)	nephew of Mr. Yu, an executive Director and a Controlling Shareholder, and hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Yu and our connected person
Mr. Yu Hang (余杭)	nephew of Mr. Yu, an executive Director and a Controlling Shareholder, and hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Yu and our connected person
Ms. Deng Lirong (鄧利蓉)	sister-in-law of Mr. Tao Jun (陶軍), a director of Haiyang Jinchengtai, and hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Tao Jun and our connected person
Mr. Deng Lisong (鄧利松)	brother-in-law of Mr. Tao Jun (陶軍), a director of Haiyang Jinchengtai, and hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Tao Jun and our connected person
Ms. Xu Yanlin (徐艷林)	director and a controlling shareholder of our Company and hence our connected person
Shenzhen Guodao Yunxin Education Consulting Co., Ltd.* (深圳果道耘心教育諮詢有限公司) (formerly known as Shenzhen Guangmingdeng Education Consulting Co., Ltd.* (深圳廣明燈教育諮詢有限公司)) (“ Guodao Yunxin ”)	a limited liability company established in the PRC with Ms. Xu Yanlin holding and controlling the exercise of 95% of the voting power at its general meeting, hence an associate (as defined under Chapter 14A of the Listing Rules) of Ms. Xu Yanlin and our connected person
Mr. Wang Yonghua (王永華)	a substantial shareholder of our Company and hence our connected person

CONTINUING CONNECTED TRANSACTIONS

Connected Persons	Connected Relationship
Tian Tu Capital Co., Ltd. (深圳市天圖投資管理股份有限公司) (“ Tiantu Capital ”)	a substantial shareholder of our Company and Mr. Wang Yonghua is the ultimate controlling shareholder controlling or who is able to exercise the control of more than 40% of voting rights at the general meeting of Tiantu Capital, hence our connected person
Shenzhen Tiantu Venture Capital Co., Ltd.* (深圳市天圖創業投資有限公司) (“ Tiantu Chuangye ”)	a limited liability company established in the PRC with Mr. Wang Yonghua and his spouse together holding and controlling the exercise of 100% of the voting power at its general meeting, hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Wang Yonghua, hence our connected person
Ms. Fong Shun Chun (方舜真).	director of Haiyang Jinchengtai and hence our connected person
Mr. Sin Kei Kau (單基球)	spouse of Ms. Fong Shun Chun and hence an associate (as defined under Chapter 14A of the Listing Rules) of Ms. Fong Shun Chun and our connected person
Shing Kee Lan Co., Ltd. (成記欄有限公司) (“ Shing Kee Lan ”).	a limited liability company established in Hong Kong, with each of Ms. Fong Shun Chun and Mr. Sin Kei Kau controlling the exercise of 50% of the voting power at its general meetings, hence an associate (as defined under Chapter 14A of the Listing Rules) of Ms. Fong Shun Chun and Mr. Sin Kei Kau and our connected person
FRECO Asia Co., Ltd. (“ FRECO ”).	a limited liability company established in Thailand, with Ms. Fong Shun Chun controlling the exercise of 49% of the voting power at its general meetings, hence an associate (as defined under Chapter 14A of the Listing Rules) of Ms. Fong Shun Chun and our connected person
Century Global PTE Ltd. (“ Century Global ”)	a limited liability company established in Singapore, with Mr. Sin Kei Kau controlling the exercise of 50% of the voting power at its general meetings, hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Sin Kei Kau and our connected person

CONTINUING CONNECTED TRANSACTIONS

Connected Persons	Connected Relationship
Shandong Liangzhi Agricultural Technology Co., Ltd.* (山東良枝農業科技有限公司) (“ Shandong Liangzhi ”)	a limited liability company established in the PRC, with Ms. Fong Shun Chun controlling the exercise of 55% of the voting power at its general meetings, hence an associate (as defined under Chapter 14A of the Listing Rules) of Ms. Fong Shun Chun and our connected person
Shandong Huiguo Agricultural Development Co., Ltd.* (山東匯果農業發展有限公司) (formerly known as Penglai Huiguo Agricultural Development Co., Ltd.* (蓬萊市匯果農業發展有限公司)) (“ Shandong Huiguo ”)	a limited liability company established in the PRC, with Mr. Sin Kei Kau controlling the exercise of 35% of the voting power at its general meetings, hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Sin Kei Kau and our connected person

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Franchise Framework Agreements with Mr. Yu Jie, Mr. Yu Hang, Mr. Deng Lisong and Ms. Deng Lirong

Our Company (for itself and as trustee for its subsidiaries) (as the franchisor) entered into a franchise framework agreement with each of Mr. Yu Jie, Mr. Yu Hang, Mr. Deng Lisong and Ms. Deng Lirong (each, as the franchisee) on December 20, 2022, pursuant to which we agree to grant a right and license to Mr. Yu Jie, Mr. Yu Hang, Mr. Deng Lisong and Ms. Deng Lirong (each, as the franchisee), respectively, to operate business of sales of fruits under the brand “Pagoda (百果園)” at specified premises as stipulated in such franchise framework agreement in strict accordance with the system developed and rules implemented by our Company. Under the respective franchise framework agreement, the total transaction amount payable to our Company is consisted of (i) a franchising and royalty income which includes an initial franchise fee of RMB30,000 and a royalty fee which is payable on a monthly basis, (ii) cash deposits of RMB10,000 as one-off performance bond for each franchised store (which might be returned to relevant franchisee after deducting payables as agreed), and (iii) an aggregate sales amount in relation to our Group’s sale of designated fruit products to relevant franchisee. Each of the franchise framework agreements will terminate on December 31, 2024 unless renewed otherwise. The franchise framework agreements are entered into in the ordinary and usual course of business of our Group. These transactions are conducted on normal commercial terms and are in the interests of our Company and our Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

Historical figures

The total transaction amount paid by Mr. Yu Jie, Mr. Yu Hang, Mr. Deng Lisong and Ms. Deng Lirong to our Group during the Track Record Period are set out below:

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2022	
	<i>(RMB)</i>				
Mr. Yu Jie	Franchising and royalty income	79,707	125,105	139,954	72,434
	Cash deposits ^{Note}	135,000	Nil	Nil	Nil
	Sales amount	2,700,468	4,257,086	6,870,239	3,912,911
	<i>Total</i>	2,915,175	4,382,191	7,010,193	3,985,345
Mr. Yu Hang	Franchising and royalty income	8,247	33,734	42,407	22,252
	Cash deposits ^{Note}	Nil	Nil	Nil	Nil
	Sales amount	2,640,685	3,060,085	3,951,385	1,891,322
	<i>Total</i>	2,648,932	3,093,819	3,993,792	1,913,574
Mr. Deng Lisong	Franchising and royalty income	109,333	69,781	75,722	46,466
	Cash deposits ^{Note}	25,000	Nil	Nil	Nil
	Sales amount	3,172,651	2,984,158	3,271,861	1,807,810
	<i>Total</i>	3,306,984	3,053,939	3,347,583	1,854,276
Ms. Deng Lirong	Franchising and royalty income	Nil	Nil	21,678	11,051
	Cash deposits ^{Note}	Nil	Nil	10,000	Nil
	Sales amount	Nil	Nil	258,939	1,042,477
	<i>Total</i>	Nil	Nil	290,617	1,053,528

Note: Such cash deposits include (i) RMB10,000 as one-off performance bond paid by relevant franchisee to our Company for each franchised store for the three years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, and (ii) RMB20,000 as one-off operation bond paid by relevant franchisee to our Company for each franchised store for the two years ended December 31, 2019 and 2020, where applicable. From 2021, our Company no longer requires its franchisees to pay cash deposits as operation bond.

CONTINUING CONNECTED TRANSACTIONS

Annual Caps

The maximum total transaction amount payable by Mr. Yu Jie, Mr. Yu Hang, Mr. Deng Lisong and Ms. Deng Lirong to our Group for the years ending December 31, 2022, 2023 and 2024, respectively, shall not exceed the caps set out below:

		Proposed Annual Cap for the year ending December 31,		
		2022	2023	2024
		<i>(RMB)</i>		
Mr. Yu Jie	Franchising and royalty income	150,000	159,000	165,000
	Cash deposits	Nil	Nil	Nil
	Sales amount	7,420,000	7,760,000	7,980,000
	<i>Total</i>	7,570,000	7,919,000	8,145,000
Mr. Yu Hang	Franchising and royalty income	50,000	55,000	60,000
	Cash deposits	Nil	Nil	Nil
	Sales amount	4,190,000	4,320,000	4,450,000
	<i>Total</i>	4,240,000	4,375,000	4,510,000
Mr. Deng Lisong	Franchising and royalty income	100,000	110,000	120,000
	Cash deposits	Nil	Nil	Nil
	Sales amount	3,470,000	3,570,000	3,680,000
	<i>Total</i>	3,570,000	3,680,000	3,800,000
Ms. Deng Lirong	Franchising and royalty income	10,000	12,000	15,000
	Cash deposits	Nil	Nil	Nil
	Sales amount	1,790,000	1,970,000	2,090,000
	<i>Total</i>	1,800,000	1,982,000	2,105,000

Basis of Annual Caps

In determining the above annual caps, our Directors have considered the historical figures and the potential increase in procurement volume of all franchised stores operated by each of Mr. Yu Jie, Mr. Yu Hang, Mr. Deng Lisong and Ms. Deng Lirong.

Listing Rules Implications

Since all the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transaction amount fees payable under each of the above-mentioned franchise framework agreements are expected to be less than 0.1%, the transactions contemplated under the respective franchise framework agreement above therefore constitute *de minimis* transactions which will be exempted from the annual reporting, announcement, circular and independent shareholder's approval requirements under Rule 14A.76(1) of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

2. Transactions with Guodao Yunxin

(a) *Service Framework Agreement with Guodao Yunxin*

Our Company (for itself and as trustee for its subsidiaries) (as the customer) entered into a service framework agreement with Guodao Yunxin (as the supplier) on December 20, 2022 (the “**Service Framework Agreement**”), pursuant to which we agree to procure certain consulting and training services with respect to, among others, corporate culture and team building, from Guodao Yunxin. Under the Service Framework Agreement, our Group shall pay to Guodao Yunxin service fees for its provision of consulting and training services to our Group. The Service Framework Agreement will terminate on December 31, 2024 unless renewed otherwise. The transactions under the Service Framework Agreement are conducted on normal commercial terms and are in the interests of our Company and our Shareholders as a whole.

For the three years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, the total service fees incurred amounted to RMB237,264, Nil, RMB125,743 and RMB33,906, respectively. Our Directors estimate that for the years ending December 31, 2022, 2023 and 2024, the maximum service fees payable by our Group to Guodao Yunxin will not exceed RMB100,000, RMB100,000 and RMB100,000, respectively. In determining the aforementioned annual caps, our Directors have considered the historical service fees and the continuous needs of our Group for such consulting and training services. Further, our Directors also have considered that as our Company is gradually building up its own internal culture training, it is expected that our Group’s needs for such external consulting and training services will be decreased and limited to the extent necessary.

(b) *Products Supply Framework Agreement with Guodao Yunxin*

Our Company (for itself and as trustee for its subsidiaries) (as the supplier) entered into a products supply framework agreement with Guodao Yunxin (as the customer) on December 20, 2022 (the “**Products Supply Framework Agreement**”), pursuant to which we agree to supply certain quality fresh groceries and designated fruits to Guodao Yunxin. Under the Products Supply Framework Agreement, Guodao Yunxin shall pay to our Group for our supply of such quality fresh groceries and designated fruits to it. The Products Supply Framework Agreement will terminate on December 31, 2024 unless renewed otherwise. The transactions under the Products Supply Framework Agreement are conducted on normal commercial terms and are in the interests of our Company and our Shareholders as a whole. For the three years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, the total transaction amount incurred amounted to RMB18,302, RMB26,761, RMB40,173 and RMB5,430, respectively. Our Directors estimate that for the years ending December 31, 2022, 2023 and 2024, the maximum transaction amount payable by Guodao Yunxin to our Group will not exceed RMB45,000, RMB50,000 and RMB55,000. In determining the aforementioned annual caps, our Directors have considered the historical amount and the continuous needs of Guodao Yunxin for our quality fresh groceries and designated fruits.

CONTINUING CONNECTED TRANSACTIONS

Since both Service Framework Agreement and Products Supply Framework Agreement are connected with Guodao Yunxin, our Directors consider that the transactions thereunder shall be aggregated and treated as if they were one transaction pursuant to Rules 14A.81 and 14A.82(1) of the Listing Rules. Accordingly, the annual caps in respect of the transactions contemplated under the Service Framework Agreement and Products Supply Framework Agreement are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules.

Since all the applicable ratios (other than the profits ratio) under the Listing Rules in respect of the total amount payable under the Service Framework Agreement and the Products Supply Framework Agreement are expected to be less than 0.1%, the transactions contemplated thereunder therefore constitute *de minimis* transactions which will be exempted from the annual reporting, announcement, circular and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

3. Transactions with Mr. Wang Yonghua

(a) *Products Supply Framework Agreement with Tiantu Chuangye*

Our Company (for itself and as trustee for its subsidiaries) (as the supplier) entered into a products supply framework agreement with Tiantu Chuangye (for itself and as trustee for its subsidiaries, together “**Tiantu Chuangye Group**”) (as the customer) on December 20, 2022 (the “**Tiantu Chuangye Group Products Supply Framework Agreement**”), pursuant to which we agree to supply certain quality fresh groceries and designated fruits to Tiantu Chuangye Group. Under the Tiantu Chuangye Group Products Supply Framework Agreement, Tiantu Chuangye Group shall pay to our Group for our supply of such quality fresh groceries and designated fruits to it. The Tiantu Chuangye Group Products Supply Framework Agreement will terminate on December 31, 2024 unless renewed otherwise. The transactions under the Tiantu Chuangye Group Products Supply Framework Agreement are conducted on normal commercial terms and are in the interests of our Company and our Shareholders as a whole. For the three years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, the total transaction amount incurred amounted to nil, nil, RMB1,327 and RMB360, respectively. Our Directors estimate that for the years ending December 31, 2022, 2023 and 2024, the maximum transaction amount payable by Tiantu Chuangye Group to our Group will not exceed RMB2,000, RMB2,500 and RMB3,000, respectively. In determining the aforementioned annual caps, our Directors have considered the historical amount and the continuous needs of Tiantu Chuangye Group for our quality fresh groceries and designated fruits.

CONTINUING CONNECTED TRANSACTIONS

(b) Products Supply Framework Agreement with Tiantu Capital

Our Company (for itself and as trustee for its subsidiaries) (as the supplier) entered into a products supply framework agreement with Tiantu Capital (for itself and as trustee for its subsidiaries, together “**Tiantu Capital Group**”) (as the customer) on December 20, 2022 (the “**Tiantu Capital Group Products Supply Framework Agreement**”), pursuant to which we agree to supply certain quality fresh groceries and designated fruits to Tiantu Capital Group. Under the Tiantu Capital Group Products Supply Framework Agreement, Tiantu Capital Group shall pay to our Group for our supply of such quality fresh groceries and designated fruits to it. The Tiantu Capital Group Products Supply Framework Agreement will terminate on December 31, 2024 unless renewed otherwise. The transactions under the Tiantu Capital Group Products Supply Framework Agreement are conducted on normal commercial terms and are in the interests of our Company and our Shareholders as a whole. For the three years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, the total transaction amount incurred amounted to nil, RMB189,236, RMB24,953 and RMB5,997, respectively. Our Directors estimate that for the years ending December 31, 2022, 2023 and 2024, the maximum transaction amount payable by Tiantu Capital Group to our Group will not exceed RMB50,000, RMB55,000 and RMB60,000, respectively. In determining the aforementioned annual caps, our Directors have considered the historical amount and the continuous needs of Tiantu Capital Group for our quality fresh groceries and designated fruits.

Since both Tiantu Chuangye Group and Tiantu Capital Group are connected with Mr. Wang Yonghua, our Directors consider that the transactions under the Tiantu Chuangye Group Products Supply Framework Agreement and Tiantu Capital Group Products Supply Framework Agreement shall be aggregated and treated as if they were one transaction pursuant to Rules 14A.81 and 14A.82(1) of the Listing Rules. Accordingly, the annual caps in respect of the transactions contemplated under the Tiantu Chuangye Group Products Supply Framework Agreement and Tiantu Capital Group Products Supply Framework Agreement are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules.

Since all the applicable ratios (other than the profits ratio) under the Listing Rules in respect of the total amount payable under the Tiantu Chuangye Group Products Supply Framework Agreement and the Tiantu Capital Group Products Supply Framework Agreement are expected to be less than 0.1%, the transactions contemplated thereunder therefore constitute *de minimis* transactions which will be exempted from the annual reporting, announcement, circular and independent shareholders’ approval requirements under Rule 14A.76(1) of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Transactions with associates of Ms. Fong Shun Chun and/or Mr. Sin Kei Kau

(a) *Sales Framework Agreements with FRECO, Century Global and Shing Kee Lan*

Principal terms: . . . Our Company (for itself and as trustee for its subsidiaries) (as the supplier) entered into a sales framework agreement with each of FRECO, Century Global and Shing Kee Lan (each, as the customer) on December 20, 2022 (collectively, the “**Sales Framework Agreements**”), pursuant to which we agree to sell designated fruits to each of FRECO, Century Global and Shing Kee Lan on substantially the same terms.

Each of the Sales Framework Agreements will terminate on December 31, 2024 unless renewed otherwise.

Pricing policy: The selling price of the designated fruits by our Group to each of FRECO, Century Global and Shing Kee Lan shall be determined on an arm’s length basis with reference to (i) the average selling price of products of comparable nature and scale and accepted by an independent third party within the 12-month period prior to relevant transaction; (ii) where there is no such average selling price available, any most recent available selling price of products of comparable nature and scale offered by our Group and accepted by an independent third party; or (iii) prevailing market selling price of products of comparable nature and scale, which should be in any event no less favorable to our Group than that is available to independent third parties. Our Directors are of the view that the transactions are conducted on normal commercial terms and are in the interests of our Company and our Shareholders as a whole.

Reasons for the transaction: FRECO, Century Global and Shing Kee Lan are long term and/or reliable corporate customers of Haiyang Jinchengtai, which became a wholly-owned subsidiary of our Company in March 2019. Haiyang Jinchengtai had a business relationship with FRECO, Century Global and Shing Kee Lan of more than five, 20 and 22 years, respectively. FRECO is an import-and-export trader of fruits in Thailand with an established network of customers in Thailand. Century Global is a certified distributor of quality fruits in Singapore with a local distribution network. Shing Kee Lan is one of the importers of fresh and fruit products in Hong Kong with local customer base. Our Directors consider that our continuous business relationship with each of FRECO, Century Global and Shing Kee Lan is beneficial to our Group in terms of our further expansion of customer and revenue base in these overseas markets.

CONTINUING CONNECTED TRANSACTIONS

Historical figures: . . . The total transaction amount incurred in relation to sales of designated fruits by Haiyang Jinchengtai and our Company to each of FRECO, Century Global and Shing Kee Lan during the Track Record Period are set out below:

	Year ended December 31,			Six months ended June 30,
	2019	2020	2021	2022
	<i>(RMB)</i>			
FRECO	1,047,651	539,022	656,205	Nil
Century Global.	4,094,444	3,126,952	2,242,110	1,327,846
Shing Kee Lan.	29,359,003	31,457,742	35,807,344	16,882,592
<i>Total</i>	34,501,098	35,123,716	38,705,659	18,210,438

Note: Our Company acquired all equity interests of Haiyang Jinchengtai in March 2019, as a result of which, Haiyang Jinchengtai became our wholly-owned subsidiary and its transactions with associates of its directors would therefore constitute connected transactions under the Listing Rules.

Annual Caps: The maximum aggregate annual sales amount payable by each of FRECO, Century Global and Shing Kee Lan to our Group for the years ending December 31, 2022, 2023 and 2024, respectively, shall not exceed the caps set out below:

	Proposed Annual Cap for the year ending December 31,		
	2022	2023	2024
	<i>(RMB)</i>		
FRECO.	500,000	1,000,000	1,200,000
Century Global.	3,000,000	3,500,000	3,800,000
Shing Kee Lan	35,000,000	42,000,000	44,000,000
<i>Total</i>	38,500,000	46,500,000	49,000,000

Basis of Annual Caps: In determining the above annual caps, our Directors have considered the historical sales amount, the potential increase in sales volume to each of FRECO, Century Global and Shing Kee Lan on the assumption that they will continue to expand their business.

CONTINUING CONNECTED TRANSACTIONS

(b) *Procurement Framework Agreements with Shandong Huiguo and Shandong Liangzhi*

Principal terms: . . . Our Company (for itself and as trustee for its subsidiaries) (as the customer) entered into a procurement agreement with each of Shandong Huiguo and Shandong Liangzhi (each, as the supplier) on December 20, 2022 (collectively, the “**Procurement Framework Agreements**”), pursuant to which we agree to procure certain fruits from Shandong Huiguo and Shandong Liangzhi, respectively, on substantially the same terms.

Each of the Procurement Framework Agreements will terminate on December 31, 2024 unless renewed otherwise.

Pricing policy: The purchasing price of the designated fruits procured by our Group from each of Shandong Huiguo and Shandong Liangzhi shall be determined on arm’s length basis with reference to (i) the average selling price of products of comparable nature and scale and offered by an independent third party and accepted by us within the 12-month period prior to relevant transaction; (ii) where there is no such average selling price available, any most recent available selling price of products of comparable nature and scale offered by an independent third party and accepted by us; or (iii) prevailing market selling price of products of comparable nature and scale, which should be in any event no less favorable to our Group than is available to independent third parties. Our Directors are of the view that the transactions are conducted on normal commercial terms and are in the interests of our Company and our Shareholders as a whole.

Reasons for the transaction: Both Shandong Huiguo and Shandong Liangzhi are stable and reliable suppliers of our Group. We established business relationship with Shandong Huiguo and Shandong Liangzhi in 2019 and 2018, respectively. In addition, our Directors consider that the quality and quantity of fruit products offered by each of Shandong Huiguo and Shandong Liangzhi can satisfy our commercial needs, especially the quality standards for fruits processing.

CONTINUING CONNECTED TRANSACTIONS

Historical figures: . . . The total transaction amount incurred in relation to our Group’s procurement of designated fruits from each of Shandong Huiguo and Shandong Liangzhi during the Track Record Period are set out below:

	Year ended December 31,			Six months ended June 30,
	2019	2020	2021	2022
	<i>(RMB)</i>			
Shandong Huiguo . . .	29,264,548	122,279,754	115,025,967	68,740,666
Shandong Liangzhi . .	21,957,797	31,728,866	35,152,542	23,085,163
<i>Total</i>	51,222,345	154,008,620	150,178,509	91,825,829

Annual Caps: The maximum aggregate annual procurement amount payable by our Group to each of Shandong Huiguo and Shandong Liangzhi for the years ending December 31, 2022, 2023 and 2024, respectively, shall not exceed the caps set out below:

	Proposed Annual Cap for the year ending December 31,		
	2022	2023	2024
	<i>(RMB)</i>		
Shandong Huiguo . . .	125,000,000	130,000,000	135,000,000
Shandong Liangzhi . .	45,000,000	50,000,000	55,000,000
<i>Total</i>	170,000,000	180,000,000	190,000,000

Basis of Annual Caps: In determining the above annual caps, our Directors have considered the historical procurement amount, the potential increase in our procurement volume due to our business expansion plan.

(c) Supply Framework Agreements with Shandong Huiguo and Shandong Liangzhi

Principal terms: . . . Our Company (for itself and as trustee for its subsidiaries) (as the supplier) entered into a supply framework agreement with each of Shandong Huiguo and Shandong Liangzhi (each, as the customer) on December 20, 2022 (collectively, the “**Supply Framework Agreements**”), pursuant to which we agree to supply certain quality fresh groceries to Shandong Huiguo and Shandong Liangzhi, respectively, on substantially the same terms.

Each of the Supply Framework Agreements will terminate on December 31, 2024 unless renewed otherwise.

CONTINUING CONNECTED TRANSACTIONS

Pricing policy: The selling price of the quality fresh groceries by our Group to each of Shandong Huiguo and Shandong Liangzhi shall be determined on arm's length basis with reference to (i) the average selling price of products of comparable nature and scale and accepted by an independent third party within the 12-month period prior to relevant transaction; (ii) where there is no such average selling price available, any most recent available selling price of products of comparable nature and scale offered by our Group and accepted by an independent third party; or (iii) prevailing market selling price of products of comparable nature and scale, which should be in any event no less favourable to our Group than that is available to independent third parties. Our Directors are of the view that the transactions are conducted on normal commercial terms and are in the interests of our Company and our Shareholders as a whole.

Reasons for the transaction: Both Shandong Huiguo and Shandong Liangzhi are stable and reliable business partners of our Group. Since 2020, as a result of our continuous efforts to promote our quality fresh grocery business and the trust built up between Shandong Huiguo and Shandong Liangzhi and our Group, we started to supply quality fresh groceries to Shandong Huiguo and Shandong Liangzhi to further strengthen our business relationship with them. In addition, since Shandong Huiguo and Shandong Liangzhi are principally engaged in the production and wholesale of apple and pear, they need our Group's supply of quality fresh groceries, including fruits other than apple and pear and vegetables, for their corporate needs (such as employee benefits). Our Directors consider that our Group's supply of quality fresh groceries to Shandong Huiguo and Shandong Liangzhi is beneficial to our Group in terms of our expansion of quality fresh grocery business and maintaining and strengthening our business relationship with quality business partners like Shandong Huiguo and Shandong Liangzhi.

CONTINUING CONNECTED TRANSACTIONS

Historical figures: . . . The total transaction amount in relation to our Group’s supply of quality fresh groceries to each of Shandong Huiguo and Shandong Liangzhi during the Track Record Period are set out below:

	Year ended December 31,			Six months ended June 30,
	2019	2020	2021	2022
			<i>(RMB)</i>	
Shandong Huiguo . . .	Nil	Nil	12,811	481,497
Shandong Liangzhi . .	Nil	Nil	1,136,780	257,742
<i>Total</i>	Nil	Nil	1,149,591	739,239

Annual Caps: The maximum total annual transaction amount payable by Shandong Huiguo and Shandong Liangzhi to our Group for the years ending December 31, 2022, 2023 and 2024, respectively, shall not exceed the caps set out below:

	Year ending December 31,		
	2022	2023	2024
			<i>(RMB)</i>
Shandong Huiguo . . .	800,000	800,000	800,000
Shandong Liangzhi . .	1,300,000	1,400,000	1,500,000
<i>Total</i>	2,100,000	2,200,000	2,300,000

Basis of Annual Caps: In determining the above annual caps, our Directors have considered the historical transaction amount, the potential expansion of our quality fresh grocery business and the increasing needs of Shandong Huiguo and Shandong Liangzhi of our Group’s quality fresh groceries on the assumption that they will continue to expand their business.

(d) Factoring Framework Agreements with Shandong Huiguo and Shandong Liangzhi

Principal terms: . . . Our Company (for itself and as trustee for its subsidiaries) (as the service provider) entered into a factoring framework agreement with each of Shandong Huiguo and Shandong Liangzhi (each, as the customer) on December 20, 2022 (collectively, the “**Factoring Framework Agreements**”), pursuant to which we agree to provide factoring services (including the provision of factoring facility and management of accounts receivables) to each of Shandong Huiguo and Shandong Liangzhi, respectively.

CONTINUING CONNECTED TRANSACTIONS

Pursuant to the Factoring Framework Agreements, we will provide a factoring facility to Shandong Huiguo and Shandong Liangzhi, which is payable to us upon maturity.

The interest rate per annum of factoring facility is (i) 12% under the Factoring Framework Agreement with Shandong Huiguo, which is payable to us on monthly basis, and (ii) 9.6% under the Factoring Framework Agreement with Shandong Liangzhi, which is payable to us upon maturity. The interest rate is determined based on arm's length negotiation with reference to the business model of Shandong Huiguo and Shandong Liangzhi, the stability of their cash flow and profitability and our Group's needs for the specific fruit products provided by them. Our Directors consider that (i) Shandong Huiguo as a fruit trading company has relatively stable cash flow and lower costs and therefore its needs for cash is in general for a shorter period, and (ii) Shandong Liangzhi specializes in planting and cultivating limited types of high quality fruits which takes a relatively longer period before it can generate revenue from sale of such fruits, and as a result, Shandong Liangzhi has limited operating cash flow and its needs for cash is in general for a longer period. In light of this, our Company decided to charge Shandong Huiguo and Shandong Liangzhi different interest rates under factoring services provided to them, respectively.

Each of the Factoring Framework Agreements will terminate on December 31, 2024 unless renewed otherwise.

Pricing policy: The principal amount of the factoring facility is determined based on arm's length negotiation between the relevant parties with reference to the procurement amount payable by us to each of Shandong Huiguo and Shandong Liangzhi under respective Procurement Framework Agreement. The interest rate payable by Shandong Huiguo and Shandong Liangzhi to our Group for the factoring services provided by our Group under the Factoring Framework Agreements is determined based on arm's length negotiation between relevant parties with reference to the prevailing market interest rate charged by comparable factoring services providers and the interest rate charged by us for the provision of comparable factoring services to an independent third party. Our Directors are of the view that the transactions are conducted on normal commercial terms and are in the interests of our Company and our Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

Reasons for the transaction: Both Shandong Huiguo and Shandong Liangzhi are stable and reliable suppliers of our Group and to maintain and facilitate a stable business relationship with such quality suppliers, our Directors are of the view that the provision of factoring services would be beneficial to both parties as it allows both parties to better control short-term cash flow risks, diversify finance channels, improve finance structure and build on their development capabilities.

Historical figures: The total transaction amount incurred in relation to our Group's provision of factoring services to each of Shandong Huiguo and Shandong Liangzhi during the Track Record Period are set out below:

		Year ended December 31,			Six months ended June 30, 2022
		2019	2020	2021	
		<i>(RMB)</i>			
Shandong	factoring amount	35,000,000	35,000,000	Nil	Nil
	Huiguo . . . interest	847,484	2,062,579	1,012,579	Nil
	<i>Sub-total</i>	35,847,484	37,062,579	1,012,579	Nil
Shandong	factoring amount	20,000,000	10,000,000	Nil	Nil
	Liangzhi . . . interest	378,616	755,472	84,528	Nil
	<i>Sub-total</i>	20,378,616	10,755,472	84,528	Nil
<i>Total</i>		56,226,100	47,818,051	1,097,107	Nil

Note: Shandong Huiguo and Shandong Liangzhi, in their capacity as suppliers of our Group, received the factoring amount from our Group and paid relevant interest accrued thereupon to our Company. The factoring amount from our Group to Shandong Huiguo was reduced from the year ended December 31, 2020 to the year ended December 31, 2021 is because our Group did not provide any factoring services to Shandong Huiguo in 2021 as Shandong Huiguo was able to obtain financings from alternative resources with lower costs. The reduction of factoring amount from our Group to Shandong Liangzhi from the year ended December 31, 2019 to the year ended December 31, 2020 is because Shandong Liangzhi had rapid development and business expansion in 2019 which required large amount of cash. The further reduction of factoring amount from our Group to Shandong Liangzhi from the year ended December 31, 2020 to the year ended December 31, 2021 is because, as compared to 2019, Shandong Liangzhi had relatively stable development and business expansion in 2020, as a result of which, its cash demand was reduced; and in addition, as Shandong Liangzhi entered into a more stable development phase in 2021, its demand for cash has therefore further reduced.

CONTINUING CONNECTED TRANSACTIONS

Annual Caps: The maximum aggregate annual transaction amount incurred in relation to our Group’s provision of factoring services to each of Shandong Huiguo and Shandong Liangzhi for the years ending December 31, 2022, 2023 and 2024, respectively, shall not exceed the caps set out below:

		Proposed Annual Cap for the Year ending December 31,		
		2022	2023	2024
		<i>(RMB)</i>		
Shandong	factoring amount	20,000,000	20,000,000	20,000,000
Huiguo	interest	550,000	550,000	550,000
		<i>Sub-total</i>	<i>20,550,000</i>	<i>20,550,000</i>
Shandong	factoring amount	1,000,000	1,000,000	1,000,000
Liangzhi . . .	interest	15,000	15,000	15,000
		<i>Sub-total</i>	<i>1,015,000</i>	<i>1,015,000</i>
<i>Total</i>		<i>21,565,000</i>	<i>21,565,000</i>	<i>21,565,000</i>

Note: The factoring amount from our Group to Shandong Huiguo is expected to increase from the year ended December 31, 2021 to the year ending December 31, 2022 is because our Group has agreed to provide factoring services to Shandong Huiguo to ease its immediate financings needs in its harvesting business operation in the second half of 2022 whereas its banks might not be able to grant loans in a timely manner as affected by, among others, the on-going pandemic in China. As explained above, Shandong Liangzhi entered into a stable development phase in 2022 and we expect to provide a reduced and stable amount of factoring amount to Shandong Liangzhi moving forward.

Basis of Annual Caps: In determining the above annual caps, our Directors have considered the historical transaction amount, and the factoring amount settled and the cash flow of our Group for the six months ended June 30, 2022 on the assumption that each of Shandong Huiguo and Shandong Liangzhi will continue to expand their business.

CONTINUING CONNECTED TRANSACTIONS

(e) *Service Framework Agreement with Shandong Huiguo and Shandong Liangzhi*

Principal terms: . . . Our Company (for itself and as trustee for its subsidiaries) (as the supplier) entered into a service framework agreement with each of Shandong Huiguo and Shandong Liangzhi (each, as the customer) on December 20, 2022 (collectively, the “**Service Framework Agreements**”), pursuant to which we agree to provide certain services, including technology support services, quality check services, warehouse and containers rental services, to Shandong Huiguo and Shandong Liangzhi, respectively, on substantially the same terms.

Each of the Service Framework Agreement will terminate on December 31, 2024 unless renewed otherwise.

Pricing policy: The pricing of services provided by our Group to each of Shandong Huiguo and Shandong Liangzhi shall be determined on arm’s length basis with reference to (i) the average price of services of comparable nature and scale and accepted by an independent third party within 12-month period prior to relevant transaction; (ii) where there is no such average price available, any most recent available price of services of comparable nature and scale offered by our Group and accepted by an independent third party; or (iii) prevailing market price of services of comparable nature and scale, which should be in any event no less favourable to our Group than that is available to independent third parties. Our Directors are of the view that the transactions are conducted on normal commercial terms and are in the interests of our Company and our Shareholders as a whole.

Reasons for the transaction: Both Shandong Huiguo and Shandong Liangzhi are stable and reliable business partners of our Group. To maintain and strengthen our Group’s business relationship with Shandong Huiguo and Shandong Liangzhi, we started to provide technology support services, quality check services, warehouse and containers rental services to Shandong Huiguo and Shandong Liangzhi. Our Directors consider that our Group’s provision of such services to Shandong Huiguo and Shandong Liangzhi is beneficial to our Group in terms of our business relationship with quality business partners like Shandong Huiguo and Shandong Liangzhi.

CONTINUING CONNECTED TRANSACTIONS

Historical figures: . . The total transaction amount incurred in relation to our Group's provision of services to each of Shandong Huiguo and Shandong Liangzhi during the Track Record Period are set out below:

	Year ended December 31,			Six months ended June 30,
	2019	2020	2021	2022
	<i>(RMB)</i>			
Shandong Huiguo . .	Nil	35,260	46,308	370
Shandong Liangzhi .	Nil	496,511	18,882	2,399
<i>Total</i>	Nil	531,771	65,190	2,769

Annual Caps: The maximum total annual transaction amount payable by Shandong Huiguo and Shandong Liangzhi to our Group for the years ending December 31, 2022, 2023 and 2024, respectively, shall not exceed the caps set out below:

	Year ending December 31,		
	2022	2023	2024
	<i>(RMB)</i>		
Shandong Huiguo . . .	50,000	55,000	60,000
Shandong Liangzhi . .	30,000	35,000	40,000
<i>Total</i>	80,000	90,000	100,000

Basis of Annual Caps: In determining the above annual caps, our Directors have considered the historical transaction amount, the increasing needs of Shandong Huiguo and Shandong Liangzhi for our Group's provision of such technology support services, quality check services, warehouse and containers rental services on the assumption that they will continue to expand their business.

CONTINUING CONNECTED TRANSACTIONS

Listing Rules Implications

Since (i) FRECO, Century Global, Shing Kee Lan, Shandong Huiguo and Shandong Liangzhi are connected with one another through related parties, namely Ms. Fong Shun Chun and Mr. Sin Kei Kau (spouse of Ms. Fong Shun Chun) and (ii) the provision of the factoring services under the Factoring Framework Agreements are related to the procurement amount in connection with the Procurement Framework Agreements, our Directors consider that the transactions under categories (a), (b), (c), (d) and (e) above shall be aggregated and treated as if they were one transaction pursuant to Rules 14A.81 and 14A.82(1) of the Listing Rules. Accordingly, the annual caps in respect of the transactions contemplated under the Sales Framework Agreements, the Procurement Framework Agreements, the Supply Framework Agreements, the Factoring Framework Agreements and the Service Framework Agreement are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio under all of the above agreements is expected to be more than 0.1% but less than 5% on an annual basis, the transactions contemplated therein will, upon Listing, constitute continuing connected transactions of our Company and will be exempted from the circular (including independent financial advice) and independent shareholders' approval requirements, but subject to the annual reporting and announcement requirements under Chapter 14A of the Listing Rules.

THE DIRECTORS' VIEWS

Our Directors (including independent non-executive Directors) are of the view that it is in the interests of our Group to continue with the connected transactions described in this section after Listing, and that the transactions have been and will continue to be carried out in the ordinary and usual course of business of our Group, on normal commercial terms that are fair and reasonable, and are and will be in the interests of our Company and our Shareholders as a whole. In addition, the proposed annual caps for the non-exempt continuing connected transactions described above are fair and reasonable and in the interests of our Company and its Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

Based on the data and information provided by the Company, having made reasonable inquiries and after due and careful consideration, the Sole Sponsor is of the view that as of the date of this prospectus, the non-exempt continuing connected transactions described above have been carried out in the ordinary and usual course of business of our Group, on normal commercial terms that are fair and reasonable and in the interests of our Company and its Shareholders as a whole, and that the respective proposed annual caps are fair and reasonable and in the interests of our Company and its Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

APPLICATION FOR WAIVER

As described above, we expect the transactions described in “— Non-Exempt Continuing Connected Transactions” to be carried out on a continuing basis and to extend over a period of time. Our Directors therefore consider that strict compliance with the annual reporting, announcement and independent Shareholders’ approval requirements under the Listing Rules would be impractical and such requirement will lead to unnecessary administrative costs and create an onerous burden on the Company.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, pursuant to Rule 14A.105 of the Listing Rules, a waiver from strict compliance with the annual reporting, announcement, circular and independent Shareholders’ approval requirements (as applicable) relating to the continuing connected transactions contemplated under the agreements above and as described in “— Non-Exempt Continuing Connected Transactions”.

We will comply with the applicable requirements under the Listing Rules and will immediately inform the Stock Exchange if there are any changes to the continuing connected transactions.

In the event of any future amendment to the Listing Rules imposing more stringent requirements than those as of the date of this prospectus on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements.