

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

COMMISSION FILE NO. 001-38013

iFresh Inc.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

82-066764

(I.R.S. Employer
Identification No.)

2-39 54th Avenue

Long Island City, NY

(Address of principal executive offices)

(718) 628 6200

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Common Stock, Par Value \$0.0001 Per Share

(Title of Class)

NASDAQ Capital Market

(Name of exchange on which registered)

Securities Registered Pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Check whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

Check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the 2,744,547 voting and non-voting common equity stock held by non-affiliates of the Registrant was approximately \$33 million as of September 29, 2017, the last business day of the Registrant's most recently completed second fiscal quarter, based on the last sale price of the Registrant's common stock on such date of \$12.0751 per share.

There were a total of 14,282,497 shares of the registrant's Common Stock, par value \$0.0001 per share, outstanding as of June 29, 2018.

DOCUMENTS INCORPORATED BY REFERENCE: None.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements and information relating to iFresh, Inc., that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this report, the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan” and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. These statements reflect our current view concerning future events and are subject to risks, uncertainties and assumptions, including among many others: a general economic downturn; a downturn in the securities markets; Securities and Exchange Commission regulations which affect trading in the securities of “penny stocks,” and other risks and uncertainties. Should any of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this report as anticipated, estimated or expected. Except as required by law, we assume no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future. Important factors that may cause actual results to differ from those projected include the risk factors specified above. Notwithstanding the above, Section 27A of the Securities Act and Section 21E of the Securities Exchange Act expressly state that the safe harbor for forward-looking statements does not apply to companies that issue penny stock. Because we may from time to time be considered as an issuer of penny stock, the safe harbor for forward-looking statements may not apply to us at certain times.

All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements regarding new and existing products and opportunities; statements regarding market and industry segment growth and demand and acceptance of new and existing products; any projections of sales, earnings, revenue, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding future economic conditions or performance; uncertainties related to conducting business in China; any statements of belief or intention; any of the factors mentioned in the “Risk Factors” section of this Form 10-K; and any statements or assumptions underlying any of the foregoing. Also, forward-looking statements represent our estimates and assumptions only as of the date of this report. You should read this report and the documents that we reference in this report, or that we filed as exhibits to this report, completely and with the understanding that our actual future results may be materially different from what we expect.

Except as required by law, we assume no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

USE OF CERTAIN DEFINED TERMS

Except as otherwise indicated by the context, references in this report to:

- “we,” “us,” “iFresh,” “the Company” or “our Company” are references to iFresh Inc. and its subsidiaries;
 - “U.S. dollar,” “\$” and “US\$” are a reference to the legal currency of the United States;
 - “SEC” is a reference to the United States Securities and Exchange Commission;
 - “Securities Act” is a reference to Securities Act of 1933, as amended; and
 - “Exchange Act” is a reference to the Securities Exchange Act of 1934, as amended;
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PART I

ITEM 1 Business

We were formerly a special purpose company incorporated under the laws of the Cayman Islands on September 23, 2014 under the name E-Compass Acquisition Corp. (“E-Compass”) in order to serve as a vehicle for the acquisition of an operating business in the e-commerce and consumer retail industry. On February 10, 2017, pursuant to the terms of a merger agreement, dated as of July 25, 2016 (the “Merger Agreement”), through a series of transactions, we merged with our wholly owned subsidiary to reincorporate into Delaware and then acquired NYM Holding, Inc. (“NYM”), and as a result, NYM became our direct wholly-owned subsidiary (the “Transactions”). As a result of the Transactions, as of immediately after the Transactions, the former stockholders of NYM own approximately 83.9% of our outstanding common stock and the former stockholders of E-Compass own the remaining 16.1%.

The Merger Agreement is described more fully in the sections entitled “*The Business Combination Proposal*” and “*The Acquisition Agreement*” beginning at pages 38 and 60, respectively, of the final prospectus contained in the Registration Statement on Form S-4 and definitive proxy statement (the “Proxy Statement/Prospectus”) filed with the Securities and Exchange Commission (the “Commission”) on December 16, 2016 by iFresh and E-Compass, and such description is incorporated herein by reference.

Upon the closing of the Transactions, E-Compass’s common stock, rights and units ceased trading and our common stock began trading on the NASDAQ Capital Market under the symbol “IFMK”.

Overview and History

iFresh, through its wholly owned subsidiary, NYM, is a fast growing Asian/Chinese grocery supermarket chain in the North Eastern U.S. providing food and other merchandise hard to find in mainstream grocery stores. Since NYM was formed in 1995, it has targeted the Chinese and other Asian populations (collectively, the “Asian Americans”) in the U.S. with a deep cultural understanding of its consumers’ unique consumption habits. iFresh currently has nine (9) retail supermarkets across New York, Massachusetts and Florida, with over 6,920,500 sales transactions in the fiscal year ended March 31, 2018. NYM also has three stores under construction which are expected to open in the fourth quarter in 2018. In addition to retail supermarkets, iFresh operates two in-house wholesale businesses, Strong America Inc. (“Strong America”) and New York Mart Group (“NYMG”), that offer more than 6,000 wholesale products and service to iFresh retail supermarkets and over 1,000 external customers including wholesale stores, retail supermarkets and restaurants. iFresh has a stable supply of food from farms in New Jersey and Florida, ensuring reliable supplies of popular vegetables, fruits and seafood. iFresh’s wholesale businesses and long term relationships with various farms insulate iFresh from supply interruptions, allowing it remain competitive even during difficult markets.

Based on management’s understanding of the Asian American market, iFresh aims to satisfy the increasing demands of Asian Americans, whose purchasing power has been growing rapidly, for fresh and unique produce, seafood and other groceries that are not found in mainstream supermarkets, such as produce like Shanghai baby bok choy, snap bean, winter gourd, baby Chinese kale, longyan and lychee; a variety of live seafood such as shrimp, clams, lobster, geoduck, and Alaska king crab; and Chinese specialty groceries like soy sauce, sesame oil, oyster sauce, bean paste, Sriracha, tofu, noodles and dried mushrooms. With an in-house logistics team and strong relationships with farms, iFresh is capable of offering high quality specialty perishables at competitive prices. Specialty produce, live seafood and other perishables constituted 64.8% of iFresh’s total retail sales during the fiscal year ended March 31, 2018.

iFresh’s business began as Strong America, a wholesale business founded in 1995 in Long Island City, New York. Strong America imported food and groceries from China and other East Asian countries and sold them to various types of retailers in the New York area. Witnessing the rapid growth of Chinese immigrants and the potential of this niche market, iFresh opened its first retail supermarket in Chinatown in downtown Manhattan in August 2001. From 2001 to 2014, iFresh expanded steadily, hired a bilingual team that grew into midlevel managers, and reshaped itself into a retail supermarket chain featuring exotic Asian food and other items. Since 2001, iFresh opened five stores in Brooklyn, Flushing, Elmhurst and Manhattan’s Chinatown, where the Asian and Chinese population is highly concentrated. In 2009, iFresh acquired Ming’s supermarket in Boston, Massachusetts. Observing that the Chinese and Asian population was growing quickly in Florida, iFresh opened its first store in Sunrise, Florida in 2012. In 2013, it acquired Zen Supermarket in Quincy, Massachusetts to better cater to the growing demand in the Greater Boston Area.

On July 13, 2017, the Company acquired assets from Mia Supermarket in Orlando FL, a 20,370 square-foot grocery store located at 2415 E. Colonial Drive, from Michael Farmers Supermarket, LLC. The new store, which is called iFresh East Colonial, will be the first iFresh store in Orlando and the second in Florida. iFresh acquired the supermarket for \$1,050,000 in cash. The purchase included property and equipment, and inventory of the old store. The Company did not assume any liabilities. The store started to operate in August 2017.

Also on July 13, 2017, the Company acquired all of the shares of iFresh Glen Cove Inc. (“Glen Cove”) from Long Deng, the Company’s Chairman and Chief Executive Officer, for 50,000 shares of the Company’s common stock. The transaction was approved by the Company’s Board of Directors and the price was agreed to be based upon a review of the assets and financial statements of Glen Cove. Glen Cove is setting up a 22,859 square-foot brand new grocery store in Garden City, New York located at 192 Glen Cove Road, within the Roosevelt Field Mall business district. This will be the Company’s first store in Long Island and the sixth in New York. The Company expects iFresh Glen Cove to open in the last quarter of 2018.

On October 2, 2017, the Company acquired all of the shares of New York Mart CT, Inc. (“NYM CT”) from Long Deng, the Company’s Chairman and Chief Executive Officer, for \$3,500,000. The store is currently under renovation and the Company expects the Connecticut store to open in the last quarter of 2018.

Also on October 2, 2017, the Company acquired all of the shares of New York Mart N. Miami Inc. (“NYM N. Miami”) from Long Deng, the Company’s Chairman and Chief Executive Officer, and Yang Yu Gao for \$3,500,000 and 45,000 shares of the Company’s common stock. The store is currently under construction. The Company expects the store to open in the last quarter of 2018.

iFresh currently operates nine (9) retail super markets and two (2) wholesale facilities. iFresh plans to strategically expand along the I-95 corridor and eventually operate super markets in all states on the east coast.

iFresh believes that the following characteristics of its business shapes its leadership and success in its industry:

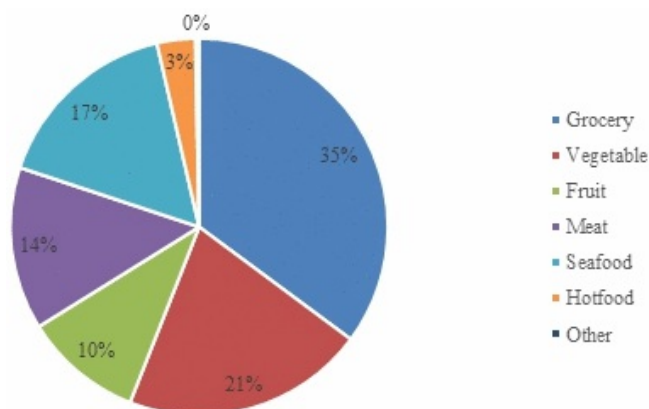
- iFresh provides unique products to meet the demands of the Asian-American Market;
- iFresh has established a merchandising system backed by an in-house wholesale business and by long-standing relationships with farms;
- iFresh maintains an in-house cooling system with unique hibernation technology that is has developed over 20 years to preserve perishables, especially produce and seafood;
- iFresh capitalizes on economies of scale, allowing strong negotiating power with upstream vendors, downstream customers and sizable competitors; and
- iFresh has a proven and replicable track record of management, operation, acquisition and organic growth.

iFresh’s net sales were \$136.7 million and \$130.1 million for the years ended March 31, 2018 and 2017, respectively. iFresh’s net loss was \$0.8 million for the year end March 31, 2018, a decrease of \$2.0 million, or 166%, from \$1.2 million of net income for the year end March 31, 2017. Adjusted EBITDA was \$2.0 million for the year end March 31, 2018, a decrease of \$3.9 million, or 66.6%, from \$5.9 million for the year end March 31, 2017. For additional information on Adjusted EBITDA, See the section entitled “iFresh’s Management’s Discussion and Analysis of Financial Condition and Results of Operations — Adjusted EBITDA,” beginning on page 34.

In terms of sales by category, perishables, including vegetables, seafood, meat, fruit and hot food (collectively, the “Perishables”), constituted approximately 64.8% of iFresh’s total annual retail sales during the fiscal year 2018 ended March 31, 2018. Within this category, vegetables and seafood constituted 37.1% of overall annual retail sales.

The table and graph below depicts sales of iFresh by category of iFresh for the fiscal year ended March 31, 2018:

Figure 1 Sales by Category



Industry and Market Analysis

Grocery Shopping Habits of Target Market

Buy Fresh — Asian Americans, of which Chinese Americans constitute a significant percentage, typically purchase fresh, perishable food, according to *Nielsen's Asian-American Consumer 2015 Report*¹. Unique cooking styles of Asian Americans, such as steaming, wokking and shared hot-pot cooking, require fresh ingredients not commonly found in the U.S. Asian Americans purchase Perishables that are all over-index compared with that of general U.S. population. For example, Asian Americans purchase fresh seafood 50% more frequently than the general market and spend 147% more on the category than non-Asian Americans in the total U.S. population. Asian Americans purchase fresh vegetables 26% more frequently than non-Asian American consumers and spend 62% more than the total U.S. population. Additionally, Asian Americans purchase fresh fruit 11% more frequently than non-Asian Americans and spend 27% more than the total U.S. population. Consistent with the foregoing, iFresh's fresh seafood, fresh vegetables and fresh fruit in the aggregate contributed 47.3% to iFresh's total sale as of March 31, 2018.

Table 1 Asian-American Consumption of Perishables²

Asian-American Fresh Category Consumption (Index vs. Total Population of 100)	\$ Volume Index	Purchasing Frequency Index
Fresh Fruits	127	111
Fresh Meats	106	103
Prepared Foods	143	115
Takeout	121	102
Fresh Vegetables	162	126
Fresh Poultry	108	103
Fresh Seafood	247	150

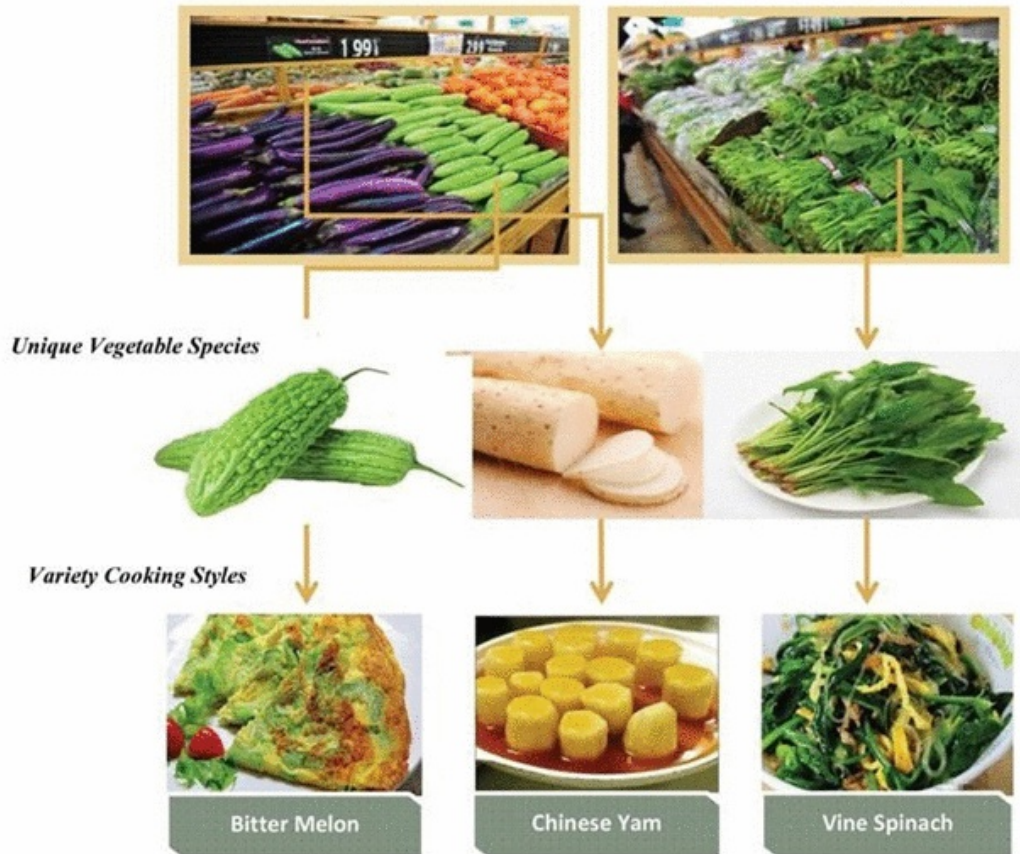
¹ Culturally Connected and Forging the Future: The Asian-American Consumer 2015 Report. The Nielsen Company.

² *Id.* at 10.

Unique Species and Cuisines — Asian cuisines incorporate many perishables that are hard to find in traditional U.S. supermarkets. Many cuisines require vegetables not commonly planted in the U.S. or meat not widely used by mass market consumers. The following two examples help illustrate the unique foods used in Asian cuisines:

Example 1: Unique vegetable species

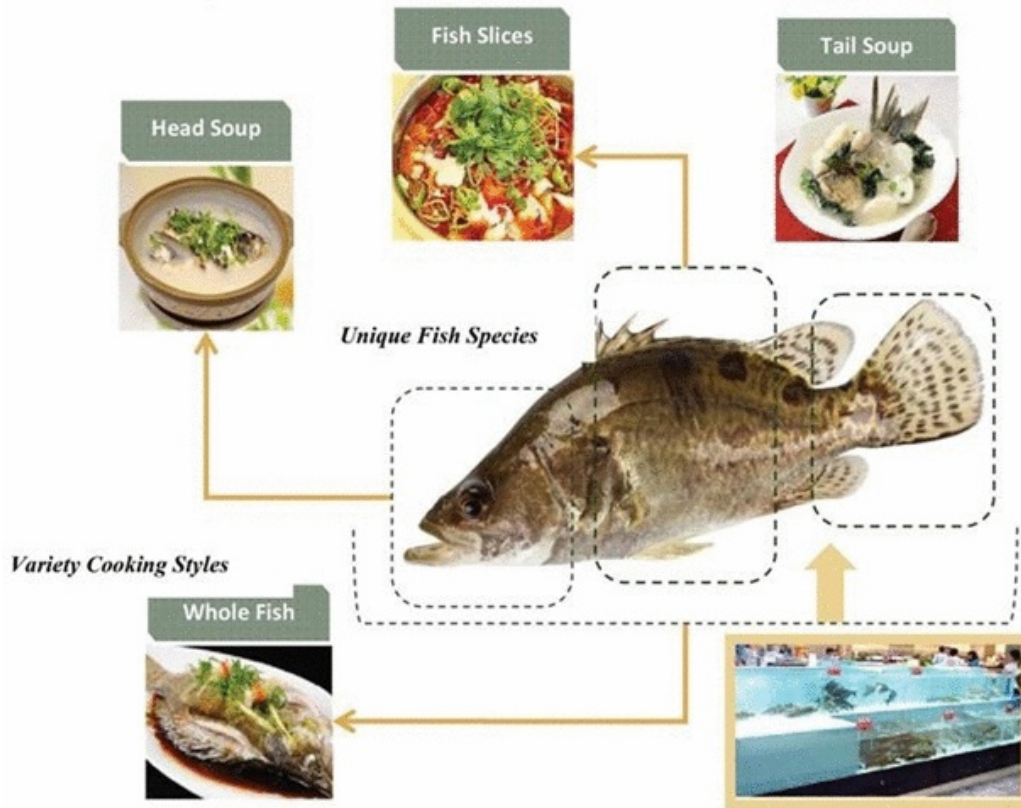
Vegetables make up the bulk of daily consumption by Asian Americans. Asian American consumers usually buy a variety of vegetables in large quantities and use unique vegetable species such as bitter melons, Chinese yams, vine spinaches, Chinese cabbages and winter melon. Asian Americans therefore value supermarkets that provide fresh vegetable offerings at affordable prices.



Example 2: Unique fish species and cooking styles

Asian American consumers consume fish not commonly sold in mainstream supermarkets. Unlike many mainstream supermarkets, iFresh offers consumers live fish in fish tanks and has fish experts readily available to provide fish cleaning services free of charge.

In addition, Asian American consumers use many more parts of the fish than do non-Asian American consumers. For example, fish head soup and fish tail soup are two popular dishes that require only the fish head or fish tail as ingredients. Asian Americans also buy live fish and ask fish experts to cut them in thin slices as an ingredient of boiled fish in hot sauce or fish hot pot. iFresh organizes the seafood section according to the needs of its customers, which iFresh believes not only attracts customers, but effectively boosts sales of seafood.



In addition to vegetables and fish, Asian Americans look for the following additional specialty products:

Fruits — Mainstream supermarkets rarely have pitaya, longyan, lychee and star fruit available. Such unavailability motivates Asian Americans to shop at Chinese and Asian grocery stores on a regular basis to purchase such specialty fruits.

Meat — Mainstream supermarkets generally offer meats in cuts such as cubes, steaks, slices and ribs. However, such supermarkets rarely offer super-thinly sliced hot-pot meat, organ meat or chicken feet. Chinese and Asian cuisines use various kinds of meat for different purposes. Asian specialty supermarkets such as iFresh understand such Asian cuisines and dietary needs, and fill the market gap in offering hot-pot meat, organ meat, chicken feet and other rare cuts of meat on a regular basis.

Snacks, Seasonings and Other — Asian specialty supermarkets offer various snacks, seasonings, cooking utensils and other items not generally found in mainstream U.S. supermarkets. Chinese and Asian seasonings and spices include peanut oil, cooking wine, vinegars, dark soy sauce, black bean sauce, pepper oil and chilly oil. Some seasoning or spice can include sub-types, each of which has its own target customers. For example, people from the northern and southern parts of China usually shop for different type of vinegars.

Consequently, we believe that the uniqueness in the shopping habits of iFresh’s target customers evidences the importance of Asian American specialty supermarkets such as iFresh. iFresh’s understanding of Asian American culture and eating habits fill a market gap and distinguishes Asian supermarkets from mainstream competitors.

Growth Potential and Features of Asian/Chinese Americans

Fast growing population — According to the Nielsen Asian American 2015 Report, the Asian-American population grew 46% from 2002 to 20.3 million people as of 2014. Beginning in 2013, China replaced Mexico as the number one country for recent immigration.³ According to the U.S. census bureau, as of 2014, the Chinese population was the largest Asian group in the United States with a population of 4.52 million people, almost 1 million over the Asian-Indian population and accounts for 21.4% of the total Asian-American population⁴. We believe Chinese Americans will be an increasingly significant part of the multicultural majority U.S. population.

Fast growing purchasing power — The Nielsen report points that Asian-American population is not only the fastest growing population demographic in the U.S., but the Asian American demographic is the demographic with the largest percentage increase in buying power. The buying power of Asian-Americans was \$770 billion in 2014 and is estimated to increase to \$1 trillion by 2018.⁵ In terms of household income for Chinese Americans, they recorded a median household income of \$67,396,⁶ which was 31% higher than the U.S. national average of \$53,250⁷, possibly due to their high education level and cultural emphasis on education. With respect to shopping habits, Asian-Americans are 31% more likely than non-Asian Americans to spend more than \$200 a week at the grocery store⁸, and spend 19% more on food than general market consumers.⁹

Online prone — According to the Nielsen report, the Asian-American population is young, tech savvy and frequently shops online. Asian Americans visit digital stores 37% more frequently and spend 22% more monthly than their non-Hispanic white peers.¹⁰ We believe that Asian Americans’ avid use and adoption of technology illustrates the importance of an online platform, social Media and mobile apps when promoting brand to this specific customer group.

Concentrated but on the move — Asian and Chinese Americans are most highly concentrated in west and east coast metropolitan areas, but as the need for a highly educated high-technology workforce increases, suburbs with better work and living environments and schools are attracting a large numbers of skilled Asian-Americans which encourages “ethnoburbs” of various scales nationwide dominated by non-white ethnic groups.

Current Industry Landscape

Highly Fragmented and unsophisticated competitors — We consider the markets we participate in to be highly fragmented. There is no recognized industry leader nationwide. Most market participants are small players with a single store run by family members catering to the local market¹¹, meaning that the bulk of competitors are unsophisticated. Because of this, iFresh believes that most of its competitors are unable to take advantage of economies of scale, modern management, in-house wholesales facilities and logistics which distinguishes iFresh from its competitive peers. Currently a leader on the east coast, iFresh is setting its short term goal to achieve the scale of HMart, the Korean specialty grocery chain operating 51 stores with over \$1.5 billion annual revenue as of 2015. The reality of low market concentration and unsophisticated competitors gives iFresh the opportunity to consolidate the market and cement its dominant market position.

3 P6, Culturally Connected and Forging the Future: The Asian-American Consumer 2015 Report. The Nielsen Company

4 US Census Bureau, 2010 – 2014 American Community Survey, 1 year estimates

5 P7, Culturally Connected and Forging the Future: The Asian-American Consumer 2015 Report. The Nielsen Company

6 P39, Culturally Connected and Forging the Future: The Asian-American Consumer 2015 Report. The Nielsen Company

7 P33, Culturally Connected and Forging the Future: The Asian-American Consumer 2015 Report. The Nielsen Company

8 P13, Culturally Connected and Forging the Future: The Asian-American Consumer 2015 Report. The Nielsen Company

9 P8, Culturally Connected and Forging the Future: The Asian-American Consumer 2015 Report. The Nielsen Company

10 P24, Culturally Connected and Forging the Future: The Asian-American Consumer 2015 Report. The Nielsen Company

11 P19 IBISWorld Industry Report OD4333: Ethnic Supermarkets, by Andrew Alvarez, November 2015

Unsatisfied Customers — As previously mentioned, there are an increasing number of younger Chinese that choose to reside out of traditional Chinese communities for better working, educational and environmental opportunities. However, large-scale comprehensive Chinese groceries tend to exist only in Chinatowns. The weekly shopping for this group of Asian Americans involves either long distance travel or a compromise at local small grocery stores with limited selections and high prices. iFresh will try to meet their demand as well as reshape the market by increasing the number of stores and via its online-shopping initiatives.

Limited Vendors — Many of the products that stock iFresh’s shelves can rarely be sourced from the typical U.S. vendors. Most vendors of U.S. Chinese and Asian supermarkets are individually owned and small in size. Securing a sufficient and stable supply of core perishables, therefore, is a recognized challenge in this niche market. Observing the challenge and through years of effort, iFresh has established long-standing relationships with several large farms. We believe that the relationships with these farms is symbiotic — on one hand, cooperative farms provide iFresh with priority when supplying core produce popular with Asian American customers; on the other hand, iFresh communicates the latest market trends and customer preference to cooperating farms, ensuring the farms’ produce selection and activities closely target the market demand.

Fast Growing Market — The growing population and increasing purchasing power cultivate a promising market prospect in good momentum. According to The US Census Bureau — American Community Survey 2011 – 2015, the Chinese population had a growth rate of 17.43% from 2011 to 2015, far beyond the 3.07% growth rate of US population and even the 8.77% Hispanic population growth rate. New York, New Jersey, Pennsylvania, Florida and Maryland alone have a total Chinese population of 1,139,136, making up more than 27.56% of total Chinese American population nationwide.

In sum, we see a great opportunity for market consolidation and significant potential for improvement in this market. We believe iFresh has all the right ingredients to address the current market imperfections and we are ready to catch the wave to make iFresh a national leader in the niche market.

iFresh’s Business Model

iFresh’s business model features a vertically integrated structure covering upstream supply and downstream retail supermarkets. iFresh has its own wholesale businesses, Strong America and New York Mart Group (“NYMG”), which supply 31% of the items sold in its retail supermarkets with ten self-owned brands, including Family Elephant, Feiyan and Green Acre, and an exclusive distributorship for eight famous foreign brands such as Shuang Deng, You Joy, Bai Lu and Gu Yue Long Shan. For many years, iFresh has worked with farms that mainly grow Chinese specialty vegetables and fruits and supply the most popular yet hard-to-source vegetables and fruits directly to iFresh supermarkets and maintains long-term and stable relationships with them. iFresh centralizes purchases through one of its wholesale facilities by making quarterly purchase plans and placing weekly order with farms. The long-term relationships with farms and the central purchase management system secure its supply of the most popular vegetables and fruits, even though iFresh doesn’t have any long-term contractual relationships with its farm suppliers. Working with its vendors, iFresh can respond to market trends to avoid supply interruption in high seasons. iFresh has a diversified vendor base and has established sustainable relationships during its 20-year history in this niche market sector.

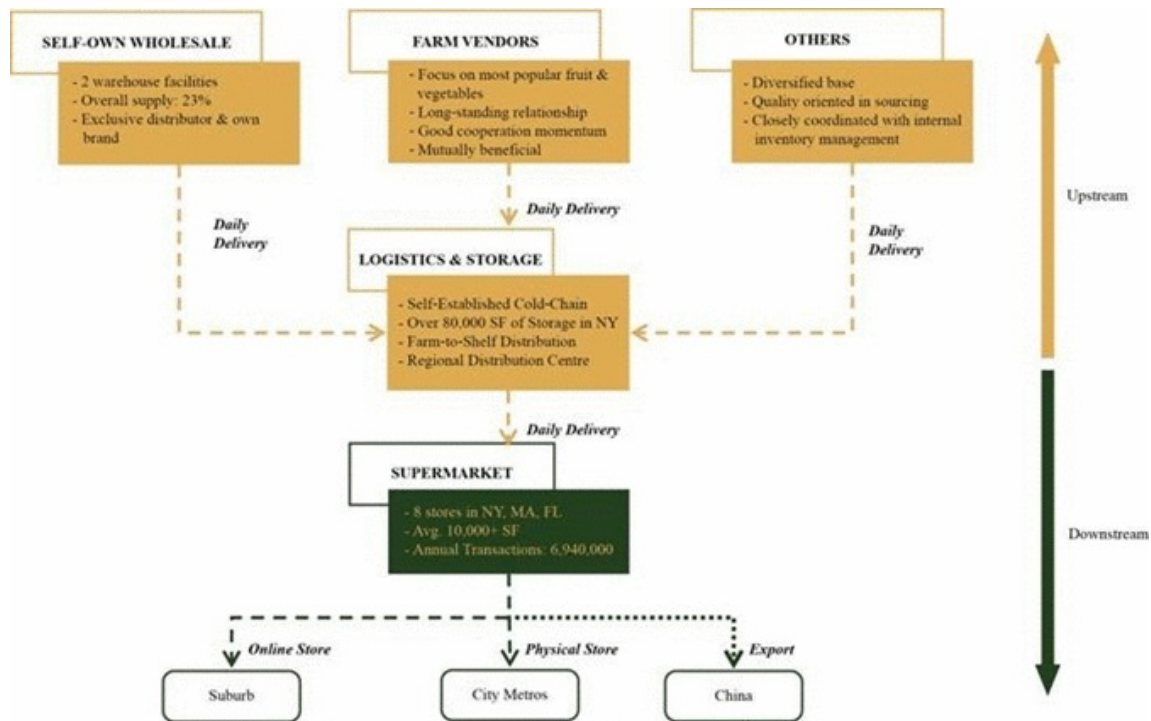
iFresh's two wholesale businesses, Strong America and NYMG, collectively provide more than 6,000 wholesale products and services to iFresh's retail supermarkets and over 1,000 external customers throughout the United States. Such external customers include, but are not limited to, wholesale stores, retail supermarkets and restaurants. The two wholesale arms have distinct focuses: Strong America mainly provides grocery products and services to iFresh retail store and external supermarkets, while NYMG focuses on supplying fresh perishable items to retail supermarkets. Strong America owns nine exclusive distributorship rights and iFresh's ten self-owned brands. Strong America acquired its self-owned brands from third parties and integrated them into its wholesale catalog. The ten self-owned brands cover rice, noodles, seasonings (including Chinese spices), frozen vegetables, frozen seafood, and frozen dumplings, which are all popular daily staples for Chinese and other Asian consumers in the United States. Strong America imports over 2,000 items from all over Asia, with products from mainland China, Thailand and Taiwan making up 95% of its total imports. NYMG serves as an important connection to farms in New Jersey and Florida, which ensures reliable supplies of popular vegetables, fruits and seafood to iFresh's retail stores. The two in-house wholesale arms of iFresh not only secure the supply of products for iFresh's retail business, but also offer significant synergies in iFresh's operations.

Produce and groceries are delivered to iFresh supermarkets in New York, Massachusetts and Florida on a daily basis from iFresh's wholesale facilities, farm partners and external vendors as directed by iFresh's in-house logistics system. iFresh has an 80,000 square foot warehouse in Long Island City, New York, which serves as its regional distribution center for imported and frozen products. For live seafood or produce, the in-house logistics team uses hibernation technology and the cold-chain network to best ensure freshness from farm to shelf.

With nine retail supermarkets in New York, Massachusetts and Florida, mainly in Chinatowns or city centers, and average store sizes over 10,000 square feet, iFresh has over 6.9 million annual sales transactions. At the same time, iFresh continues to reach out to the growing Asian American population living in suburban areas through its online shopping and delivery initiative. iFresh also has successfully exported live lobsters to China, which bears the potential to ignite the demand of a large market.

The graph below depicts iFresh's business model and its vertically integrated structure:

Figure 2 Business Model of iFresh



iFresh's Competitive Strengths

Well Recognized Brand in Niche Market

iFresh capitalizes on its established brand and reputation in the following respects:

i. Benefit from cost efficiency and economies of scale:

Unlike many of its direct competitors which are family-owned single stores, iFresh has 9 retail supermarkets. With larger supplies and strong sales, iFresh is often approached by third party vendors and capable of getting competitive prices for a wide range of items. This corporate structure coupled with its wholesale facilities further enables iFresh to best deploy its experienced staff to coordinate stock and to make most use of its infrastructure and distribution network.

ii. Strong negotiation power with vendors and competitors

iFresh is often approached by third party vendors and capable of getting competitive price due to its chain store structure and sustainably strong sale performance. iFresh's two in-house wholesale facilities are influential in Chinese and Asian goods importing and wholesale industries. At least five of iFresh's largest direct competitors are also its clients for imported goods, frozen seafood and other frozen products. Additionally, iFresh's long-standing relationship with farms in New Jersey and Florida reduce its reliance on external vendors. We believe the iFresh brand, scale, in-house wholesale facilities and long-standing relationship with farm partners shaped its negotiation power with vendors and competitors.

iii. Developed Infrastructure

Unlike many of its competitors, iFresh has its own wholesale channel, Strong America, which has been in the business of importing and exporting Chinese and Asian specialty food and groceries for over 20 years. Apart from channel advantages, Strong America specializes in identifying products that are popular among Asian American consumers but rarely found in mainstream stores. Without multi-layer intermediates, iFresh retail supermarkets set such products at competitive prices, not only securing the supply of popular products, but boosting its operation profitability as well. Furthermore, for most commonly needed ingredients like rice, noodles, frozen Chinese and Asian convenience foods, imported snacks and Chinese and Asian seasonings and spices, Strong America established ten self-owned brands and obtained the exclusive distributorship for 9 famous Chinese brands, as listed in Table 3 and Table 2 below, respectively. In addition, iFresh has built and maintained relationships with retailers of various sizes. In other words, iFresh's advantages in market familiarity, established infrastructure, scale, sourcing management capability and well-recognized brand reputation shape a high barrier protecting it from immediate impact of new entrants.

Track Record in Operation and Expansion

i. Record of acquisitions in different locations

Since 2009, iFresh successfully acquired four stores, one in New York, one in Florida, and two in Massachusetts. In July and October 2017, iFresh acquired iFresh Glen Cove Inc. ("Glen Cove"), New York Mart CT, Inc. ("NYM CT") and New York Mart N. Miami Inc. ("NYM N. Miami") from Long Deng, the Company's Chairman and Chief Executive Officer. iFresh targeted stores in desirable locations, especially under-performers that iFresh could acquire at an advantageous cost. iFresh then utilized its well-developed in-house distribution networks, corporate infrastructure and long-term relationship with farm partners and third party vendors to boost performance. All three acquired stores realized enhanced and stabilized profit the first year after acquisition.

ii. Adoption of scalable small-box format

iFresh brands itself as a player in the specialty store sector and adopts the small-box format generally adopted in this sector. We believe the small-box format fits into iFresh's business model and enables it to boost profitability from structural synergy and efficiency.

Compared with iFresh's mainstream competitors whose average store size normally ranges from 40,000 — 60,000 square feet, the average store size of iFresh is approximately 19,000 square feet with average selling space of approximately 14,000 square feet. iFresh's adoption of small-box model is rooted on its understanding that customers shop with iFresh mainly for unique produce, seafood and groceries that are difficult to find elsewhere. The small-box format forces iFresh to focus on products that cover the target customer's unique needs. In addition, the small-box format ensures flexibility, makes it easier for iFresh to discontinue individual products and react quickly to market changes.

Strong Vendor Management

i. Capability to source globally

iFresh has global sourcing capability mainly through Strong America and NYMG. In the aggregate, Strong America and NYMG import over 2,000 items from all over Asia. The top three importing countries are China, Thailand and Taiwan, making up 95% of total imports. iFresh's wholesale businesses together supply 23% of total goods, in which 6% are imported goods, sold in iFresh retail supermarkets at attractive prices.

Strong America is also the exclusive distributor of eight famous overseas brands, covering cooking wine, yellow wine, rice noodles, seasonings and spices and snacks. They are all famous daily food staple brands in China and are familiar to iFresh's target customers. We believe that the exclusive distributorship strengthens iFresh brand and its negotiation power among current competitors, new market entrants and consumers. The table below lists the details of iFresh's exclusive distributorship:

Table 2 Exclusive Distributorship

Company	Name	Trademark	Products	Exclusive Region
Strong America	ShuangDeng ⁽¹⁾		Cooking Wine	East America, Central and South America
Strong America	Gu Yue Long Shan ⁽²⁾		Yellow Wine	North America
Strong America	Bai Lu ⁽¹⁾		Rice Noodles	East America, Central and South America
Strong America	Igagoe ⁽³⁾		Soy Sauce	East America, Central and South America
Strong America	You Joy ⁽⁵⁾		Seasonings and spices	East Coast of the U.S., Midwestern U.S. and Central and South America
Strong America	Hao Ren Jia ⁽⁶⁾		Seasonings and spices	U.S. East Coast
Strong America	Da Hong Pao ⁽⁶⁾		Seasonings and spices	U.S. East Coast
Strong America	Bei Da Huang ⁽⁷⁾		Beans	U.S. East Coast











(1) Strong America has an exclusive distribution agreement with Fujian International Trade Development Company, Ltd., which granted Strong America exclusive distribution rights for the products registered under the brands of "Shuang Deng" and "Bai Lu" for East America, Central America and South America for a period of five years from October 1, 2015 to September 30, 2020. The agreement can be renewed six months before expiration with the consent of both parties.

- (2) Strong America entered an exclusive distribution agreement with Zhejiang Gu Yue Long Shan Wine Co., Ltd. since January 1, 2015, which granted Strong America exclusive distribution rights for the products registered under the brand of “Gu Yue Long Shan” for North America. Under the consent of both parties, Strong America is currently the sole distributor of “Gu Yue Long Shan” within the North America Region.
- (3) Strong America entered into an exclusive distribution agreement with Igagoe Co., Ltd., which granted Strong America exclusive distribution rights for the products registered under the brand of “Igagoe” for East America, Central America and South America for a period of five years from October 1, 2015 to December 31, 2019. The agreement can be renewed six months before expiration with consents of both parties.
- (5) Strong America has an exclusive distribution agreement with Sichuan Youjia Foodstuffs Co., Ltd., which granted Strong America exclusive distribution right for the products registered under the brand of “You Joy” for the East Coast of the U.S., Midwestern U.S. and Central and South America for a period of five years, from January 1, 2015 till December 31, 2019. The agreement can be renewed six months before expiration with consents of both parties. Strong America agreed to make annual purchase of over RMB 2,200,000 under this agreement.
- (6) Strong America has an exclusive distribution agreement with Sichuan Teway Food Group Co., Ltd., which granted Strong America exclusive distribution rights for the products registered under the brands of “Hao Ren Jia” and “Da Hong Pao” for the region of East Coast of America for a period of three years from July 1, 2014 to July 31, 2019. The agreement can be renewed six months before expiration with consents of both parties.
- (7) Strong America has extended the exclusive distribution agreement with Beidahuang (Dalian) Ouya International Trade Co., Ltd. (CHINA), which granted Strong America exclusive distribution rights for the products registered under the brands of “Bei Da Huang” for the East Coast of America for one year from August 1, 2017 to August 1, 2018.

ii. Self-owned brands for target customers at competitive prices

Since 2011, Strong America, one of iFresh’s wholesale facilities, established ten brands, covering items such as rice, noodles, Chinese spices and seasonings, frozen vegetables, frozen seafood, and frozen dumplings. They are all popular sellers because they are staples for iFresh’s target customers. iFresh believes that these self-owned brands enable it to enjoy competitive sourcing price, protect it from source and sale interruption, and enhance its negotiating power with existing competitors and new entrants. Also, iFresh Inc. registered its own name as the brand of the supermarket chain stores. The table below provides details regarding iFresh’s self-owned brands.

Table 3 Self-owned brands

Company	Name	Trademark	Products	Registration Number	Date Registered
Strong America	Family elephant		Rice and rice products	4839414	10/27/2015
Strong America	Feiyan		Chinese noodles, Chinese rice noodles, noodles vermicelli	3945424	4/12/2011
Strong America	Green Acre		Dried beans, dried fruit and vegetables, frozen vegetables	4933029	4/5/2016
Strong America	Golden Smell		Processed vegetables and fruits; Noodles, seasoning, edible oil and flavoring combined in unitary packages; Beauty beverages, namely, fruit juices and energy drinks	5035326	12/31/2015
Strong America	Redolent		Rice porridge, namely, congee	N/A	Pending
Strong America	ShuangDeng/ Double Lantern Brand		Cooking wine	N/A	Pending
Strong America	Seastar		Frozen seafood and frozen seafood products	N/A	Pending
Strong America	Huang Duan Xiang 1987		Rice noodles; Chinese rice noodles (bifun, uncooked)	N/A	Pending
iFresh Inc.	I FRESH		Supermarkets	N/A	Pending
iFresh Inc.	I FRESH		Supermarkets	N/A	Pending

Online Grocery Pioneer

To satisfy the needs of the growing suburban Chinese population, iFresh started its online shopping and delivery service in January 2016 and has achieved good growth momentum since then. In May 2016, iFresh launched its mobile App, NYMart, to further enhance the shopping experience for its customers. The online shopping and delivery service currently covers New York, New Jersey and Connecticut. The yearly orders placed and yearly sales have witnessed 143% and 49% growth, respectively. With capital support and experienced personnel in place, iFresh believes that online shopping and delivery will be a crucial part in iFresh's future growth strategy. iFresh's online grocery initiative witnesses an accumulated transaction volume of 19,741 and accumulated sales of approximately \$1,585,120.71 from its commencement of operation to March 31, 2018.

Proprietary and in-house Cold Chain System

Since Mr. Long Deng established Strong America in 1995, iFresh has strived to build a proprietary cold-chain logistics system which evolved with the expansion of iFresh. Based on years of experience, iFresh's logistics team is now capable of delivering frozen goods to more than 20 states in the Eastern U.S. using its unique packing and temperature control technology.

Live Seafood — All live seafood is collected daily from wharfs or markets at midnight, and immediately distributed via in-house logistics to all retail supermarkets. For different species, iFresh maintains different water temperatures and oxygen density in its tanks and containers. Hibernation technology is widely used in the in-house cold-chain system for long distance distribution to best ensure freshness and quality. The hibernation technology even enables iFresh to deliver live lobsters to China with an over 95% survival rate.

Fruit & Vegetables — iFresh adopts different storage technologies based on characteristics of different fruits and vegetables, the knowledge only obtained from years of experience. All vegetables and fruits are delivered and sold on a daily basis, to lower worn rate, lower human cost and keep up the high quality.

Growth Strategy

Historical Growth strategy

iFresh grew via two major paths in the past 20-year operation: organic growth and acquisition. The vertically integrated network, steadily growing new stores and online shopping initiative constituted the 3 pillars for organic growth. As of acquisitions, iFresh was highly selective in its past acquisitions and had ensured its expansion path was coordinated with its infrastructure construction.

Acquisition Record — iFresh has strategically targeted only those locations compatible with its infrastructure.

iFresh was able to build its brand within the local Asian and Chinese community and quickly turned distressed stores into profitable assets despite different geographic locations and market conditions. Based on its understanding of the market, iFresh quickly identified the weakness of acquired stores and took specific actions. For example, prior to acquisition, Ming’s Supermarkets sold mainly imports from China, had high sourcing and operation costs and offered limited live seafood and produce. After taking it over, iFresh immediately increased its produce and live seafood offerings thanks to its in-house logistics system and partnership with farms. iFresh’s wholesale subsidiaries also enable iFresh to offer diversified selections, attracting customers not only from China, but from Korea, Japan, Thailand and other East and Southeast Asian countries. For the Brooklyn store, iFresh identified that high worn-out rate and lack of standardized operation hindered store profitability. After taking it over, iFresh started a 3-month personnel training course for live product management and equipment procedures, which led a significant reduction in wear-and-tear rate from 6% to 1% and an equivalent 5% increase in profitability. A performance related pay system and internal promotion was also introduced to and encouraged in the Brooklyn store to best stimulate staff performance in the store.

iFresh has a record of successful acquisitions. For example:

- In 2009, iFresh acquired Ming’s Supermarket in Boston, Massachusetts and turned Ming’s Supermarket into a subsidiary retailer under iFresh management. The initial acquisition investment and renovation cost was about \$2.7 million. NYM increased sales from \$8.2 million to \$17.0 million, or 107.3%, one year after the acquisition. For the year ended March 31, 2018, Ming’s Supermarket recorded net sales of \$17.2 million and Adjusted EBITDA of \$0.72 million.
- In 2011, iFresh acquired a store in Brooklyn, New York and operates it as New York Mart 8th Ave, Inc (8th Ave). The initial investment was about \$1.3 million. After two years operating under iFresh’s management, the store’s annual sales increased from \$11.0 million to 18.0 million, or 63.6%. For the year ended March 31, 2018, New York Mart 8th Ave, Inc. realized net sales of \$18.5 million and Adjusted EBITDA of \$0.93 million.
- In 2013, iFresh acquired Zen Mkt Quincy, Inc. (“Zen”) in Quincy, Massachusetts. The acquisition and renovation cost was \$0.7 million. Prior to the Acquisition, the store realized \$3.0 million in sales per year. After the acquisition, iFresh improved its annual sales and profitability. Zen’s sales and adjusted EBITDA for the year ended March 31, 2018 were \$8.8 million.

For additional information on Adjusted EBITDA, see the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Adjusted EBITDA,” beginning on page 34.

Stores Site Selection — For new stores, iFresh has an established procedure to select new stores sites. First, iFresh contacts local real estate brokers and appraisers for demographic reports for a group of locations it is interested in. After reading the reports carefully, it narrows down the alternatives for further study. Next, it interviews with a diverse selection of influential local groups, including but not limited to, local Chinese associations, Chinese schools and local WeChat¹² groups, to better understand local preference in food and grocery shopping. After further narrowing down the alternative sites, the iFresh team visits the target sites and conducts a field survey on the distribution, density and purchasing preferences of the local Chinese community. The team then runs systematic comparisons through acquiring cost and return analysis and investment feasibility evaluation on target alternatives, and reaches a conclusion on where to open the new store.

¹² WeChat is a popular social media among Chinese speaking communities.

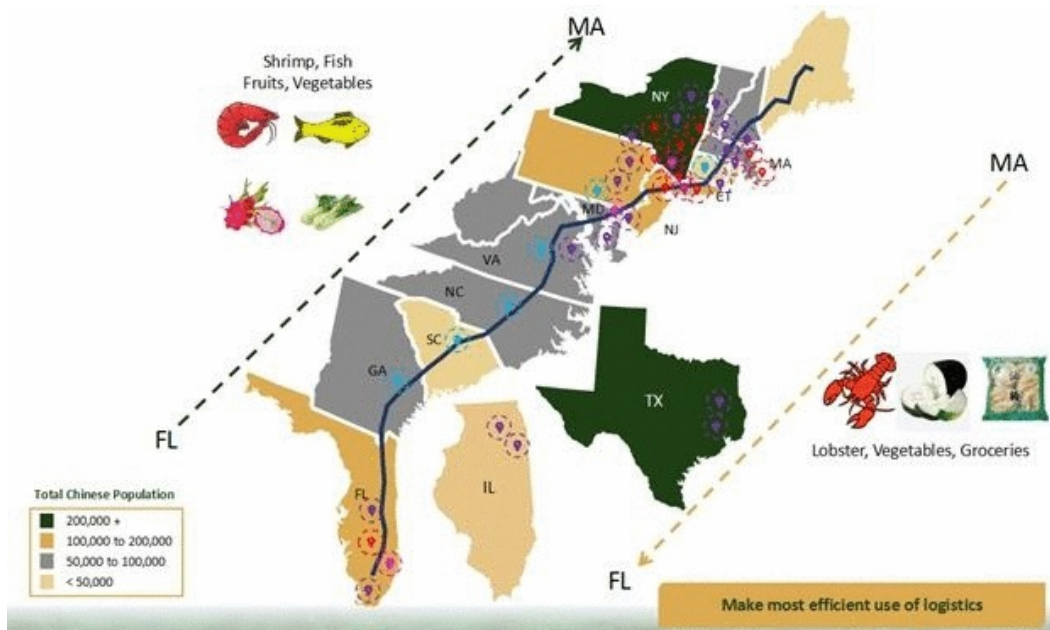
Figure 3 Procedure of Store Site Selection



Future Growth Prospects

iFresh plans to continue its vertically-integrated model and cultivate future growth by opening new stores, acquisition and developing online business. Geographically, iFresh plans to first expand along I-95 corridor based on its established logistics system and industry leadership, and then gradually go nationwide. For new stores, iFresh has already been approached by or has approached some targets for the purpose of possible acquisitions. Although it has no definitive agreements in place, iFresh has a detailed expansion plan in place. The current logistics network will also be coordinated to cover the new stores in the most efficient and economical way. In addition, iFresh stores in new locations will serve as distribution centers for its online shopping and delivery services to capture the growing Chinese population in large suburban areas.

Figure 4 Future Expansion Plan



iFresh will continue targeting stores averaging over 10,000 square feet. Based on its experience, iFresh expects that the average investment per store will be \$2.0 million to \$3.0 million and that the conversion period will be about 2 years, which means it will take about 2 years on average for newly acquired stores to enter into normal sales scale and profitability. In the aggregate, iFresh will need approximately \$50 million of capital in addition to its cash flow in place for the year ended March 31, 2018 to fully execute the physical acquisitions, online platform development and new-store openings in the future.

Stores and Operation

iFresh offers well-assorted, high-quality and globally-sourced food products in its stores, with a special focus on perishable categories and hard-to-find products important to its target customers.

Store Layout

We believe that iFresh’s cultural advantage is unique in comparison with its mainstream peers. iFresh’s ability to identify, source, merchandise and market differentiated Asian and Chinese products that sharply meet the need of its target customers are critical to its success. Its centralized merchandising team rigorously rotates, updates and re-evaluates its existing merchandise offerings and regularly tests new products in retailing stores to excite its customers and to better understand customer preference. iFresh maintains a consistent flow of new products in its stores and keeps its product assortment fresh and relevant.

iFresh plans to use consistent decoration across all stores to emphasis iFresh’s brand and evoke a feeling of trustworthiness and consistent high-quality. It puts special focus on seafood and produce because their price and quality are key determining factors of Chinese or Asian customers’ shopping experience. Perishables in aggregate make up approximately 60% of store selling space on average. To optimize usage of available space, iFresh places popular items such as bok choy, lychee, longyan in most noticeable areas, and prices them competitively to attract customer traffic. The idea is to adopt a standardized product display with flexible arrangements customized to the shopping habits of local consumers.

iFresh has a significant focus on perishable product categories which include vegetables, seafood, fruit, meat and prepared foods. In fiscal year ended March 31, 2018, the perishable categories contributed approximately 64.5% to iFresh's total net sales, similar to 64% for the year ended March 31, 2017, in alignment with the space occupancy of perishables. The top three sales generators are vegetables, seafood and meat as shown in Table 4 below. iFresh's focus on perishables came from its years of research and analysis of target customer's shopping preferences. This also echoed well with conclusions given in Nielsen report that Asian and Chinese Americans prefer to buy fresh and shop for seafood and vegetables most often.

With respect to non-perishables, iFresh has over 6,600 grocery products on shelf ranging from cooking utensils, canned foods, Chinese and Asian seasonings and spices, to domestic and imported snacks. With a small-box format, iFresh is highly selective in its grocery offerings and is flexible enough to remove unprofitable or poor-selling items quickly. 95% of iFresh's imported groceries are sourced from China, Thailand and Taiwan to meet the diverse demand of not only Chinese Americans but targeted customers originated from east and south-east Asia. In fiscal year ended March 31, 2018, the non-perishable grocery category contributed approximately 35.5% to iFresh's total Net Sales and realized a markup of 46.1% on average for the year ended March 31, 2018.

The table below depicts the components of net sales and gross margin in detail as of March 31, 2018:

Table 4 Contribution of Categories

Category	Net Sales %	Markup %
Vegetables	20.8%	39.2%
Seafood	16.3%	27.9%
Meat	13.9%	38.2%
Fruit	10.2%	32.3%
Hot Food	3.3%	58.7%
Perishable Total/Average	64.5%	35.7%
Grocery	35.5%	46.1%

Management and sale of Perishables

Vegetables — All iFresh stores receive deliveries of vegetables every day and are required to sell out all vegetables on daily basis. iFresh discounts its vegetables after 7:00 p.m., which significantly lowers the storage cost and worn-and-torn rate and improves profitability. In addition, to lower the worn-out rate of green-leaf vegetables due to customer rummage, iFresh usually packs and sells such vegetables in bags. iFresh also displays and sells different kinds of vegetables according to their characteristics. For example, Chinese yams need to be displayed on wood shreds to keep them fresh, while winter melons are typically sold in pieces due to their large size.

Seafood — As an established procedure, in-house merchants of iFresh collect live seafood from wharfs and markets at midnight on a daily basis. The purchases are immediately distributed to all retailing stores via iFresh's in-house cold chain systems in which hibernation technology keeps seafood alive and ensures their freshness and high-quality. iFresh discounts remaining stock after 7pm, to make space for new deliveries, reduce storage costs and maintain its standard for freshness and quality.

Meat— Since iFresh can sell more body parts of an animal than a mainstream grocery store, the sales it generates from a whole pig, chicken or cattle are much higher than that of mainstream groceries, which leads to higher margin in meat and meat products sales.

Fruit— Almost all of the iFresh's unique fruit species are seasonal offerings and the quality and price are decisive to customer traffic during high season. Financially, the unique fruit species are sold at higher unit prices and generally offer higher profit margins. iFresh benefits from its long-standing relationship with farm vendors to stay competitive in high seasons and enjoy better sourcing price and higher profit margin from fruit sales.

Hot Food — Hot food options vary among iFresh’s different store locations. iFresh provides prepared Chinese cuisines which require specific cooking utensils and are thus not easily made at home by customers, such as Char Siu, qingtuan, roasted duck, roasted goose, as well as an assortment of dim sums. In addition, iFresh adjusts its hot food offerings periodically based on the responses from customers. As a commitment to freshness and quality, all prepared food in iFresh are made and sold on a daily basis. Leftovers are sold at a discount after 7:00 p.m.

Pricing Strategy

In general, iFresh’s pricing strategy is to provide premium products at reasonable prices. iFresh believes pricing should be based on the quality of products and the shopping experience rather than promotional pricing to drive sales. Its goal is to deliver a sense of value to and foster a relationship of trust with its target and loyal customers.

iFresh adopts different pricing strategies for different food categories. For best sellers such as seafood and core produce such as swimming shrimp and bok choy, iFresh prices competitively and aims to attract consumer traffic. For groceries and dry foods which are usually imported and have a long shelf life, iFresh prices at a premium (average markup of 46.1%). Due to changes in market conditions and seasonal supply, iFresh’s pricing for seafood and produce are more volatile when compared with other categories. Despite the effects of seasonality, iFresh is able to maintain competitive pricing even in high seasons thanks to its long-standing relationship with its farm partners.

Marketing and advertising

iFresh believes its unique offerings, competitive price of popular produce, and word-of-mouth are major drivers of store sales. Apart from word-of-mouth, iFresh advertises using in-store tastings, in-store weekly promotion signage, cooking demonstrations and product sampling. iFresh also promotes its stores on its official website, uses an electronic newsletter, and/or inserts sales flyers in local Chinese newspapers or magazines on a monthly or weekly basis. iFresh’s online business is marketed mainly on its official website and on WeChat, the most widely-used mobile social app among Chinese immigrant. As of the fiscal years ended March 31, 2018 and 2017, iFresh recognized \$143,824 and \$388,450 for marketing and advertising expenses, respectively. Overall, iFresh utilized a mixed marketing and advertising methods to enhance iFresh brand and sales, to regularly communicate with its target customers and to strengthen its ability to market new and differentiated products.

Store Staffing and Operations

iFresh adopts a systematic approach to support operations and the sustainable development of stores. The comprehensive support includes, but is not limited to, employee training and scheduling, store design, layout, product sourcing and inventory management systems, especially focusing on perishables. The support enables iFresh to lower worn-and-tear rate, to enhance operating margins and profit and to help build iFresh’s image of a Chinese supermarket chain committed to freshness and high-quality.

Each iFresh retail supermarket is operated with high autonomy. A store manager oversees the general operation and an assistant manager is also appointed to assist the supervision. To ensure expertise in management and high quality of offerings, department managers are also appointed by category at each store. The department managers in each store generally include a vegetable manager, a fruit manager, a seafood manager, a meat manager, a grocery manager and a hot food manager. Since a department manager shoulders the detailed management for the specific category he or she is in charge of, he or she is commonly experienced in this category or has been with iFresh for years and exhibited superior performance. As a group, the store manager and store department managers help to ensure the quality of iFresh’s offerings.

Competition

Food retail is a large and highly competitive industry, but we believe that the market participants in the Chinese supermarket industry, a niche market are highly fragmented and immature. Currently, iFresh faces competition from smaller or dispersed competitors focusing on the niche market of Chinese and other Asian consumers. However, with the rapid growth of the Chinese and other Asian population and their consumption power, other competitors may also begin operating in this niche market in the future. Those competitors include: (i) national conventional supermarkets, (ii) regional supermarkets, (iii) national superstores, (iv) alternative food retailers, (v) local foods stores, (vi) small specialty stores, and (vii) farmers’ markets.

The national and regional supermarket chains are experienced in operating multiple store locations, expansion management and have greater marketing or financial resources than iFresh does. Even though currently they offer only a limited selection of Chinese and Asian specialty foods, they may be able to devote greater resources to sourcing, promoting and selling their products if they choose to do so. The local food stores and markets are small in size with a deep understanding of local preferences. Their lack of scale results in high risk and limited growth potential.

Trademarks and Other Intellectual Property

iFresh owns four Trademarks: (i) Family Elephant; (ii) Green Acre; (iii) Golden Smell; and (iv) Redolent. iFresh's trademarks cover rice and rice products and seasonings and spices, as well as assortment of noodles, frozen vegetables, frozen dumplings and frozen seafood. Trademarks are generally renewed for a 10-year period. We consider iFresh's trademarks to be valuable assets that diversify customer's value alternatives, a useful strategy to enhance profit margins and an important way to establish and protect iFresh brand in a competitive environment.

iFresh plans to acquire more brands or even develop NYM-branded products in the near future. iFresh will evaluate the acquisition opportunities on a case by case basis, considering the timing, impact to current products and the product quality.

The Fresh Market, Inc., the owner of the federally registered THE FRESH MARKET trademark, has informed the Company that The Fresh Market considers the Company's use of the words "iFresh Market" on some of its storefronts as well as the domain name "www.ifreshmarket.com" to infringe on The Fresh Market's trademark. The Company is considering its response to The Fresh Market's communication.

Insurance

iFresh uses insurance to provide coverage for potential liability for worker's compensation, automobile and general liability, product liability, director and officers' liability, employee health care benefits and other casualty and property risks. Changes in legal trends and interpretations, variability in inflation rates, changes in the nature and method of claims settlement, benefit level changes due to changes in applicable laws, insolvency or insurance carriers, and changes in discount rates could all affect ultimate settlements of claims. iFresh evaluates its insurance requirements on an ongoing basis to ensure it maintains adequate levels of coverage.

Properties

iFresh's headquarters has been located in Long Island City since 1999. The head office is leased at current market rate from a real estate company in which our Director and Chief Executive Officer, Long Deng, has a significant equity interest. The headquarter and the attached warehouse spaces are located in a desirable area in New York City's up and coming Hunters Point neighborhood. We believe that the space can be easily rented to or sold to any third party if not used by us. All of our retail supermarkets lease operating space from various third parties with which we maintain long-term leases averaging approximately 11.9 years. Five of the ten current leases have remaining periods of at least 10 years; and the rest five current leases come with a renewal option ranging from 10 to 20 years. New York Mart Group rents 20,000 square feet of storage from third parties, while Strong America rents 60,000 square feet of storage from a real estate company in which Long Deng, our Director and Chief Executive Officer, has a significant equity and control.

The list below details the information related to iFresh's leases:

Table 5 iFresh's leases

Store Name	Location	Gross Sq. Ft.	Lease Start	Lease End	Remaining Years	Renewal Options
New York Mart 8 Ave, Inc.	6023 8 th Ave, Brooklyn, NY 11120	15,000	11/1/2011	10/31/2036	18.3	N/A
New York Mart Roosevelt Inc.	142-41 Roosevelt Ave, Flushing, NY 11354	18,000	6/8/2010	6/7/2040	21.9	10 years
New York Mart East Broadway Inc.	75 East Broadway, New York, NY 10002	7,500	12/28/2001	10/31/2024	6.3	5 years
New York Mart Mott St. Inc.	128 Mott Street, New York, NY 10013	12,000	11/1/2010	10/31/2025	7.3	10 years
New York Mart Ave U 2 nd Inc.	17-21 Ave U, Brooklyn, NY 11229	14,000	5/31/2011	8/31/2028	10.1	N/A
Ming's Supermarket Inc.	1102 Washington Street, Boston, MA 02118	23,356	1/1/2007	12/1/2026	8.4	10 years
Zen Mkt Quincy, Inc.	733 Hancock St. Quincy, MA 02170	10,000	3/1/2003	6/30/2023	5.7	10 years
New York Mart Sunrise Inc.	10101 Sunset Strop Sunrise, FL 33322	15,033	12/1/2010	11/30/2030	12.4	20 years
iFresh E. Colonial, Inc.	2415 E Colonial Drive, Orlando, FL 32803	20,370	7/5/2017	1/1/2024	5.5	N/A
Strong America Limited	2-39 54 th Ave, Long Island City, NY 11101	59,000	5/1/2016	4/30/2026	7.8	N/A
Strong America Limited	2-39 54 th Ave, Long Island City, NY 11101	10,886	3/1/2017	9/30/2027	9.4	Auto renewal each year (unless 60 day notice)
New York Mart Group Inc.	55-01 2 nd Street, Long Island City, NY 11101	20,000	3/1/2011	2/28/2021	2.6	N/A
New York Mart Group Inc.	2-39 54 th Ave, Long Island City, NY 11101	14,048	3/1/2017	9/30/2027	9.4	5 years

Employees

As of March 31, 2018, we had approximately 445 employees, 366 of whom are full-time employees and the remaining 79 of whom work part-time. We have 60 employees who have worked with us for 10 years or more. Our employees are not unionized nor, to our knowledge, are there any plans for them to unionize. We have never experienced a strike or significant work stoppage. iFresh regards its employee relations to be good.

Seasonality

As with other participants in the food retail industry, iFresh's sales are affected by seasonality. First, weekly sales fluctuate throughout the year, with weekends generating more sales over weekdays. Weekends enable customers living further from iFresh's stores to shop in iFresh's stores.

iFresh also has higher sales in its third fiscal quarter when customers make holiday purchases. In contrast to conventional supermarkets, iFresh's are not only affected by U.S. holidays, but by traditional Chinese holidays as well, such as the Spring Festival (in January or February), the Dragon Boat Festival (in June), and the Mid-Autumn Festival (in September or October). Each of the Chinese festivals features a specific traditional food which will be very popular just prior to or at the holiday season. Therefore, iFresh observes not only a general sales increase but also a sharp sales increase for that traditional Chinese food related to the festival.

iFresh's target customers also believe that food in season is the best. Therefore, popular species of vegetables, fruit and seafood change with season. For example, iFresh target customers will look for longyan and lychee in summer but not in winter even if they are on shelf; similarly, customers look for Chinese dates and sugar cane in winter but never in summer. The seasonality in both customer demand and supply has a direct impact on iFresh's merchandising, pricing, sales and profitability.

Regulation

iFresh operates in multiple states and is subject to federal, state and local laws and regulations in states it operates. Particularly, the jurisdictions in which it operates regulate the licensing of supermarkets, the sale of alcoholic beverages and the sale of lotteries. iFresh must comply with provisions regulating health and sanitation standards, food labeling, licensing for alcoholic beverages and lottery sales. The manufacturing, processing, formulating, packaging, labeling and advertising of product are subject to regulation by various federal agencies including the Food and Drug Administration, the Federal Trade Commission, the United States Department of Agriculture, the Consumer Product Safety Commission and the Environmental Protection Agency. iFresh stores are subject to regular but unscheduled inspections. iFresh stores are also subject to laws governing its relationship with employees including minimum wage requirement, overtime, working conditions, immigration, disabled access and work permit requirements. Certain of iFresh's parking lots and warehouses and its prepared food sections either have temporary certificates of occupancy or are awaiting certificates of occupancy. In addition, a number of federal, state and local laws impose requirements or restrictions on business owners with respect to access by disabled persons. iFresh believes that it is in material compliance with laws and regulations in each jurisdiction. iFresh's compliance with these regulations may require additional capital expenditures and could materially adversely affect its ability to conduct business as planned.

Legal Proceedings

In the ordinary course of our business, we are subject to periodic lawsuits, investigations and claims, including, but not limited to, contractual disputes, premises claims and employment, environmental, health, safety and intellectual property matters. Although we cannot predict certainty the ultimate resolution of any lawsuits, investigations and claims asserted against it, we do not believe any currently pending legal proceedings to which it is a party will have a material adverse effect on its business, prospects, financial condition, cash flows or results of operations other than the following:

Leo J. Motsis, as Trustee of the 140-148 East Berkeley Realty Trust v. Ming's Supermarket, Inc.

Ming's Supermarket, Inc. ("Ming"), the subsidiary of the Company, is a tenant at a building located at 140-148 East Berkeley Street, Boston, MA (the "Property"), pursuant to a lease dated September 24, 1999 (the "Lease"). The Lease had a 10-year initial term, followed by an option for two additional 10-year terms. Ming has exercised that first option and the Lease has approximately 15 years remaining to run if the second option is also exercised. The Lease also gives Ming a right of first refusal on any sale of the building.

On February 22, 2015, a sprinkler pipe burst in the Property. This caused the Inspectional Services Department of the City of Boston ("ISD") to inspect the Property. The ISD found a number of problems which have prevented further use of the Property. The ISD notified both landlord and tenant that the Property was only permitted for use as an elevator garage and that its use as a warehouse was never permitted and that a conditional use permit must be obtained from the City of Boston to make such use lawful. Moreover, the Property was found to have major structural issues requiring repair, as well as issues with the elevator and outside glass. The result of the ISD's findings are that Ming was ordered not to use the Property for any purpose unless and until the structural and other repairs are completed and its use as a warehouse is permitted by the Boston Zoning Board.

While the Lease provides that the elevator (approximate cost \$400,000) and glass repairs (approximate cost \$30,000) are the responsibility of the tenant, the structural repairs (approximate cost \$500,000) are the landlord's responsibility under the Lease, unless the structural damage was caused by the tenant's misuse of the Property. In this regard Ming has retained an expert who will testify the structural damage to the building was caused by long term water infiltration and is not the result of anything Ming did. Ming initially sought for the landlord to perform the structural repairs and agreed that upon completion of those repairs, Ming would repair the elevator and the broken glass. In addition, Ming asked the landlord to cooperate in permitting use of the Property as a warehouse.

The landlord refused to either perform structural repairs or to cooperate on the permitting. As a result, as of April 2015, Ming began withholding rent, since Ming was barred from using the Property by order of the ISD. The landlord then sued Ming for breach of the Lease and unpaid rent, and Ming counterclaimed for constructive eviction and for damages resulting from the landlord's breach of its duty to perform structural repairs under the Lease.

The case was tried before a jury in August 2017. The jury awarded Ming judgment against the landlord in the amount of \$795,000, plus continuing damages of \$2,250 per month until the structural repairs are completed. The court found that the landlord's actions violated the Massachusetts unfair and deceptive acts and practices statute and therefore doubled the amount of damages to \$1,590,000 and further ruled that Ming should also recover costs and attorneys' fees of approximately \$250,000. The result is a judgment in favor of Ming and against the landlord that will total approximately \$1.85 million. The judgment requires the landlord to repair the premises and obtain an occupancy permit. The landlord is responsible to Ming for damages in the amount of \$2,250 per month until an occupancy permit is issued. The judgment also accrues interest at the rate of 12% per year until paid.

The landlord filed a Notice of Appeal, which will delay ultimate resolution of this matter for potentially one year or more. Ming has filed a lien against the landlord's real estate as security for the judgment.

On May 31, 2018, the ISD issued an occupancy permit, triggering Ming's requirement to resume regular rental payments. Ming paid rent for June 2018 to the landlord.

No guaranties or predictions can be made at this time as to ultimate final outcome of this case.

SKKR Trading LLC d/b/a 38 Live Bait v. New Sunshine Group LLC and New York Mart Group Inc.

A lawsuit has been filed against New York Mart Group, Inc. ("NYMG"), a subsidiary of iFresh, and New Sunshine Group, LLC ("New Sunshine"), by SKKR Trading, LLC ("Plaintiff") for breach of contract and failure to pay. The plaintiff is seeking from NYMG and New Sunshine for principal damages the amount of \$116,878 for the total amount of invoices allegedly past due, a penalty of \$256,000, and attorney's fees estimated to be \$80,000 to \$90,000.

The Plaintiff claimed that NYMG and New Sunshine failed to pay for an order of shrimp. NYMG and New Sunshine have raised various defenses, most of which center on the arguments that NYMG and New Sunshine abandoned the Distribution Agreement and did not order, receive, or benefit from the shrimp at issue. Rather, the shrimp was ordered by a tenant of NYMG, Hong Hai, who was a completely separate entity than NYMG or New Sunshine.

The case went to trial on March 12 to 15, 2017. On April 17, 2017, the Court ruled in favor of Plaintiff and against NYMG and New Sunshine in the amount of \$385,492. NYMG hired a new law firm to appeal the case. The appeal process will take approximately 1 year. During the appeal, NYMG will not be required to pay the amount under the Final Judgment. While discovery is ongoing and no guaranties or predictions can be made at this time as to ultimate outcome, the Company and its attorney believe a fair estimate of the chance the Company will prevail on the appeal of the Final Judgment is approximately 50%.

Most recently, on August 11, 2017, approximately \$196,000 in funds held in one of New York Mart's bank accounts at TD Bank was ordered by the Court to be frozen until the appeal has been concluded, after Plaintiff tried to seize these funds to enforce the aforementioned judgement.

Once the appeal is concluded, the ownership of the \$196,000 will be determined. SKKR is not permitted to take any other action to enforce the judgment, including attempting to seize any other funds in the TD Bank accounts, any other funds, or any assets owned by NYM. Accordingly, NYM is able to continue to use all bank accounts at TD Bank (with the exception of the frozen \$196,000 which has been set aside) without the threat of those accounts being seized by SKKR.

The principal shareholder of the Company, Mr. Long Deng, made a personal pledge to pay for the entire amount of the damage if the appeal is ruled against NYMG. The Company did not accrue any of this potential liability.

Jendo Ermi, LP v iFresh Inc.; iFresh Inc. v. Jendo Ermi LP

On October 20, 2017, Jendo Ermi, LP filed an unlawful detainer action against iFresh, Inc. (Los Angeles Superior Court Case No.: KC069728). The case involved a dispute over property leased to iFresh, Inc. to operate a grocery store in El Monte, California. Jendo Ermi, LP claimed that iFresh, Inc. had not properly paid rents as required by the lease. On March 29, 2018, the court entered judgment in favor of Jendo and against iFresh for possession of the Premises, forfeiture of the lease, and damages in the preliminary amount of \$309,009, with the final amount to be determined by the court. On April 23, 2018, iFresh filed a Notice of Appeal of the judgment. On April 26, 2018, the court entered an amended judgment in favor of Jendo and against iFresh for possession of the Premises, forfeiture of the lease, and damages in the amount of \$952,691.56, with attorneys' fees and costs to be determined by the court.

On November 27, 2017, iFresh, Inc. filed a complaint against Jendo Ermi, LP for, among other things, fraud and breach of contract associated with the lease (Los Angeles Superior Court Case No.: BC684617). iFresh, Inc. alleged that Jendo Ermi (1) overstated the square footage of the property to obtain higher rents; (2) failed to provide certain furniture, fixtures, and equipment (FF&E) valued at approximately \$300,000 that were promised under the lease; and (3) failed to disclose that parts of the building were not habitable.

On May 31, 2018, the Company entered into a settlement agreement with Jendo Ermi, LP whereby iFresh agreed to transfer possession of the premises to Jendo and pay Jendo the total amount of \$652,038.73 in satisfaction of all disputes between the parties. The Company timely transferred possession of the premises to Jendo. New York Mart El Monte, Inc., a third party, timely paid the full settlement amount on behalf of iFresh. Pursuant to the parties' settlement agreement, iFresh dismissed with prejudice its action against Jendo and dismissed its appeal of the unlawful detainer judgment. Pursuant to the parties' settlement agreement, Jendo shall file an Acknowledgment of Satisfaction of Judgment with respect to the unlawful detainer judgment on or around September 17, 2018.

The Company evaluates contingencies on an ongoing basis and will establish loss provisions for matters in which losses are probable and the amount of loss can be reasonably estimated. The Company is not currently a party to any legal proceeding that management believes could have a material adverse effect on the Company's results of operations, cash flows, or balance sheet.

ITEM 1A. Risk Factors

An investment in our Common Stock is speculative and involves a high degree of risk and uncertainty. You should carefully consider the risks described below, together with the other information contained in this report, including the consolidated financial statements and notes thereto, before deciding to invest in our Common Stock. Any of the risk factors described below could significantly and adversely affect iFresh's business, prospects, sales, revenues, gross profit, cash flows, financial condition, and results of operations.

We are currently in default under our Credit Facility with Key Bank, which limits our liquidity and could result in Key Bank accelerating amounts we owe to it under the facility.

On December 23, 2016, NYM, as borrower, entered into a \$25 million senior secured Credit Agreement (the "Credit Agreement") with Key Bank National Association ("Key Bank" or "Lender"). The Credit Agreement provides for (1) a revolving credit of \$5,000,000 for making advance and issuance of letter of credit, (2) \$15,000,000 of effective date term loan and (3) \$5,000,000 of delayed draw term loan. The interest rate is equal to (1) the Lender's "prime rate" plus 0.95%, or (b) the Adjusted LIBOR rate plus 1.95%. Although the Company has been repaying the Key Bank facility in accordance with its terms, the Company failed to timely pay taxes in the aggregate principal amount of \$1,187,693, which resulted in a tax lien being imposed upon the Company by the IRS on June 11, 2018 in the amount of \$1,236,831.08. Due to these outstanding taxes owed and the tax lien, the Company is currently in default under the Credit Agreement. We have advised Key Bank of the default, and while Key Bank has not yet acted to accelerate payment of the facility, Key Bank does consider us to be in default and will not make any further advances under the Credit Facility until we comply with our obligations under the Credit Agreement. Our inability to draw down amounts under the credit facility significantly impairs the Company's growth plans and limits its liquidity. In addition, if Key Bank were to decide to accelerate repayment of the Credit Facility, our financial condition and results of operation would be negatively impacted. By June 29, 2018, the Company had paid the full amount of the outstanding IRS obligation. Although the Company anticipates being able to obtain a waiver from Key Bank regarding the Company's default, there is no guarantee that we will be successful in doing so.

There is substantial doubt about the Company's ability to continue as a going concern.

As discussed in this Annual Report on Form 10-K, we incurred operating losses, did not meet the financial covenant required in the Credit Agreement and are currently in default of the Credit Agreement due to our failure to pay certain tax obligations. These conditions raise substantial doubt about our ability to continue as a going concern.

iFresh's continued growth depends on new store acquisitions and openings and on increasing same store sales, and iFresh's failure to achieve these goals could negatively impact its results of operations and financial condition.

Our growth strategy depends, in large part, on acquiring and opening new stores in existing and new areas and operating those stores successfully. Successful implementation of this strategy is dependent on sufficient capital support from financing, finding suitable stores to acquire, identifying suitable locations and negotiating acceptable lease terms for store sites, as it faces competition from other retailers for such sites. There can be no assurance that we will continue to grow through new store acquisitions and openings. We may not be able to obtain sufficient capital support for the expansion plan, or successfully implement the plan to acquire or open new stores timely or within budget or operate them successfully, and there can be no assurance that store acquisition or opening costs for, net sales of, contribution margin of and average payback period on initial investment for new stores will conform to our operating model discussed elsewhere in this report. Lower contribution margins from new stores, along with the impact of related store acquisition, opening and store management relocation costs, may have an adverse effect on our financial condition and operating results. In addition, if we acquire stores in the future, it may not be able to successfully integrate those stores into its existing store base and those stores may not be as profitable as its existing stores.

Also, we may not be able to successfully hire, train and retain new store employees or integrate those employees into the programs, policies and culture of us. We or our third party vendors may not be able to adapt our distribution, management and other operating systems to adequately supply products to new stores at competitive prices so that we can operate the stores in a successful and profitable manner. We may not have the level of cash flow or financing necessary to support our growth strategy.

Additionally, our acquisition and opening of new stores will place increased demands on our operational, managerial and administrative resources. These increased demands could cause the Company to operate its existing business less effectively, which in turn could cause deterioration in the financial performance of our existing stores. If the Company experiences a decline in performance, it may slow or discontinue store openings, or may decide to close stores that it is unable to operate in a profitable manner.

Additionally, some of our new stores may be located in areas where the Company has little experience or a lack of brand recognition. Those markets may have different competitive conditions, market conditions, consumer tastes and discretionary spending patterns than our existing markets, which may cause these new stores to be less successful than stores in our existing markets.

Our operating results and stock price will be adversely affected if we fail to implement our growth strategy or if we invest resources in a growth strategy that ultimately proves unsuccessful.

Our newly opened stores may negatively impact our financial results in the short-term and may not achieve sales and operating levels consistent with our mature store base on a timely basis or at all.

The Company has actively pursued new store growth and plans to continue doing so in the future. The Company cannot assure you that its new store acquisitions or openings will be successful or result in greater sales and profitability. New store openings may negatively impact our financial results in the short-term due to the effect of store opening costs and lower sales and contribution margin during the initial period following opening. New stores build their sales volume and their customer base over time and, as a result, generally have lower margins and higher operating expenses, as a percentage of net sales, than our more mature stores. A new store can take more than a year to achieve a level of operating performance comparable to our similarly existing stores. Further, we have experienced in the past, and expect to experience in the future, some sales volume transfer from our existing stores to our new stores as some of our existing customers switch to new, closer locations. As a result, part of the increase of the overall sales to us arising from a new store opening or a store acquisition may be offset by the "sales volume transfer" phenomena.

The competition from competitors may increase intensively in the future.

Food retail is a large and highly competitive industry. However, iFresh believes that the market participants in the Chinese supermarket industry are highly fragmented and immature. Currently, iFresh faces competition from smaller or dispersed competitors focusing on the niche market of Chinese consumers. However, with the rapid growth of the Chinese and other Asian population and their consumption power, other competitors may also begin operating in this niche market in the future. Those competitors include: (i) national conventional supermarkets, (ii) regional supermarkets, (iii) national superstores, (iv) alternative food retailers, (v) local foods stores, (vi) small specialty stores, and (vii) farmers' markets.

The national and regional supermarket chains are experienced in operating multiple stores locations, expanding management and they have greater marketing or financial resources than iFresh does. Even though they currently offer only a limited selection of Chinese and Asian specialty foods, they may be able to devote greater resources to sourcing, promoting and selling their products if they choose to do so. On the contrary, the local food stores and markets are small in size with a deep understanding of local preferences, but their lack of scale results in high risk and limited growth potential.

If more and more competitors devote into this market segment aiming to serve Chinese and other Asian customers in the future, the competition will increase. Our operating results may be negatively impacted through a loss of sales, reduction in margin from competitive price changes and/or greater operating costs such as marketing, due to the increase of competition.

iFresh relies on a combination of product offerings, customer service, store format, location and pricing to compete.

iFresh competes with other food retailers on a combination of factors, primarily product selection and quality, customer service, store layout and decoration, location and price. Our success depends on its ability to offer products that appeal to its customers' preferences. Failure to offer such products, or to accurately forecast changing customer preferences, could lead to a decrease in the number of customer transactions at Our stores and in the amount customers spend at our stores.

Pricing in particular is a significant driver of consumer choice in Our industry and iFresh expects competitors to continue to apply pricing and other competitive pressures. To the extent that Our competitors lower prices, its ability to maintain gross profit margins and sales levels may be negatively impacted. Some of Our competitors may have greater resources than it does. These competitors could use these advantages to take measures, including reducing prices, which could adversely affect Our competitive position, financial condition and results of operations.

If iFresh does not succeed in offering attractively priced products that consumers intend to purchase or are unable to provide a convenient and appealing shopping experience, Our sales, operating margins and market share may decrease, resulting in reduced profitability.

Economic conditions that impact consumer spending could materially affect our business.

Ongoing economic uncertainty continues to negatively affect consumer confidence and discretionary spending. iFresh's operating results may be materially affected by changes in economic conditions nationwide or in the regions in which iFresh operates that impact consumer confidence and spending, including discretionary spending. This risk may be exacerbated if customers choose lower-cost alternatives to iFresh's product offerings in response to economic conditions. In particular, a decrease in discretionary spending could adversely impact sales of certain of iFresh's higher margin product offerings. Future economic conditions affecting disposable consumer income, such as employment levels, business conditions, changes in housing market conditions, the availability of consumer credit, interest rates, tax rates and fuel and energy costs, could reduce overall consumer spending or cause consumers to shift their spending to lower-priced competitors. In addition, inflation or deflation can impact iFresh's business. Food deflation could reduce sales growth and earnings, while food inflation, combined with reduced consumer spending, could reduce gross profit margins. As a result, iFresh's results of operations could be materially adversely affected.

Fresh's existing stores are mainly located in Northeastern American metropolitan areas. The geographic concentration of its stores creates an exposure to the economy of the Northeastern United States and any downturn in this region could materially adversely affect iFresh's financial condition and results of operations.

Perishable products make up a significant portion of iFresh's sales, and ordering errors or product supply disruptions may have an adverse effect on iFresh's profitability and operating results.

iFresh has a significant focus on perishable products. Sales of perishable products accounted for approximately 64% of iFresh's net sales in fiscal year ended March 31, 2017. iFresh has self-owned wholesale facilities and stable supply relationship with farm partners, which significantly reduces ordering errors and product disruption. However, iFresh still relies on various suppliers and vendors to provide and deliver its product inventory on a continuous basis. iFresh could suffer significant perishable product inventory losses in the event of the loss of a major supplier or vendor, disruption of its supply chain, extended power outages, natural disasters or other catastrophic occurrences. While iFresh has implemented certain systems to ensure that its ordering is in line with demand, it cannot assure you that its ordering systems will always work efficiently, in particular in connection with the new additional stores, which have no, or a limited, ordering history. If iFresh were to over-order, it could suffer inventory losses, which would negatively impact its operating results.

Interruption of exclusive distribution of brands or imports relating to iFresh's wholesale operations may adversely impact iFresh's financial conditions and operating results.

iFresh conducts wholesale business through its two subsidiaries, Strong America and NYMG, which enables iFresh to have stronger negotiating power with vendors as well as a way to source products from China, Thailand and Taiwan to its own retail stores. Strong America is also the exclusive distributor of nine famous oversea brands. If iFresh can't renew its exclusive distribution contracts relating to those brands, iFresh's sales, both retail and wholesale, may be adversely affected. Furthermore, importing products from other countries is subject to the impact of various international factors, including international trading policies, shipping costs, currency fluctuations, tariffs and customs procedures for imports, which may affect the supply and purchase prices of the products to be imported by iFresh's wholesale distributors and sold by them to iFresh. If iFresh fails to obtain or maintain a sustainable supply of these products from its vendors, its financial conditions and operating results will be adversely impacted.

The operation of new stores and online sales may cannibalize sales in iFresh's stores and its financial results can be affected by economic and competitive conditions in this area.

All of iFresh's existing stores are located in the Northeastern United States and it intends to grow its store base in this area. New stores are expected to be opened in the Greater New York City and Boston metropolitan areas. As iFresh opens new stores in closer proximity to its customers who currently travel longer distances to shop at iFresh's stores, iFresh expects some of these customers to take advantage of the convenience of iFresh's new locations. Simultaneously, iFresh will develop online sales to cover the customers living in a 2.5-hour drive radius, which may satisfy the demand from those Chinese customers living in the suburbs.

Some sales volume may transfer from iFresh's existing stores to its new stores as some of its existing customers switch to these new, closer locations, or convenient online shopping. Consequently, iFresh's new stores and online sales may adversely impact sales at iFresh's existing stores.

Disruption of relationships with vendors could negatively affect iFresh's business.

iFresh purchases vegetables and fruits directly from farms and other vendors and maintains stable relationships with the vendors to ensure reliable supplies of popular seasonal Chinese specialty of vegetables and fruits. iFresh also depends on third-party suppliers for exclusive third-party brands. The cancellation of iFresh's supply arrangement with any of its suppliers or the disruption, delay or inability in supply from its suppliers could adversely affect iFresh's sales. If iFresh's suppliers fail to comply with food safety or other laws and regulations, or face allegations of non-compliance, their operations may be disrupted. iFresh cannot assure you that it would be able to find replacement suppliers on commercially reasonable terms.

iFresh may be unable to protect or maintain its intellectual property, which could result in customer confusion, a negative perception of its brand and adversely affect its business.

iFresh believes that its intellectual property has substantial value and has contributed significantly to the success of iFresh's business. In particular, iFresh's trademarks, including New York Mart, are valuable assets that reinforce iFresh's customers' favorable perception of its stores.

From time to time, third parties have used names similar to iFresh's, have applied to register trademarks similar to iFresh's and, as iFresh believes, have infringed or misappropriated iFresh's intellectual property rights. iFresh responds to these actions on a case-by-case basis, including, where appropriate, by sending cease and desist letters and commencing opposition actions and litigation. The outcomes of these actions have included both negotiated out-of-court settlements as well as litigation. iFresh cannot assure you that the steps it has taken to protect its intellectual property rights are adequate, that its intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. In addition, iFresh's trademark rights and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect iFresh's trademark rights could prevent iFresh in the future from challenging third parties who use names and logos similar to iFresh's trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of iFresh's brand and products, and eventually adversely affect iFresh's sales and profitability. Moreover, intellectual property disputes and proceedings and infringement claims may result in a significant distraction for management and significant expense, which may not be recoverable regardless of whether iFresh is successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject iFresh to liabilities, force iFresh to cease use of certain trademarks or other intellectual property or force iFresh to enter into licenses with others. Any one of these occurrences may have a material adverse effect on iFresh's business, results of operations and financial condition.

If iFresh experiences a data security breach and confidential customer information is disclosed, iFresh may be subject to penalties and experience negative publicity, which could affect iFresh's customer relationships and have a material adverse effect on its business.

iFresh and its customers could suffer harm if customer information was accessed by third parties due to a security failure in iFresh's systems. The collection of data and processing of transactions requires iFresh to receive, transmit and store a large amount of personally identifiable and transaction related data. This type of data is subject to legislation and regulation in various jurisdictions. Recently, data security breaches suffered by well-known companies and institutions have attracted a substantial amount of media attention, prompting state and federal legislative proposals addressing data privacy and security. If some of the current proposals are adopted, iFresh may be subject to more extensive requirements to protect the customer information that it processes in connection with the purchases of iFresh's products. iFresh may become exposed to potential liability with respect to the data that it collects, manages and processes, and may incur legal costs if its information security policies and procedures are not effective or if it is required to defend its methods of collection, processing and storage of personal data. Future investigations, lawsuits or adverse publicity relating to iFresh's methods of handling personal data could adversely affect its business, results of operations, financial condition and cash flows due to the costs and negative market reaction relating to such developments. Additionally, if iFresh suffers data breaches, one or more of the credit card processing companies that it relies on may refuse to allow it to continue to participate in their network, which would limit iFresh's ability to accept credit cards at its stores and could adversely affect its business, results of operations, financial condition and cash flows.

Data theft, information espionage or other criminal activity directed at the retail industry or computer or communications systems may materially adversely affect iFresh's business by causing iFresh to implement costly security measures in recognition of actual or potential threats, by requiring iFresh to expend significant time and expense developing, maintaining or upgrading its information technology systems and by causing it to incur significant costs to reimburse third parties for damages. Such activities may also materially adversely affect iFresh's financial condition, results of operations and cash flows by reducing consumer confidence in the marketplace and by modifying consumer spending habits.

If iFresh is unable to renew or replace current store leases or if it is unable to enter into leases for additional stores on favorable terms, or if one or more of its current leases are terminated prior to expiration of their stated term, and it cannot find suitable alternate locations, iFresh's growth and profitability could be negatively impacted.

iFresh currently leases all of its store locations. Many of iFresh's current leases provide unilateral option to renew for several additional rental periods at specific rental rates. iFresh's ability to re-negotiate favorable terms on an expiring lease or to negotiate favorable terms for a suitable alternate location, and iFresh's ability to negotiate favorable lease terms for additional store locations, could depend on conditions in the real estate market, competition for desirable properties, its relationships with current and prospective landlords, or other factors that are not within iFresh's control. Any or all of these factors and conditions could negatively impact iFresh's growth and profitability.

iFresh leases certain of its stores and related properties from related parties.

Long Deng, one of iFresh's directors and executive officers, owns 50% of Dragon Development LLC, which leases to iFresh the premises at which Strong America, one of iFresh's wholesale subsidiaries, is located. During fiscal year ended March 31, 2017, rental payments (excluding maintenance and taxes that iFresh is obligated to pay) under the leases from Dragon Development LLC were \$637,273. The leases with Dragon Development LLC renewed on May 1, 2016, and their remaining terms are 10 years. iFresh has no assurance that these related parties will renew the lease agreements with it after expiration. If iFresh cannot renew the leases, it will have to move its stores and warehouses locations, which increases the uncertainty of finding suitable locations for those stores and the reputation recognition in new locations, which may adversely affect iFresh's sales, expenses, profit and financial position.

Failure to retain iFresh's senior management and other key personnel may adversely affect its operations.

iFresh's success is substantially dependent on the continued service of its senior management and other key personnel. These executives, and in particular Long Deng, iFresh's Executive Chairman and Chief Executive Officer and Chief Operating Officer, have been primarily responsible for determining the strategic direction of iFresh's business and for executing its growth strategy and are integral to its brand and culture, and the reputation iFresh enjoys with suppliers and consumers. The loss of the services of any of these executives and other key personnel could have a material adverse effect on iFresh's business and prospects, as iFresh may not be able to find suitable individuals to replace them on a timely basis, if at all. In addition, any such departure could be viewed in a negative light by investors and analysts, which may cause iFresh's stock price to decline. The loss of key employees could negatively affect iFresh's business.

If iFresh is unable to attract, train and retain employees, it may not be able to grow or successfully operate its business.

The retail store industry is labor intensive, and iFresh's success depends in part upon its ability to attract, train and retain a sufficient number of employees who understand and appreciate iFresh's culture and are able to represent its brand effectively and establish credibility with its business partners and consumers. iFresh's ability to meet its labor needs, while controlling wage and labor-related costs, is subject to numerous external factors, including the availability of a sufficient number of qualified persons in the workforce in the markets in which iFresh is located, unemployment levels within those markets, prevailing wage rates, changing demographics, health and other insurance costs and changes in employment legislation. In the event of increasing wage rates, if iFresh fails to increase its wages competitively, the quality of its workforce could decline, causing its customer service to suffer, while increasing its wages could cause its earnings to decrease. If iFresh is unable to hire and retain employees capable of meeting its business needs and expectations, its business and brand image may be impaired. Any failure to meet iFresh's staffing needs or any material increase in turnover rates of iFresh's employees may adversely affect its business, results of operations and financial condition.

Changes in and enforcement of immigration laws could increase iFresh's costs and adversely affect iFresh's ability to attract and retain qualified store-level employees.

Federal and state governments from time to time implement immigration laws, regulations or programs that regulate iFresh's ability to attract or retain qualified foreign employees. Some of these changes may increase iFresh's obligations for compliance and oversight, which could subject iFresh to additional costs and make iFresh's hiring process more cumbersome, or reduce the availability of potential employees. Although iFresh has implemented, and is in the process of enhancing, procedures to ensure its compliance with the employment eligibility verification requirements, there can be no assurance that these procedures are adequate and some of its employees may, without iFresh's knowledge, be unauthorized workers. The employment of unauthorized workers may subject iFresh to fines or civil or criminal penalties, and if any of iFresh's workers are found to be unauthorized, iFresh could experience adverse publicity that negatively impacts its brand and makes it more difficult to hire and keep qualified employees. iFresh may be required to terminate the employment of certain of its employees who were determined to be unauthorized workers. The termination of a significant number of employees may disrupt iFresh's operations, cause temporary increases in iFresh's labor costs as it trains new employees and result in additional adverse publicity. iFresh's financial performance could be materially harmed as a result of any of these factors.

Prolonged labor disputes with employees and increases in labor costs could adversely affect iFresh's business.

A considerable amount of iFresh's operating costs is attributable to labor costs and, therefore, its financial performance is greatly influenced by increases in wage and benefit costs, including pension and health care costs. As a result, iFresh is exposed to risks associated with a competitive labor market. Rising health care and pension costs and the nature and structure of work rules will be important issues. Any work stoppages or labor disturbances as a result of employees' dissatisfaction of their current employment terms could have a material adverse effect on iFresh's financial condition, results of operations and cash flows. iFresh also expects that in the event of a work stoppage or labor disturbance, it could incur additional costs and face increased competition.

Various aspects of iFresh's business are subject to federal, state and local laws and regulations. iFresh's compliance with these regulations may require additional capital expenditures and could materially adversely affect its ability to conduct its business as planned.

iFresh is subject to federal, state and local laws and regulations relating to zoning, land use, environmental protection, workplace safety, food safety, public health, community right-to-know and alcoholic beverage and tobacco sales. In particular, the states in which iFresh operates and several local jurisdictions regulate the licensing of supermarkets and the sale of alcoholic beverages. In addition, certain local regulations may limit iFresh's ability to sell alcoholic beverages at certain times. iFresh is also subject to laws governing its relationship with employees, including minimum wage requirements, overtime, working conditions, immigration, disabled access and work permit requirements. Compliance with new laws in these areas, or with new or stricter interpretations of existing requirements, could reduce the revenue and profitability of iFresh's stores and could otherwise materially adversely affect iFresh's business, financial condition or results of operations. iFresh's new store openings could be delayed or prevented or its existing stores could be impacted by difficulties or failures in iFresh's ability to obtain or maintain required approvals or licenses. iFresh's stores are subject to unscheduled inspections on a regular basis, which, if violations are found, could result in the assessment of fines, suspension of one or more needed licenses and, in the case of repeated "critical" violations, closure of the store until a re-inspection demonstrates that iFresh has remediated the problem. Certain of iFresh's parking lots and warehouses either have only temporary certificates of occupancy or are awaiting a certificate of occupancy which, if not granted, would require iFresh to stop using such property. Additionally, a number of federal, state and local laws impose requirements or restrictions on business owners with respect to access by disabled persons. iFresh's compliance with these laws may result in modifications to iFresh's properties, or prevent iFresh from performing certain further renovations. iFresh cannot predict the nature of future laws, regulations, interpretations or applications, or determine what effect either additional government regulations or administrative orders, when and if promulgated, or disparate federal, state and local regulatory schemes would have on iFresh's business in the future.

iFresh's plans to acquire and open new stores requires iFresh to spend capital. Failure to use its capital efficiently could have an adverse effect on iFresh's profitability.

iFresh's growth strategy depends on its acquisition of and opening new stores, which will require iFresh to use cash generated by its operations and a portion of the net proceeds of future equity or debt financing and borrowing under bank credit line. iFresh cannot assure you that cash generated by its operations, the net proceeds of future equity or debt financing and borrowing under bank credit line will be sufficient to allow iFresh to implement its growth strategy. If any of these initiatives prove to be unsuccessful, iFresh may experience reduced profitability and it could be required to delay, significantly curtail or eliminate planned store openings, which could have a material adverse effect on its financial condition and future operating performance and the price of its common stock.

Litigation may materially adversely affect iFresh's business, financial condition and results of operations.

iFresh's operations are characterized by a high volume of customer traffic and by transactions involving a wide variety of product selections. These operations carry a higher exposure to consumer litigation risk when compared to the operations of companies operating in many other industries. Consequently, iFresh may be a party to individual personal injury, product liability and other legal actions in the ordinary course of its business, including litigation arising from food-related illness. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend future litigation may be significant. There may also be adverse publicity associated with litigation that may decrease consumer confidence in iFresh's businesses, regardless of whether the allegations are valid or whether iFresh is ultimately found liable. As a result, litigation may materially adversely affect iFresh's businesses, financial condition, results of operations and cash flows.

Increased commodity prices and availability may impact profitability.

Many of iFresh's products include ingredients such as wheat, corn, oils, milk, sugar, cocoa and other commodities. Commodity prices worldwide have been increasing. While commodity price inputs do not typically represent the substantial majority of iFresh's product costs, any increase in commodity prices may cause its vendors to seek price increases from iFresh. Although iFresh is typically able to mitigate vendor efforts to increase its costs, it may be unable to continue to do so, either in whole or in part. In the event iFresh is unable to continue mitigating potential vendor price increases, it may in turn consider raising its prices, and its customers may be deterred by any such price increases. iFresh's profitability may be impacted through increased costs to which may impact gross margins, or through reduced revenue as a result of a decline in the number and average size of customer transactions.

Severe weather, natural disasters and adverse climate changes may materially adversely affect iFresh's financial condition and results of operations.

Severe weather conditions and other natural disasters in areas where iFresh has stores or from which iFresh obtains the products it sells may materially adversely affect its retail operations or its product offerings and, therefore, its results of operations. Such conditions may result in physical damage to, or temporary or permanent closure of, one or more of iFresh's stores, an insufficient workforce in iFresh's markets and/or temporary disruption in the supply of products, including delays in the delivery of goods to iFresh's stores or a reduction in the availability of products in its stores. In addition, adverse climate conditions and adverse weather patterns, such as drought or flood, that impact growing conditions and the quantity and quality of crops may materially adversely affect the availability or cost of certain products within its supply chain. Any of these factors may disrupt iFresh's businesses and materially adversely affect its financial condition, results of operations and cash flows.

The occurrence of a widespread health epidemic may materially adversely affect iFresh's financial condition and results of operations.

iFresh's business may be severely impacted by wartime activities, threats or acts of terror or a widespread regional, national or global health epidemic, such as pandemic flu. Such activities, threats or epidemics may materially adversely impact iFresh's business by disrupting production and delivery of products to iFresh's stores, by affecting iFresh's ability to appropriately staff its stores or by causing customers to avoid public gathering places or otherwise change their shopping behaviors.

iFresh needs approximately \$50 million for the year ended March 31, 2018 in order to achieve its planned growth for that year and if it cannot successfully obtain sufficient capital, the financial results and stock price of iFresh after the business combination will be adversely affected.

iFresh believes that it needs approximately \$50 million for the year ended March 31, 2018 mainly for the purpose of acquiring additional stores to achieve its planned growth for that year. If it is not able to obtain financing on commercially reasonable terms in connection with the Business Combination, as is contemplated by the parties, it may not be able to implement its growth plan. If it is unable to affect its growth plan, iFresh's financial results will be significantly worse than anticipated and its stock price may decline as a result.

iFresh is an “emerging growth company” and the reduced disclosure requirements applicable to emerging growth companies may make its securities less attractive to investors.

iFresh is an “emerging growth company,” as defined in the JOBS Act. It may remain an “emerging growth company” until the fiscal year ended December 31, 2020. However, if its non-convertible debt issued within a three-year period or revenues exceeds \$1 billion, or the market value of its common stock that are held by non-affiliates exceeds \$700 million on the last day of the second fiscal quarter of any given fiscal year, iFresh would cease to be an emerging growth company as of the following fiscal year. As an emerging growth company, iFresh is not required to comply with the auditor attestation requirements of section 404 of the Sarbanes-Oxley Act, has reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and is exempt from the requirements of holding a non binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. Additionally, as an emerging growth company, iFresh has elected to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As such, iFresh’s financial statements may not be comparable to companies that comply with public company effective dates. As a result, potential investors may be less likely to invest in our securities.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2 Properties

Our principal executive offices are located at its headquarters comprising approximately 2,200 square meters at 2-39 54th Avenue, Long Island City, New York. Please see “Item 1 –Business – Properties.”

ITEM 3 Legal Proceedings

Please see “Item 1 – Business – Legal Proceedings” For a discussion of the significant legal proceedings we are involved in.

ITEM 4 Mine Safety Disclosures

Not applicable.

PART II

ITEM 5 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our equity securities trade on the NASDAQ Capital Market. Prior to December 16, 2016, our units, shares and rights were each quoted on the NASDAQ Capital Market, under the symbols "ECACU," "ECAC" and "ECACR," respectively. Each of our units consisted of one ordinary share and one right to acquire 1/10 of a share of the Company. Our units commenced trading on August 13, 2015. Our shares and rights commenced trading on November 25, 2015. Upon the closing of the Transactions described above, our rights and units ceased trading and iFresh's common stock began trading on the NASDAQ Capital Market under the symbol "IFMK" as of February 10, 2017.

The table below sets forth the high and low bid prices of our shares, rights, and units as reported on the NASDAQ Stock Market, under the symbols "ECACU," "ECAC" and "ECACR," respectively, for the period from April 1, 2016 through February 9, 2017. (nothing to fill)

	(1) Units		Shares		Rights	
	High	Low	High	Low	High	Low
Year Ended March 31, 2017:						
First Quarter ended June 30, 2016	\$ 10.32	10.20	10.20	10.05	0.26	0.24
Second Quarter ended September 30, 2016	12.48	10.28	10.25	10.15	0.69	0.26
Third Quarter ended December 31, 2016	10.74	10.00	10.30	10.20	0.98	0.39
Fourth Quarter ended March 31, 2017 (ending February 9, 2017)	11.25	5.38	11.45	9.90	1.02	0.75

(1) Our units began trading on August 13, 2015. The shares and warrants did not begin separate trading until November 25, 2015.

The table below sets forth the high and low bid prices of our common stock as reported on the NASDAQ Stock Market, under the symbol “IFMK”, for the period from February 10, 2017 (the date on which our common stock was first quoted on the NASDAQ Stock Market) through March 31, 2018 and for a portion of the first quarter of the fiscal year ended March 31, 2019.

	Common Stock	
	High	Low
Year Ended March 31, 2019:		
First Quarter (through June 21, 2018)	\$ 8.30	5.54
Year Ended March 31, 2018:		
First Quarter ended June 30, 2017 (beginning February 10, 2017)	\$ 16.00	11.72
Second Quarter ended September 30, 2017	15.28	11.50
Third Quarter ended December 31, 2017	14.2999	10.82
Fourth Quarter ended March 31, 2018	17.4862	5.0001

Holders of Common Equity

As of June 29, 2018, there were 123 holders of record of our common stock. Such numbers do not include beneficial owners holding shares, rights or units through nominee names.

Dividends

The Company has not paid any cash dividends on its ordinary shares to date. It is the present intention of the Company’s board of directors to retain all earnings, if any, for use in the Company’s business operations and, accordingly, the Company’s board of directors does not anticipate declaring any dividends in the foreseeable future. The payment of dividends is within the discretion of the Company’s board of directors and will be contingent upon the Company’s future revenues and earnings, if any, capital requirements and general financial condition.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information as of March 31, 2018 about our equity compensation plans and arrangements.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	61,950	—	1,338,050
Equity compensation plans not approved by security holders			
Total	61,950	—	1,338,050

Equity Repurchases

None.

ITEM 6 Selected Financial Data

As a smaller reporting company, we are not required to provide this information.

ITEM 7 Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This report includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission ("SEC") filings. References to "we," "us," "our," "iFresh" or the "Company" are to iFresh Inc., except where the context requires otherwise. The following discussion should be read in conjunction with our unaudited condensed financial statements and related notes thereto included elsewhere in this report.

Overview

iFresh Inc. ("we," "us," "our," or "iFresh" or the "Company") is a Delaware company incorporated in July 2016 in order to reincorporate E-Compass Acquisition Corp. ("E-Compass") to Delaware pursuant to the Merger Agreement (as defined below). Immediately following the reincorporation, we acquired NYM Holding, Inc ("NYM"). E-Compass was a blank check company formed for the purpose of entering into a share exchange, asset acquisition, share purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities. NYM is a fast growing Asian/Chinese grocery supermarket chain in the north-eastern U.S. providing food and other merchandise hard to find in mainstream grocery stores. Since NYM was formed in 1995, NYM has been targeting the Chinese and other Asian population in the U.S. with its in-depth cultural understanding of its target customer's unique consumption habits. iFresh currently has eight retail supermarkets across New York, Massachusetts and Florida, with in excess of 6,920,500 sales transactions in its stores in the fiscal year ended March 31, 2018. It also has two in-house wholesale businesses, Strong America Limited ("Strong America") and New York Mart Group, Inc. ("NYMG"), covering more than 6,000 wholesale products and servicing both NYM retail supermarkets and over 1,000 external clients that range from wholesalers to retailing groceries and restaurants. NYM has a stable supply of food from farms in New Jersey and Florida, ensuring reliable supplies of the most popular vegetables, fruits and seafood. Its wholesale business and long term relationships with farms insulate NYM from supply interruptions and sales declines, allowing it to remain competitive even during difficult markets.

Outlook

iFresh is an Asian Chinese supermarket chain in the U.S. northeastern region with nine retail super markets and two wholesale facilities. iFresh plans to strategically expand along the I-95 corridor and its goal is to cover all states on the east coast.

- a. iFresh provides unique products to meet the demands of the Asian/Chinese American Market;
- b. iFresh has established a merchandising system backed by an in-house wholesale business and by long-standing relationships with farms;
- c. iFresh maintains an in-house cooling system with unique hibernation technology that is has developed over 20 years to preserve perishables, especially produce and seafood;
- d. iFresh capitalizes on economies of scale, allowing strong negotiating power with upstream vendors, downstream customers and sizable competitors; and
- e. iFresh has a proven and replicable track record of management, operation, acquisition and organic growth.

iFresh's net sales were \$136.7 million and \$130.1 million for the years ended March 31, 2018 and 2017, respectively. In terms of sales by category, Perishables constituted approximately 64.5% of the total sales for the year ended March 31, 2018. iFresh's net loss was \$0.8 million for the year end March 31, 2018, a decrease of \$2 million, or 166%, from \$1.2 million of net income for the year end March 31, 2017. Adjusted EBITDA was \$2.0 million for the year end March 31, 2018, a decrease of \$3.9 million, or 66.6%, from \$5.9 million for the year end March 31, 2017.

Factors Affecting iFresh's Operating Results

Seasonality

iFresh's business shows seasonal fluctuations. Sales in its first and second fiscal quarters (ending June 30 and December 31, respectively) are usually 5% to 10% lower than in third and fourth quarters (ending December 31 and March 31, respectively). In its third fiscal quarter, customers make holiday purchases for Thanksgiving and Christmas. In its fourth quarter, customers make purchases for traditional Chinese holidays, such as the Spring Festival (Chinese New Year, in January or February).

Parking

The availability of parking is important to iFresh's sales volume, and changes in the availability of parking would affect iFresh's sales volume. For example, one of the two parking lots serving iFresh's Ming store in Boston was required to be temporarily lease to a farmers market on Sundays by the city of Boston from April to October 2016, which reduced sales at the store by about 10% during this period. The requirement to lease the parking lot to the farmers market expired on October 31, 2016.

Competition

Competitors opened two new stores in Brooklyn's Chinatown in early 2016, which negatively impacted the sales of iFresh's two stores located in the area for the year ended March 31, 2017. iFresh's management believes that this impact is temporary and expects sales to rebound because the stores are the only ones owned by the operators and therefore lack the sophisticated procurement process that NYM has and do not have the same influence over suppliers as iFresh.

Payroll

Minimum wage rates in some states increased in 2016. For example, the minimum wage went from \$10 to \$11 per hour in Massachusetts. Payroll and related expenses increased by \$1.3 million, or 10% for the year ended March 31, 2018 as compared to the same period of last year as a result of increase of head count and addition of its business operation and financial reporting department in anticipation of becoming a public company. iFresh plans to implement systems in the future to improve operating efficiency and reduce labor costs.

Merger with E-Compass

In March 2016, NYM signed a letter of intent of merger with E-Compass and began to engage third parties in connection therewith, including a financial advisor, legal counsel and auditor, and incurred \$992,000 of professional fees related thereto in the year ended March 31, 2017.

Vendor and Supply Management

iFresh believes that a centralized and efficient vendor and supply management system are the keys to profitability. iFresh operates its own wholesale facilities, which supplied about 37% of its procurement for the fiscal year ended March 31, 2018. iFresh centralized the management of its vendors and procurement. It believes that such centralized vendor management enhances iFresh's negotiating power and improves its ability to turnover inventory and vendor payables. Any changes to the vendor and supply management could affect iFresh's purchasing costs and operating expenses.

Store Maintenance and Renovation

From time to time, iFresh conducts maintenance on the fixtures and equipment for its stores. Any maintenance or renovations could interrupt the operation of our stores and result in a decline of customer volume, and therefore sales volume, but will, in the opinion of management, boost sales after they are completed. Significant maintenance or renovation would affect our operation and operating results. As of March 31, 2018, iFresh has three stores under renovation and they are expected to open by the end of September. We had \$737,000 expense incurred for these three stores for the year ended March 31, 2018, however, no sales has been generated from them yet.

Store Acquisitions and Openings

iFresh expects the new stores it acquires or opens to be the primary driver of its sales, operating profit and market share gains. iFresh's results will be materially affected by the timing and number of new store additions and the amount of new store opening costs. For example, iFresh would incur rental, utilities and employee expenses during any period of renovation, which would be recorded as expenses on the income statement and would decrease iFresh's profit when a store opens. iFresh may incur higher than normal employee costs associated with setup, hiring, training, and other costs related to opening a new store. Operating margins are also affected by promotional discounts and other marketing costs and strategies associated with new store openings, primarily due to overstocking, and costs related to hiring and training new employees. Additionally, promotional activities may result in higher than normal net sales in the first several weeks following a new store opening. A new store builds its sales volume and its customer base over time and, as a result, generally has lower margins and higher operating expenses, as a percentage of sales, than our more mature stores. A new store could take more than a year to achieve a level of operating performance comparable to our existing stores.

How to Assess iFresh's Performance

In assessing performance, iFresh's management considers a variety of performance and financial measures, including principal growth in net sales, gross profit and Adjusted EBITDA. The key measures that we use to evaluate the performance of our business are set forth below:

Net Sales

iFresh's net sales comprise gross sales net of coupons and discounts. We do not record sales taxes as a component of retail revenues as it considers it a pass-through conduit for collecting and remitting sales taxes.

Gross Profit

iFresh calculates gross profit as net sales less cost of sales and occupancy costs. Gross margin represents gross profit as a percentage of its net sales. Occupancy costs include store rental costs and property taxes. The components of our cost of sales and occupancy costs may not be identical to those of its competitors. As a result, our gross profit and gross margin may not be comparable to similar data made available by our competitors.

Cost of sales includes the cost of inventory sold during the period, including the direct costs of purchased merchandise (net of discounts and allowances), distribution and supply chain costs, buying costs and supplies. iFresh recognizes vendor allowances and merchandise volume related rebate allowances as a reduction of inventories during the period when earned and reflects the allowances as a component of cost of sales as the inventory is sold. Shipping and handling for inventories purchased are included in cost of goods sold.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of retail operational expenses, administrative salaries and benefits costs, marketing, advertising and corporate overhead.

Adjusted EBITDA

iFresh believes that Adjusted EBITDA is a useful performance measure and can be used to facilitate a comparison of NYM's operating performance on a consistent basis from period-to-period and to provide for a more complete understanding of factors and trends affecting our business than GAAP measures alone can provide. iFresh also uses Adjusted EBITDA as one of the primary methods for planning and forecasting overall expected performance and for evaluating on a quarterly and annual basis actual results against such expectations, and as a performance evaluation metric in determining achievement of certain compensation programs and plans for employees, including senior executives. Other companies in the industry may calculate Adjusted EBITDA differently than iFresh does, limiting its usefulness as a comparative measure.

iFresh's management defines Adjusted EBITDA as earnings before interest expense, income taxes, depreciation and amortization expense, store opening costs, and non-recurring expenses. All of the omitted items are either (i) non-cash items or (ii) items that we do not consider in assessing its ongoing operating performance. Because it omits non-cash items, iFresh's management believes that Adjusted EBITDA is less susceptible to variances in actual performance resulting from depreciation, amortization and other non-cash charges and more reflective of other factors that affect its operating performance. iFresh's management believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the company's financial measures with other specialty retailers, many of which present similar non-GAAP financial measures to investors.

In July and October 2017, iFresh acquired iFresh Glen Cove Inc. ("Glen Cove"), New York Mart CT, Inc. ("NYM CT") and New York Mart N. Miami Inc. ("NYM N. Miami") from Long Deng, the Company's Chairman and Chief Executive Officer. The Company accounted for this acquisition as a business combination under ASC 805-50-30 whereby we recognize assets acquired and liabilities assumed in an acquisition at their historical costs as of the date of acquisition, since the acquisition took place between entities under common control. Prior year financial statements were retrospectively adjusted to combine the financial information of these entities as if the acquisitions occurred at the beginning of the period of transfer.

Results of Operations for the years ended March 31, 2018 and 2017

	For the years ended March 31,		Changes	
	2018	2017	\$	%
Net sales-third parties	\$ 126,874,761	\$ 121,826,207	\$ 5,048,554	4.1%
Net sales-related parties	9,813,766	9,050,553	763,213	8.42%
Total Sales	136,688,527	130,876,760	5,811,767	4.4%
Cost of sales-third parties	91,241,612	87,610,152	3,631,460	4.1%
Cost of sales-related parties	8,877,854	8,162,545	715,309	8.8%
Occupancy costs	7,575,478	7,219,860	355,618	4.9%
Gross Profit	28,993,583	27,884,203	1,109,380	4.0%
Selling, general and administrative expenses	30,738,330	26,087,868	4,650,462	17.8%
Income from operations	(1,744,747)	1,796,335	(3,541,082)	-197%
Interest expense	(817,227)	(303,894)	(513,333)	169%
Other income	1,668,496	1,360,616	307,880	22.6%
Income before income tax provision	(893,478)	2,853,057	(3,746,535)	-131%
Income tax provision	102,185	(1,656,334)	1,758,519	-106%
Net income	\$ (791,293)	\$ 1,196,723	\$ (1,988,016)	-166%
Net income attributable to common shareholders	(791,293)	1,196,723	(1,988,016)	-166%

Net Sales

	For the years ended		Changes	
	March 31,		\$	%
	2018	2017		
Net sales of retail-third parties	\$ 109,251,522	\$ 106,779,803	\$ 2,471,719	2.3%
Net sales of retail-related parties	157,346	-	157,346	100%
Net sales of wholesale-third parties	17,623,239	15,046,404	2,576,835	17.1%
Net sales of wholesale-related parties	9,656,420	9,050,553	605,867	7%
Total Net Sales	\$ 136,688,527	\$ 130,876,760	\$ 5,811,767	4.4%

iFresh's net sales were \$136.7 million for the year ended March 31, 2018, an increase of \$5.8 million, or 4.4%, from \$130.1 million for the year ended March 31, 2017.

Net retail sales to third parties increased by \$2.5 million, or 2.3%, from \$106.8 million for the year ended March 31, 2017, to \$109.3 million for the year ended March 31, 2018. The increase resulted mainly from new stores opened in 2017, which contribute \$3.0 million of retail sales, offset by a decrease of sales in our stores in Florida due to Hurricane Irma; The Company's affiliates made immaterial purchase from its retail stores in 2018. Our total net wholesale sales increased by \$3.3 million from \$24.1 million for the year ended March 31, 2017 to \$27.4 million for the year ended March 31, 2018, which was attributable to an increase of \$0.2 million in sales to related parties due to iFresh focusing on improving its central procurement system through its wholesale facilities and an increase of \$3.1 million from its wholesale revenue to third parties due to expansion of the wholesales business.

Cost of sales, Occupancy costs and Gross Profit

Retail Segment	For the years ended		Changes	
	March 31,		\$	%
	2018	2017		
Cost of sales	\$ 80,047,600	\$ 77,073,922	\$ 2,973,678	3.9%
Occupancy costs	7,575,479	7,219,860	355,619	4.9%
Gross profit	21,785,789	22,486,021	(700,232)	-3.1%
Gross margin	20.0%	21.1%	-1.1%	-

For the retail segment, Cost of sales increased by \$3.0 million, or 3.9%, from \$77 million for the year ended March 31, 2017, to \$80.0 million for the year ended March 31, 2018. The increase was mainly attributable to the increased sales in the year ended March 31, 2018, as well as write-off of inventory amounted to \$360,000 which was damaged in Hurricane Irma.

Occupancy costs consist of store-level expenses such as rental expense, property taxes and other store specific costs. Occupancy costs increased by approximately 4.9%, from \$7.2 million for the year ended March 31, 2017 to \$7.6 million for the year ended March 31, 2018, which was attributable to the new store opened in 2017.

Gross profit was \$21.8 and \$22.5 million for the years ended March 31, 2018 and 2017, respectively. Gross margin was 20.0% and 21.1% for the years ended March 31, 2018 and 2017, respectively. The gross profit decreased due to the increase of occupancy cost, as well as the increased cost of sales discussed above.

Wholesale Segment	For the years ended		Changes	
	March 31,		\$	%
	2018	2017		
Cost of sales	\$ 20,071,865	\$ 18,698,777	\$ 1,373,088	7.3%
Gross profit	7,207,794	5,398,181	1,809,613	33.5%
Gross margin	26.4%	22.4%	4.0%	-

For wholesale segment, cost of sales increased by \$1.4 million or 7.3% from \$18.7 million in 2017 to \$20.1 million in 2018. The increase is consistent with the significant increase of sales from the wholesale segment in 2017.

Gross profit increased by \$1.8 million, or 33.5% from \$5.4 million in 2017 to \$7.2 million in 2018. Gross margin increased by 4.0% from 22.4% to 26.4%. The increase was due to the relative proportion of related parties sales to the total wholesale revenue, compared to 2017. Related party wholesale had relative lower gross profit.

Selling, General and Administrative Expenses

Selling, general and administrative expenses was \$30,738,330 million for the year ended March 31, 2018, an increase of \$4,650,463 million, or 17.8%, compared to \$26.1 million for the year ended March 31, 2017, which was mainly attributable to an increase of \$1.3 million in payroll and related insurance and taxes, and an increase of \$1.9 million of selling, general and administrative expenses from the acquired entities in this year, compared to 0.3 million in 2017, which is the year of inception, an increase of \$0.5 million of rental and utility expenses, increase of \$0.2 million of depreciation expense due to the increase of property and equipment, and increase of \$0.5 million of bad debt expense. The remaining \$0.5 million increase was from other general expense which was due to the expansion of our wholesales business.

Interest Expense

Interest expense was \$0.8 million for the year ended March 31, 2018, an increase of \$0.5 million, or 169%, from \$0.3 million for the year ended March 31, 2017, primarily attributable to the Key Bank loan, which was borrowed in the last quarter of 2017 and only was outstanding for one quarter, compared to a full year in 2018, In addition, the Company borrowed \$4.3 million under the letter of credit and delayed term loan with Key Bank in 2018.

Other income

Other income was \$1.7 million for the year ended March 31, 2018, which included management and advertising fee income of \$563,000, rental income of \$439,000, insurance claim proceeds of \$335,000 and lottery sales and other income of \$329,000. Other income increased 0.3 million, or 22.6%, from \$1.4 million for the year ended March 31, 2017, primarily attributable to an increase of \$110,000 of management fee income and advertising fee income charged to non-related third-party stores based on sale volume, \$200,000 of insurance claims due to the fire accident in Ming store.

Income Taxes Provision

NYM is subject to U.S. federal and state income taxes. Income taxes benefit was \$0.1 million for the year ended March 31, 2018, a decrease of \$1.8 million, or 106.2%, compared to \$1.7 million of income tax expense for the year ended March 31, 2017, which was mainly attributable the decrease in taxable income. The effective income tax rate was 11% and 58% for the years ended March 31, 2018 and 2017. The significant decrease was due to the fact that federal tax rate was decreased from 34% to 21% in 2018.

Net Income (loss)

	For the years ended March 31,		Changes	
	2018	2017	\$	%
Net income	\$ (791,293)	\$ 1,196,723	\$ (1,988,017)	-166.1%
Net Profit Margin	-0.58%	0.91%	-1.49%	

Net loss was \$0.8 million for the year ended March 31, 2018, a decrease of \$2.0 million, or 166%, from \$1.2 million of net income for the year ended March 31, 2017, mainly attributable to the increase of selling, general and administrative expenses as described above as well as damage made by Hurricane Irma. Net profit margin as percentage of sales was -0.58% and 0.91% for the years ended March 31, 2018 and 2017, respectively.

Adjusted EBITDA

	For the years ended March 31,		Changes	
	2018	2017	\$	%
Net income	\$ (791,293)	\$ 1,196,723	\$ (1,988,017)	-166%
Interest expenses	817,227	303,894	88,400	41%
Income tax provision	(102,185)	1,656,334	(1,758,519)	-106%
Depreciation	1,729,852	1,562,043	167,809	10.7%
Amortization	315,832	178,957	136,875	76%
Merger expenses ⁽¹⁾	-	992,116	992,116	—
Adjusted EBITDA	\$ 1,969,433	\$ 5,890,067	\$ (3,920,635)	-66.6%
Percentage of sales	1.4%	4.5%	-3.1%	

- (1) Merger expenses were professional fees paid to a financial advisor, legal counsel and auditors in connection with the business combination transaction with E-Compass, which are non-recurring expenses and added back for adjusted EBITDA.

Adjusted EBITDA was \$2.0 million for the year ended March 31, 2018, a decrease of \$3.9 million, or 66.6%, as compared to \$5.9 million for the year ended March 31, 2017, mainly attributable to the decrease of net income resulting from increase of selling, general and administrative expenses as described above. The ratio of Adjusted EBITDA to sales was 1.4% and 4.5% for the years ended March 31, 2018 and 2017, respectively.

Liquidity and Capital Resources

As of March 31, 2018, iFresh had cash and cash equivalents of approximately \$0.6 million. iFresh had operating losses in fiscal year 2018 and had negative working capital of \$2.6 million and \$5.3 million as of March 31, 2018 and 2017, respectively. The Company did not meet the financial covenant required in the credit agreement with Keybank National Association (“Keybank”). By June 29, 2018, the Company had paid the full amount of the outstanding IRS obligation. As of March 31, 2018, the Company has outstanding loan facilities of approximately \$17 million due to Keybank. Failure to maintain these loan facilities will have a significant impact on the Company’s operations. iFresh had funded working capital and other capital requirements in the past primarily by equity contribution from shareholders, cash flow from operations, and bank loans. Cash is required to pay purchase costs for inventory, rental, salaries, office rental expenses, income taxes, other operating expenses and repay debts. iFresh’s ability to repay its current obligation will depend on the future realization of its current assets. iFresh’s management has considered the historical experience, the economy, trends in the retail industry, the expected collectability of the accounts receivables and the realization of the inventories as of March 31, 2018. iFresh’s ability to continue to fund these items may be affected by general economic, competitive and other factors, many of which are outside of our control. If the future cash flow from operations and other capital resources are insufficient to fund its liquidity needs, iFresh may be forced to reduce or delay its expected new store acquisition and openings, sell assets, obtain additional debt or equity capital or refinance all or a portion of its debt. Our working capital position benefits from the fact that it generally collects cash from sales to customers the same day or, in the case of credit or debit card transactions, within a few business days of the related sale and the quick inventory turnover.

For the year ended March 31, 2019, iFresh is projecting that it would need approximately \$50 million of capital in addition to its cash flow in place to fully execute the planned acquisitions, online platform development and new-store openings.

We have \$10 million of advances and receivable from the related parties we intend to collect or acquire, which will be used to offset part of the acquisition consideration for such related parties. In addition, we had \$5.8 million of unused credit line from Key Bank, which includes a revolving credit of \$1.8 million for making advance and issuance of letter of credit, and \$4,000,000 of delayed draw term loan, which we may not draw down on until we resolve the default described below. We also plan to issue additional stock in lieu of cash as part of the acquisition consideration and plan to raise additional capital through sales of our stock if necessary. We intend to use part of the cash generated from our operations to fund our online sales initiative. Based on the above considerations, iFresh's management is of the opinion that iFresh has sufficient funds to meet its working capital requirements, capital expenditure and debt obligations as they become due.

The following table summarizes iFresh's cash flow data for the years ended March 31, 2018 and 2017.

	For the years ended March 31,	
	2018	2017
Net cash provided by operating activities	\$ (2,562,300)	\$ 5,924,673
Net cash used in investing activities	(1,800,091)	(13,900,651)
Net cash provided by (used in) financing activities	2,452,487	9,973,535
Net (decrease) increase in cash and cash equivalents	<u>\$ (1,909,904)</u>	<u>\$ 1,997,557</u>

Operating Activities

Net cash provided by operating activities consists primarily of net income adjusted for non-cash items, including depreciation, changes in deferred income taxes and loss on early extinguishment of debt, and the effect of working capital changes. Net cash used in operating activities was approximately \$2.6 million for the year ended March 31, 2018, a decrease of \$8.5 million, or 143%, compared to \$6.0 million for the year ended March 31, 2017. The decrease was a result of a decrease of cash generated from net income of \$2.0 million, an increase of \$6.5 million from change of working capital mainly resulting from an increase in account receivable, offset by the increase of accounts payable.

Investing Activities

Net cash used in investing activities was approximately \$1.8 million for the year ended March 31, 2018, an decrease of \$12.1 million, compared to \$14.0 million for the year ended March 31, 2017. The decrease was primarily attributable to the decrease in acquisition of property and equipment of \$2.9 million and collection of advance made to related parties of \$2.1 million, compared to cash paid for advance to related parties for \$7.2 million.

Financing Activities

Net cash provided by financing activities was approximately \$2.5 million for the year ended March 31, 2018, which mainly consisted of net cash flow from borrowing bank loans of \$2.9 million, offset by \$0.5 million cash paid for notes payable and capital lease. Net cash provided from financing activities was \$10 million for the year ended March 31, 2017, which mainly consisted of net cash flow from borrowing bank loans of \$10.3 million, offset by \$0.5 million cash paid for notes payable and capital lease.

KeyBank National Association – Senior Secured Credit Facilities

On December 23, 2016, NYM, as borrower, entered into a \$25 million senior secured Credit Agreement (the “Credit Agreement”) with Key Bank National Association (“Key Bank” or “Lender”). The Credit Agreement provides for (1) a revolving credit of \$5,000,000 for making advance and issuance of letter of credit, (2) \$15,000,000 of effective date term loan and (3) \$5,000,000 of delayed draw term loan. The interest rate is equal to (1) the Lender’s “prime rate” plus 0.95%, or (b) the Adjusted LIBOR rate plus 1.95%. Both the termination date of the revolving credit and the maturity date of the term loans are December 23, 2021. The Company will pay a commitment fee equal to 0.25% of the undrawn amount of the Revolving Credit Facility and 0.25% of the unused Delayed Draw Term Loan Facility. \$3,200,000 of the revolving credit was used as of March 31, 2018.

\$15,000,000 of the term loan was fully funded by the lender in January 2017. The Company is required to make fifty-nine consecutive monthly payments of principal and interest in the amount of \$142,842 starting from February 1, 2017 and a final payment of the then entire unpaid principal balance of the term loan, plus accrued interest on the maturity date.

A Delayed Draw Term Loan was available and would be advanced on the Delayed Draw Funding date (as defined in the Credit Agreement, which is no later than December 23, 2021). A withdrawal of \$1.05 million under the Delayed Draw Term Loan was made as of September 30, 2017 to acquire iFresh E. Colonial, Inc.

The senior secured credit facility is secured by all assets of the Company and is jointly guaranteed by the Company and its subsidiaries and contains financial and restrictive covenants. The financial covenants require NYM to deliver audited consolidated financial statements within one hundred twenty days after the fiscal year end and to maintain a fixed charge coverage ratio not less than 1.1 to 1.0 and senior funded debt to earnings before interest, tax, depreciation and amortization (“EBITDA”) ratio less than 3.0 to 1.0 at the last day of each fiscal quarter, beginning with the fiscal quarter ending March 31, 2017. Except as stated below, the senior secured credit facility is subject to customary events of default. It will be an event of default if Mr. Long Deng resigns, is terminated, or is no longer actively involved in the management of NYM and a replacement reasonably satisfactory to the Lender is not made within sixty (60) days after such event takes place.

The Company has been repaying this facility in accordance with its terms. However, we failed to timely pay taxes in the aggregate principal amount of \$1,187,693, which resulted in a tax lien being imposed upon the Company by the IRS on June 11, 2018 in the amount of \$1,236,831.08. Due to these outstanding taxes owed and the tax lien, we are currently in default under the Credit Agreement. We have advised Key Bank of the default, and while Key Bank has not yet acted to accelerate payment of the facility, Key Bank does consider us to be in default and will not make any further advances under the Credit Facility until come into compliance with the Credit Agreement. By June 29, 2018, the Company had paid the full amount of the outstanding IRS obligation.

Pursuant to the financial covenants of the Key Bank loan, the Company shall not permit the Senior Funded Debt to EBITDA Ratio for the trailing 12 month period to be greater than 3.00 to 1.00. As of March 31, 2018, this ratio was greater than 3.00 to 1.00, and the Company was therefore not in compliance with the financial covenants of the Key Bank loan.

Commitments and Contractual Obligations

The following table presents the Company’s material contractual obligations as of March 31, 2018:

Contractual Obligations (unaudited)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Bank Loans	\$ 17,044,485	\$ 1,486,253	\$ 3,051,648	\$ 12,506,584	—
Estimated interest payments on bank loans	1,521,826	387,034	662,997	471,795	—
Notes payable	366,298	135,203	183,775	47,320	—
Capital lease obligations including interest	136,153	65,190	68,964	1,999	—
Operating Lease Obligations ⁽¹⁾	107,687,071	8,418,152	18,070,981	17,879,334	63,318,604
	<u>\$ 126,755,833</u>	<u>\$ 10,491,832</u>	<u>\$ 22,038,365</u>	<u>\$ 30,907,032</u>	<u>\$ 63,318,604</u>

- (1) Operating lease obligations do not include common area maintenance, utility and tax payments to which iFresh is obligated, which is estimated to be approximately 50% of operating lease obligation.

Off-balance Sheet Arrangements

iFresh is not a party to any off-balance sheet arrangements.

Critical Accounting Estimates

The discussion and analysis of iFresh's financial condition and results of operations are based upon its financial statements, which have been prepared in accordance with GAAP. These principles require iFresh's management to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses, cash flow and related disclosure of contingent assets and liabilities. The estimates include, but are not limited to, revenue recognition, inventory valuation, impairment of long-lived assets, and income taxes. iFresh bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and the actual results, future financial statements will be affected.

iFresh's management believes that among their significant accounting policies, which are described in Note 3 to the audited consolidated financial statements of iFresh included in this Form 10-K, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, iFresh's management believes these are the most critical to fully understand and evaluate its financial condition and results of operations.

Revenue Recognition

For retail sales, revenue is recognized at the point of sale. Discounts provided to customers at the time of sale are recognized as a reduction in sales as the discounted products are sold. Sales taxes are not included in revenue. Proceeds from the sale of coupons are recorded as a liability at the time of sale, and recognized as sales when they are redeemed by customers. For wholesale sales, revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, the Company has no other obligations and collectibility is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are recorded as customer deposits.

Inventories

Inventories consist of merchandise purchased for resale, which are stated at the lower of cost or market. The cost method is used for wholesale and retail perishable inventories by assigning costs to each of these items based on a first-in, first-out (FIFO) basis (net of vendor discounts).

The Company's wholesale and retail non-perishable inventory is valued at the lower of cost or market using weighted average method.

Impairment of Long-Lived Assets

iFresh assesses its long-lived assets, including property and equipment and finite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. The Company groups and evaluates long-lived assets for impairment at the individual store level, which is the lowest level at which independent identifiable cash flows are available. Factors which may indicate potential impairment include a significant underperformance relative to the historical or projected future operating results of the store or a significant negative industry or economic trend. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by that asset. If impairment is indicated, a loss is recognized for any excess of the carrying value over the estimated fair value of the asset group. The fair value is estimated based on the discounted future cash flows or comparable market values, if available.

Income Taxes

iFresh must make certain estimates and judgments in determining income tax expense for financial statement purposes. The amount of taxes currently payable or refundable is accrued, and deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for realizable loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the fiscal year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities for a change in income tax rates is recognized in income in the period that includes the enactment date.

iFresh apply the provisions of the authoritative guidance on accounting for uncertainty in income taxes that was issued by the Financial Accounting Standards Board, or FASB. Pursuant to this guidance, and may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative guidance also addresses other items related to uncertainty in income taxes, including derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standard Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”). ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. For public entities, the guidance in ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2017 (including interim reporting periods within those periods), and for all other entities, ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Company does not expect the adoption of this guidance will have a material impact on its consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 (ASU 2016-02), Leases (Topic 842). ASU 2016-02 requires a lessee to record a right-of-use asset and a corresponding lease liability, initially measured at the present value of the lease payments, on the balance sheet for all leases with terms longer than 12 months, as well as the disclosure of key information about leasing arrangements. ASU 2016-02 requires recognition in the statement of operations of a single lease cost, calculated so that the cost of the lease is allocated over the lease term. ASU 2016-02 requires classification of all cash payments within operating activities in the statement of cash flows. Disclosures are required to provide the amount, timing and uncertainty of cash flows arising from leases. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. The Company does not expect the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business”. The amendments in this ASU clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. Basically these amendments provide a screen to determine when a set is not a business. If the screen is not met, the amendments in this ASU first, require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and second, remove the evaluation of whether a market participant could replace missing elements. These amendments take effect for public businesses for fiscal years beginning after December 15, 2017 and interim periods within those periods, and all other entities should apply these amendments for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Company does not expect the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In February 2017, the FASB issued ASU No. 2017-05, “Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets” to clarify the scope of Subtopic 610-20 and to add guidance for partial sales of nonfinancial assets. Subtopic 610-20, which was issued in May 2014 as a part of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), provides guidance for recognizing gains and losses from the transfer of nonfinancial assets in contracts with noncustomers. For public entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. For all other entities, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Company does not expect that adoption of this guidance will have a material impact on its consolidated financial statements and related disclosures.

In May 2017, the FASB issued ASU 2017-09, “Scope of Modification Accounting”, which amends the scope of modification accounting for share-based payment arrangements, provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting under ASC 718. For all entities, the ASU is effective for annual reporting periods, including interim periods within those annual reporting periods, beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period. The Company does not expect that adoption of this guidance will have a material impact on its consolidated financial statements and related disclosures. In January 2017, the FASB issued ASU 2017-01, which clarifies the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The standard will be effective for us in the first quarter of our fiscal 2019. The Company expects that the adoption of this ASU would not have a material impact on the Company’s consolidated financial statements.

In June 2018 2017, the FASB issued ASU 2018-07, “Improvements to Nonemployee Share-Based Payment Accounting”, which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. The changes take effect for public companies for fiscal years starting after Dec. 15, 2018, including interim periods within that fiscal year. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than an entity’s adoption date of Topic 606. The Company expects that the adoption of this ASU would not have a material impact on the Company’s consolidated financial statements.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a “smaller reporting company,” as defined by Rule 229.10(f)(1).

ITEM 8 Financial Statements and Supplementary Data

Consolidated Financial Statements

The information required by Item 8 appears after the signature page to this report. Please refer to F-1 to F-24 of this document.

ITEM 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2018, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial and accounting officer have concluded that our disclosure controls and procedures were not effective as of March 31, 2018, due to our lack of experience being a public company and lack of professional staffs with adequate knowledge of SEC's rules and requirements.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting refers to the process designed by, or under the supervision of, our principal executive, principal financial and principal accounting officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- 1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of our assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the company.

Our management's assessment of the effectiveness of our internal control system as of March 31, 2018 was based on the framework for effective internal control over financial reporting described in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, known as COSO. Based on this assessment, our principal executive, principal financial and principal accounting officer has concluded that our internal control over financial reporting was not effective as of March 31, 2018.

This Form 10-K does not include an attestation report of internal controls from the company's registered public accounting firm due to our status as an emerging growth company under the JOBS Act.

Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) under the Exchange Act) during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information.

There is no information required to be disclosed in a report on Form 8-K during the fourth quarter of the year covered by this Form 10-K but not reported.

PART III

ITEM 10 Directors, Executive Officers and Corporate Governance

Set forth below is certain biographical information about each director and officer of the Company as of June 29, 2018, as well as, in the case of our directors, information concerning the qualifications and experiences that led the board of directors to conclude that such individuals should serve as directors.

iFresh's directors and executive officers are as follows:

Name	Age	Position
Long Deng	50	Chief Executive Officer, Chief Operating Officer and Chairman of the Board
Adam (Xin) He	45	Chief Financial Officer
Lilly Deng	49	Vice President of Legal and Finance, and Director
Mei Deng	45	Vice President of Human Resources
Harvey Leibowitz	84	Director
Mark Fang	50	Director
Jay Walder	57	Director

Long Deng became our Chief Executive Officer, Chief Operating Officer and a director in February 2017 in connection with the closing of the Transactions. Mr. Deng is the founder of NYM and has served as Chief Executive Officer, Chief Operating Officer and Director of NYM for over 20 years since he started the business in 1995. From 1995 to the present, Mr. Deng has been the sole director of NYM, responsible for the strategy, operation, and financial planning of NYM. Under his leadership, NYM has developed into a well-recognized Chinese supermarket chain in north eastern U.S. Mr. Deng is the husband of Mrs. Lilly Deng, who is a member of NYM board of directors effective upon consummation of the Business Combination. Apart from his business activities, Mr. Deng serves as the president of United States Chinese Chamber of Commerce and Co-Chair of New York State Republican Party's Finance Committee.

We believe Mr. Deng, Long's qualification to sit on our board of directors includes his extensive knowledge of NYM and the Chinese supermarket industry, his years of management and leadership experience in NYM and his connections in Chinese American business society.

Lilly Deng became our Vice President of Legal and Finance and a director in February 2017 in connection with the closing of the Transactions. She joined NYM in 1995 and is Co-founder of Strong America Ltd., the first wholesale facility of NYM. Mrs. Lilly Deng currently is Vice President of Legal and Finance and oversees iFresh's finances. Mrs. Lilly Deng is in charge of supervising financial issues and compliance with regulations. She also led the development of internal logistics management program. Mrs. Deng attended Cambridge Business College in 1993. Mrs. Lilly Deng is the wife of Mr. Long Deng.

We believe Mrs. Lilly Deng's qualification to sit on our board of directors includes her knowledge of NYM, especially its wholesale business, her extensive expertise in company financial management, and established relationships with service providers.

Mei Deng became our Vice President of Human Resources in February 2017 in connection with the closing of the Transactions. She has been the Vice President of Human Resources of NYM since January 2016. She joined Strong America as a Sales Assistant in 1998 primarily in charge of custom applications for the import of goods and materials. Ms. Deng was promoted to General Manager of Strong America in 2008. She is the sister of Mr. Deng.

Adm (Xin) He has served as our Chief Financial Officer of the Company since March 2018. Prior to this position, Mr. He was our director from November 2017 until March 2018. Mr. He has served as Chief Financial Officer of Wanda America Investment Holding Co. since May 2012 and has managed two projects for Wanda Commercial Properties Group (HKG: 3699) since February 2015. Mr. He served as Chief Financial Officer of AMC Entertainment Holdings, Inc. (NYSE: AMC) from August 2012 to February 2015, a publicly traded company principally involved in the theatrical exhibition business owning and operating 660 theatres primarily located in the United States. He served as board advisor to Professional Diversity Network (Nasdaq: IPDN) in Chicago, and an independent director for Energy Focus Inc. (Nasdaq: EFOI) in Cleveland from July 2014 to April 2015. From December 2010 to May 2012, he served as Financial Controller of Xinyuan Real Estate Co. (NYSE: XIN), a publicly traded developer of large scale, high quality residential real estate projects. Previously, Mr. He served as an auditor at Ernst & Young, LLP in New York, and held various roles at Chinatex Corporation. Mr. He obtained a Master of Science in Taxation from Central University of Finance and Economics in Beijing and a Master of Science in Accounting from Seton Hall University in New Jersey. He is a Certified Public Accountant.

Mark Fang became our director in May 2017. Mr. Fang is a New York attorney and the present Director of the Department of Consumer Protection in Westchester County. He previously served as the executive director of the Westchester County Human Rights Commission. Mr. Fang is also a former New York State Assistant Attorney General, Assistant District Attorney in Westchester County, and Counsel to the Consumer Affairs Committee of the New York City Council. Mr. Fang is a commissioned officer in the United States Army Reserves holding the rank of Lieutenant Colonel and a veteran of the nation's war on terrorism.

We believe Mr. Fang's qualifications to sit on our board of directors include his expertise and experience in law, regulatory and compliance systems, and issues in a full spectrum of organizations from industry to government to the military will greatly enhance the Board's operations and oversight and benefit our company as we expand our grocery operations and create long-term value for our shareholders.

Jay Walder became our director in March 2018. He has been the Managing Member of Walder Worldwide LLC since June 2010. From December 2008 to December 2010, Mr. Walder was a Real-Estate salesperson at Nest Seekers International. From 1988 to 2008 he worked at Standard & Poor's, most recently as a Sales Executive. Prior to that, he worked at ADP, Edward Blank Associates and Telspan. Mr. Walder graduated with a degree in Political Science from the State University of New York at Stony Brook.

We believe Mr. Walder's qualifications to sit on our board of directors include his experience with and connections in the New York business community.

Harvey Leibowitz became our director in April 2018. Mr. Leibowitz has been a director of Yangtze Port and Logistics Limited (YRIV) since December 2015. From 1994 to 1999, he was an internal auditor at Sterling National Bank in the Commercial Finance Department. From 1980 to 1994, Mr. Leibowitz worked for a number of companies in connection with their commercial secured loan financing activities, such as International Paper Company, Century Factors, Inc., and Foothill- Financial Advisors, Inc. From 1963 to 1979, Mr. Leibowitz worked in various capacities for Sterling National Bank, most recently as a Senior Vice President. From 1955 to 1962, Mr. Leibowitz worked at a number of accounting firms and, among other things, worked on audits for clients of the accounting firm. Mr. Leibowitz graduated from the City University of New York Baruch College in 1955 with a bachelor's degree in Accounting.

We believe Mr. Leibowitz's qualifications to sit on our board of directors include his extensive experience in accounting, auditing and internal controls.

Mr. Fang, Mr. Walder and Mr. Leibowitz are independent directors. The Company has determined that Mr. Leibowitz is an "independent director" and an "audit committee financial expert" as defined and determined in accordance with the Marketplace Rules of The NASDAQ Stock Market, Inc. and the Securities Exchange Act of 1934, as amended. Mr. Leibowitz serves as Chairman of Audit Committee.

Board Leadership Structure and Role in Risk Oversight

One person currently holds the positions of principal executive officer and chairman of the Board of Company. The Board does not have a policy on whether the roles of the Chief Executive Officer and Chairman should be separate. Instead, the Company's By-Laws provide that the directors may designate a Chairman of the Board from among any of the directors. Accordingly, the Board reserves the right to vest the responsibilities of the Chief Executive Officer and Chairman in the same person or in two different individuals depending on what it believes is in the best interest of the Company. The Board has determined that the consolidation of these roles is appropriate because it allows Mr. Deng to bring a wider perspective to the deliberations of the Board on matters of corporate strategy and policy. The Board believes that there is no single Board leadership structure that would be most effective in all circumstances and therefore retains the authority to modify this structure to best address the Company's and the Board's then current circumstances as and when appropriate.

The Company's management is responsible for identifying, assessing and managing the material risks facing the business. The Board and, in particular, the Audit Committee are responsible for overseeing the Company's processes for assessing and managing risk. Each of the Chief Executive Officer and Chief Financial Officer, with input as appropriate from other appropriate management members, report and provide relevant information directly to either the Board and/or the Audit Committee on various types of identified material financial, reputational, legal, operational, environmental and business risks to which the Company is or may be subject, as well as mitigation strategies for certain salient risks. In accordance with NASDAQ Capital Market requirements and as set forth in its charter, the Audit Committee periodically reviews and discusses the Company's business and financial risk management and risk assessment policies and procedures with senior management, the Company's independent auditor. The Audit Committee reports its risk assessment function to the Board. The roles of the Board and the Audit Committee in the risk oversight process have not affected the Board leadership structure. Although the board has not formally designated a lead independent director, Mr. Fang, the chairman of the audit committee, has led the executive session of the independent directors.

The Board of Directors held 6 meetings during the fiscal year ended March 31, 2018, and acted by written consent 10 times. During fiscal year ended March 31, 2018, no director attended fewer than 75% of the meetings of the Board of Directors and Board committees of which the director was a member.

It is the policy of the Board of Directors that all directors should attend the annual meeting of stockholders in person or by teleconference.

Audit Committee

Effective August 12, 2015, we established an audit committee of the board of directors, which currently consists of Harvey Leibowitz, Mark Fang and Jay Walder, each of whom is an independent director under the NASDAQ's listing standards. The audit committee's duties, which are specified in our Audit Committee Charter, include, but are not limited to:

- reviewing and discussing with management and the independent auditor the annual audited financial statements, and recommend to the board whether the audited financial statements should be included in our Form 10-K;
- discussing with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of our financial statements;
- discussing with management major risk assessment and risk management policies;
- monitoring the independence of the independent auditor;
- verifying the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;
- reviewing and approving all related-party transactions;
- inquiring and discussing with management our compliance with applicable laws and regulations;
- pre-approving all audit services and permitted non-audit services to be performed by our independent auditor, including the fees and terms of the services to be performed;
- appointing or replacing the independent auditor;
- determining the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work;
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or reports which raise material issues regarding our financial statements or accounting policies; and
- approving reimbursement of expenses incurred by our management team in identifying potential target businesses.

Financial Experts on Audit Committee

The audit committee will at all times be composed exclusively of "independent directors" who are "financially literate" as defined under NASDAQ listing standards. NASDAQ listing standards define "financially literate" as being able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.

In addition, we must certify to NASDAQ that the committee has, and will continue to have, at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual's financial sophistication. The board of directors has determined that Harvey Leibowitz qualifies as an "audit committee financial expert," as defined under rules and regulations of the SEC.

Nominating and Corporate Governance Committee

Effective August 12, 2015, we have established a Nominating and Corporate Governance Committee of the board of directors, which currently consists of Mark Fang, Jay Walder and Harvey Leibowitz, each of whom is an independent director under NASDAQ's listing standards. Mr. Fang serves as Chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for overseeing the selection of persons to be nominated to serve on our board of directors. The nominating committee considers persons identified by its members, management, shareholders, investment bankers and others. Guidelines for Selecting Director Nominees.

The guidelines for selecting nominees, which are specified in the Nominating and Corporate Governance Committee Charter, generally provide that the persons to be nominated:

- should have demonstrated notable or significant achievements in business, education or public service;
- should possess the requisite intelligence, education and experience to make a significant contribution to the board of directors and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and
- should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of the shareholders.

Compensation Committee

Effective as of August 12, 2015, we established a Compensation Committee of the board of directors, which consists of Jay Walder, Mark Fang and Harvey Leibowitz, each of whom is an independent director under NASDAQ's listing standards. Mr. Walder serves as Chairman of the Compensation Committee. The Compensation Committee's duties, which are specified in our Compensation Committee Charter, include, but are not limited to:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluating our Chief Executive Officer's performance in light of such goals and objectives, and determining and approving the remuneration (if any) of our Chief Executive Officer based on such evaluation;
- reviewing and approving the compensation of all our other executive officers;
- reviewing our executive compensation policies and plans;
- implementing and administering our incentive compensation equity-based remuneration plans;
- assisting management in complying with our proxy statement and annual report disclosure requirements;
- approving all special perquisites, special cash payments and other special compensation and benefit arrangements for our executive officers and employees;
- if required, producing a report on executive compensation to be included in our annual proxy statement; and
- reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.

Notwithstanding the foregoing, as indicated below, no compensation of any kind, including finders, consulting, or other similar fees, will be paid to any of our existing shareholders, including our directors, or any of their respective affiliates, prior to, or for any services they render in order to effectuate, the consummation of a business combination. Accordingly, it is likely that prior to the consummation of an initial business combination, the compensation committee will only be responsible for the review and recommendation of any compensation arrangements to be entered into in connection with such initial business combination.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and ten percent shareholders are required by regulation to furnish us with copies of all Section 16(a) forms they file. We believe that, during the fiscal year ended March 31, 2018, all filing requirements applicable to our officers, directors and greater than ten percent beneficial owners were complied with.

Code of Ethics

On August 12, 2015, our board of directors adopted a code of ethics that applies to our executive officers, directors and employees. The code of ethics codifies the business and ethical principles that governs aspects of our business. The Code of Ethics is currently available at our corporate website at <http://investors.ifreshmarket.com/static-files/320e7e69-ce4e-4a7e-996b-252fd4fcf62b>.

ITEM 11. Executive Compensation

Summary Compensation Table

The following Summary Compensation Table summarizes the total compensation accrued for our named executive officers in each of fiscal 2018 and 2017.

Name and Principal Position	Fiscal Year Ended March 31,	Salary (\$)	Bonus (\$)	Stock and Option Awards Number	All Other Compensation (\$)	Total (\$)
Long Deng (Director, Chief Executive Officer and Chief Operating Officer)	2017	717,170	—	—	—	717,170
	2018	738,400	—	—	—	738,400
Lilly Deng (Vice President of Legal and Finance)	2017	100,000	—	—	—	100,000
	2018	130,000	—	—	—	130,000
Mei Deng (Vice President of Human Resources)	2017	83,200	—	—	—	83,200
	2018	83,200	—	—	—	83,200
Adam (Xin) He (Chief Financial Officer)	2017	—	—	—	—	—
	2018	—	—	—	—	—

Grants of Plan Based Awards

None of iFresh's named executive officers participate in or have account balances in any plan based award programs except that Adam (Xin) He, our Chief Financial Officer, was granted 300,000 shares of the Company's common stock under the Company's equity incentive plan.

Employment Agreements

None of iFresh's named executive officers have employment agreements with iFresh, except as follows:

iFresh entered into an employment agreement with Adam (Xin) He, our Chief Financial Officer, in March 2018 (the "Employment Agreement"). The Employment Agreement provides for a three-year term that is automatically renewed for additional one-year terms unless terminated by either party prior to the end of the term. Mr. He will receive a base salary of \$250,000 per year and be entitled to receive bonuses as determined by the board of directors of the Company. In addition, Mr. He was granted 300,000 shares of the Company's common stock under the Company's equity incentive plan, which will vest over a three-year term. In the event of Mr. He's death or disability, if the Company terminates his employment without cause, or if he terminates his employment for good reason, vesting of the shares will accelerate. In the event that the Employment Agreement is terminated by the Company without cause or by Mr. He for good reason, Mr. He will receive a continuation of his salary for twelve months. In the event that the Employment Agreement is terminated in connection with a change of control, Mr. He will receive a lump sum payment equal to his salary for twelve months.

Outstanding Equity Awards at Fiscal Year-End; Option Exercises and Stock Vested

None of iFresh's named executive officers has ever held options to purchase interests in it or other awards with values based on the value of its interests.

Pension Benefits

None of iFresh's named executive officers participate in or have account balances in qualified or nonqualified defined benefit plans sponsored by it.

Nonqualified Deferred Compensation

None of iFresh's named executive officers participate in or have account balances in nonqualified defined contribution plans or other deferred compensation plans maintained by it.

ITEM 12. Security Ownership of Certain Beneficial Owners, Management and Related Stockholder Matters

The following table sets forth certain information regarding beneficial ownership of Common Stock, as of June 29, 2018, by each of Company's directors and executive officers; all executive officers and directors as a group, and each person known to Company to own beneficially more than 5% of Company's Common Stock. Except as otherwise noted, the persons identified have sole voting and investment powers with respect to their shares. As of June 29, 2018, there were 14,282,497 shares of the Company's Common Stock outstanding.

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership	Percent of Class
Long Deng	10,382,639	72.69%
Lilly Deng	10,382,639 ⁽²⁾	72.69%
Mei Deng	20,000	*
Adam (Xin) He	300,000	2.10%
Mark Fang	6,000	*
Jay Walder	-	-
Harvey Leibowitz	-	-
All directors and executive officers as a group (seven individuals)	10,388,639	74.98%
Five Percent Holders:		
Bluejet LLC	833,333 ⁽³⁾	5.83%

* Less than one percent.

(1) Unless otherwise indicated, the business address of each of the individuals is c/o iFresh Inc. at 2-39 54th Avenue Long Island City, NY 11101.

(2) Consists of shares beneficially owned by Long Deng, Mrs. Deng's husband.

(3) Pursuant to a Schedule 13G filed by the beneficial owner dated February 27, 2017. Pursuant to such schedule, the address of the beneficial owner is C/O Lian Fang, Withers Bergman LLP, 430 Park Avenue, 10th Floor, New York, NY 10022 and Zengxi Hao is the authorized signatory for the beneficial owner.

ITEM 13 Certain Relationships and Related Transactions, and Director Independence

Management Fees, Advertising Fees and Sale of Non-Perishable and Perishable Products to Related Parties

The following is a detailed breakdown of significant management fees, advertising fees and sale of products for the years ended March 31, 2018 and 2017 to related parties which are directly or indirectly owned by Mr. Long Deng, the majority shareholder of iFresh, and not eliminated in the consolidated financial statements.

Related Parties	Year ended March 31, 2018		
	Management Fees	Advertising Fees	Non-Perishable & Perishable Sales
New York Mart, Inc.	\$ 62,357	\$ 29,793	\$ 2,188,562
Pacific Supermarkets Inc.	89,116	32,913	3,442,263
NY Mart MD Inc.	64,053	10,501	3,588,064
El Monte	21,751	3,400	134,870
iFresh Harwin Inc.	4,240	3,405	163,507
Spring Farm Inc.	-	-	12,131
Spicy Bubbles, Inc.	-	-	95,418
Tampa Seafood	4,050	-	6,703
Pine Court Chinese Bistro	-	-	182,248
	<u>\$ 241,327</u>	<u>\$ 80,057</u>	<u>\$ 9,813,766</u>

	Year ended March 31, 2017		
	Management Fees	Advertising Fees	Non- Perishable & Perishable Sales
Related Parties			
New York Mart, Inc.	\$ 46,170	\$ 31,289	\$ 2,832,018
Pacific Supermarkets Inc.	57,669	34,230	3,201,198
NY Mart MD Inc.	45,647	-	2,634,650
Spring Farm Inc.	-	-	6,114
Spicy Bubbles, Inc.	-	-	102,580
NYM Milford, LLC	-	-	79,320
Pine Court Chinese Bistro	-	-	169,813
	<u>149,486</u>	<u>\$ 65,519</u>	<u>\$ 9,050,553</u>

Long-Term Operating Lease Agreement with a Related Party

iFresh leases a warehouse from a related party that is owned by Mr. Long Deng, the majority shareholder of iFresh, and will expire on April 30, 2026. Rent incurred to the related party was \$1,208,000 and \$698,000 for the fiscal years ended on March 31, 2018 and 2017, respectively.

ITEM 14 Accountant Fees and Services

Aggregate fees billed to the Company by Friedman LLP, the Company's principal independent accountants, during the last two fiscal years were as follows:

Fees	2018	2017
Audit Fees (1)		
Friedman	\$ 329,000	\$ 300,000
Audit Related Fees		
Friedman	\$ 10,000	\$ 10,000
Total	\$ 339,000	\$ 310,000

(1) Audit Fees consist of fees billed for professional services rendered for the audit of the Company's consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by our auditors in connection with statutory and regulatory filings or engagements.

Pre-Approval of Services

In accordance with the SEC's auditor independence rules, the Audit Committee has established the following policies and procedures by which it approves in advance any audit or permissible non-audit services to be provided to the Company by its independent auditor.

Prior to the engagement of the independent auditor for any fiscal year's audit, management submits to the Audit Committee for approval lists of recurring audits, audit-related, tax and other services expected to be provided by the auditor during that fiscal year. The Audit Committee adopts pre-approval schedules describing the recurring services that it has pre-approved, and is informed on a timely basis, and in any event by the next scheduled meeting, of any such services rendered by the independent auditor and the related fees.

The fees for any services listed in a pre-approval schedule are budgeted, and the Audit Committee requires the independent auditor and management to report actual fees versus the budget periodically throughout the year. The Audit Committee will require additional pre-approval if circumstances arise where it becomes necessary to engage the independent auditor for additional services above the amount of fees originally pre-approved. Any audit or non-audit service not listed in a pre-approval schedule must be separately pre-approved by the Audit Committee on a case-by-case basis. Every request to adopt or amend a pre-approval schedule or to provide services that are not listed in a pre-approval schedule must include a statement by the independent auditors as to whether, in their view, the request is consistent with the SEC's rules on auditor independence.

The Audit Committee will not grant approval for:

- any services prohibited by applicable law or by any rule or regulation of the SEC or other regulatory body applicable to the Company;
- provision by the independent auditor to the Company of strategic consulting services of the type typically provided by management consulting firms; or
- the retention of the independent auditor in connection with a transaction initially recommended by the independent auditor, the tax treatment of which may not be clear under the Internal Revenue Code and related regulations and which it is reasonable to conclude will be subject to audit procedures during an audit of the Company's financial statements.

Tax services proposed to be provided by the auditor to any director, officer or employee of the Company who is in an accounting role or financial reporting oversight role must be approved by the Audit Committee on a case-by-case basis where such services are to be paid for by the Company, and the Audit Committee will be informed of any services to be provided to such individuals that are not to be paid for by the Company.

In determining whether to grant pre-approval of any non-audit services in the "all other" category, the Audit Committee will consider all relevant facts and circumstances, including the following four basic guidelines:

- whether the service creates a mutual or conflicting interest between the auditor and the Company;
- whether the service places the auditor in the position of auditing his or her own work;
- whether the service results in the auditor acting as management or an employee of the Company; and
- whether the service places the auditor in a position of being an advocate for the Company.

PART IV

ITEM 15 Exhibits, Financial Statements and Schedules

(a) 1. Financial Statements – iFresh, Inc. and Subsidiaries

The following are contained in this 2017 Form 10-K Report:

- Report of Independent Registered Public Accounting Firm.
- Consolidated Balance Sheets as of March 31, 2018 and 2017.
- Consolidated Statements of Income for the years ended March 31, 2018 and 2017.
- Consolidated Statements of Shareholders' Equity for the years ended March 31, 2018 and 2017.
- Consolidated Statements of Cash Flows for the years ended March 31, 2018 and 2017.
- Notes to Consolidated Financial Statements.

The Consolidated Financial Statements, Notes to the Consolidated Financial Statements, and the Report of Independent Registered Public Accounting Firm listed above are filed as part of this Report and are set forth on pages F-1 through F-24 immediately following the signature page of this Report.

(a) 2. Financial Statement Schedules

None

(a) 3. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
2.1	Merger Agreement⁽¹⁾
3.1	Amended and Restated Certificate of Incorporation of iFresh Inc.⁽²⁾
3.2	Amended and Restated Bylaws of iFresh Inc.⁽²⁾
4.1	Specimen Unit Certificate⁽²⁾
4.2	Specimen Ordinary Share Certificate⁽²⁾
4.3	Specimen Right Certificate⁽²⁾
4.4	Rights Agreement between Continental Stock Transfer & Trust Company and E-Compass⁽³⁾
10.1	Escrow Agreement between the Registrant, Continental Stock Transfer & Trust Company and the E-Compass's Initial Shareholders⁽³⁾
10.2	Registration Rights Agreement between the Company and certain security holders of E-Compass⁽³⁾
10.3	Form of Option Agreement⁽⁴⁾
10.4	Form of Voting Agreement⁽⁵⁾
10.5	Form of Registration Rights Agreement⁽⁶⁾
10.6	Credit Agreement with KeyBank National Association dated December 23, 2016*
10.7	Revolving Note with KeyBank National Association dated December 23, 2016*
10.8	Effective Date Term Note with Key Bank National Association dated December 23, 2016*
10.9	Delayed Draw Term Note with Key Bank National Association dated May 9, 2018*
16.1	Letter of UHY, dated April 1, 2016⁽⁷⁾
31.1	Certification by Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification by Chief Executive Officers and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
99.1	Form of Audit Committee Charter⁽⁶⁾
99.2	Form of Nominating Committee Charter⁽⁶⁾
99.3	Form of Compensation Committee Charter⁽⁶⁾

* Filed herewith.

- (1) Incorporated by reference to E-Compass's Current Report on Form 8-K dated July 25, 2016.
- (2) Incorporated by reference to iFresh's Registration Statement on S-4/A dated December 9, 2016.
- (3) Incorporated by reference to E-Compass's Current Report on Form 8-K dated August 12, 2015.
- (4) Incorporated by reference to Annex B to iFresh's Registration Statement on Form S-4/A on December 16, 2016.
- (5) Incorporated by reference to Annex C to iFresh's Registration Statement on Form S-4/A on December 16, 2016.
- (6) Incorporated by reference to E-Compass's Registration Statement on S-1/A on July 24, 2015.
- (7) Incorporated by reference to E-Compass's Current Report on Form 8-K dated April 1, 2016.

ITEM 16 Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: June 29, 2018

By: /s/ Long Deng

By: Long Deng

Title: Chief Executive Officer and Chairman

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following person on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: June 29, 2018

By: /s/ Long Deng

Name: Long Deng

Title: Chief Executive Officer, Chief Operating Officer and
Chairman
(Principal Operating Officer)

Date: June 29, 2018

By: /s/ Adam (Xin) He

Name: Adam (Xin) He

Title: Chief Financial Officer

(Principal Accounting and Financial Officer)

Dated: June 29, 2018

By: /s/ Lilly Deng

Name: Lilly Deng

Title: Director

Dated: June 29, 2018

By: /s/ Harvey Leibowitz

Name: Harvey Leibowitz

Title: Director

Dated: June 29, 2018

By: /s/ Mark Fang

Name: Mark Fang

Title: Director

Dated: June 29, 2018

By: /s/ Jay Walder

Name: Jay Walder

Title: Director

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and the shareholders of
iFresh, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of iFresh, Inc. and subsidiaries (collectively, the "Company") as of March 31, 2018 and 2017, and the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for each of the years in the two-year period ended March 31, 2018, and the related notes (collectively referred to as the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audits provide a reasonable basis for our opinion.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company incurred operating losses and did not meet the financial covenant required in the credit agreement. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 2. These financial statements do not include any adjustments that might result from the outcome of these uncertainties.

/s/ Friedman LLP
Friedman LLP

We have served as the Company's auditor since 2016.

New York, New York
June 29, 2018

iFRESH INC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2018	March 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 640,915	\$ 2,550,819
Accounts receivable, net	4,903,340	2,272,011
Inventories, net	10,905,484	9,796,984
Prepaid expenses and other current assets	1,925,893	1,404,631
Total current assets	18,375,632	16,024,445
Advances to related parties	10,019,688	12,044,154
Property and equipment, net	17,818,805	15,467,802
Intangible assets, net	1,166,669	1,300,001
Security deposits	1,247,106	1,091,763
Deferred income taxes	313,832	86,799
Total assets	\$ 48,941,732	\$ 46,014,964
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 15,561,956	12,364,071
Deferred revenue	326,459	206,737
Borrowings against lines of credit, current, net	1,303,753	1,144,568
Notes payable, current	135,203	262,578
Capital lease obligations, current	55,634	56,847
Accrued expenses	873,949	730,392
Taxes payable	1,606,504	1,769,398
Other payables, current	1,172,360	4,829,113
Total current liabilities	21,035,818	21,363,704
Borrowings against lines of credit & term loan-non-current, net	15,740,733	12,779,838
Notes payable, non-current	231,095	379,376
Capital lease obligations, non-current	70,724	77,694
Deferred rent	6,319,386	5,475,362
Other payables, non-current	78,500	34,801
Total liabilities	43,476,256	40,110,775
Commitments and contingencies		
Shareholders' equity		
Preferred shares, \$.0001 par value, 1,000,000 shares authorized; none issued.	-	-
Common stock, \$.0001 par value; 100,000,000 shares authorized, 14,220,548 and 14,103,033 shares issued and outstanding as of March 31, 2018 and March 31, 2017, respectively	1,422	1,410
Additional paid-in capital	9,428,093	9,075,525
Accumulated deficit	(3,964,039)	(3,172,746)
Total shareholders' equity	5,465,476	5,904,189
Total liabilities and shareholders' equity	\$ 48,941,732	46,014,964

See accompanying notes to consolidated financial statements

iFRESH INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	For the Year ended	
	March 31 2018	March 31 2017
Net sales	\$ 126,874,761	\$ 121,826,207
Net sales-related parties	9,813,766	9,050,553
Total net sales	136,688,527	130,876,760
Cost of sales	91,241,612	87,610,152
Cost of sales-related parties	8,877,854	8,162,545
Retail occupancy costs	7,575,478	7,219,860
Gross profit	28,993,583	27,884,203
Selling, general and administrative expenses	30,738,330	26,087,868
Income (Loss) from operations	(1,744,747)	1,796,335
Interest expense, net	(817,227)	(303,894)
Other income	1,668,496	1,360,616
Income (Loss) before income taxes	(893,478)	2,853,057
Income tax provision (benefit)	(102,185)	1,656,334
Net income (Loss)	\$ (791,293)	\$ 1,196,723
Net income (loss) per share:		
Basic	\$ (0.06)	\$ 0.10
Diluted	\$ (0.06)	\$ 0.10
Weighted average shares outstanding:		
Basic	14,141,840	12,282,325
Diluted	14,141,840	12,282,325

See accompanying notes to consolidated financial statements

iFRESH INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the years ended March 31, 2018 and 2017

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	amount			
Balances at March 31, 2016	-	\$ -	12,000,000	\$ 1,200	\$ 9,445,846	\$ (4,369,468)	\$ 5,077,578
Shares issued in connection with the reverse acquisition			2,103,033	210	(370,321)		(370,111)
Net income						1,196,722	1,196,722
Balances at March 31, 2017	-	\$ -	14,103,033	\$ 1,410	\$ 9,075,525	\$ (3,172,746)	\$ 5,904,189
stock issued for service			22,515	2	297,578		297,580
stock issued for acquisition			95,000	10	(10)		-
Contribution made by Shareholder					55,001		55,001
Net loss	-	-	-	-	-	(791,293)	(791,293)
Balances at March 31, 2018	-	\$ -	14,220,548	\$ 1,422	\$ 9,428,094	\$ (3,964,039)	\$ 5,465,477

See accompanying notes to consolidated financial statements

iFRESH INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended	
	March 31 2018	March 31 2017
Cash flows from operating activities		
Net income (loss)	\$ (791,293)	\$ 1,196,723
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense	1,729,852	1,562,043
Amortization expense	315,832	178,957
Share based compensation	297,536	-
Deferred income taxes	(227,033)	(166,221)
Changes in operating assets and liabilities:		
Accounts receivable	(2,631,329)	(457,478)
Inventories	(1,108,500)	(1,596,427)
Prepaid expenses and other current assets	(521,262)	(931,019)
Security deposits	(155,344)	(166,285)
Accounts payable	3,197,888	1,746,949
Deferred revenue	119,722	61,240
Accrued expenses	143,557	(296,479)
Taxes payable	(162,894)	75,526
Deferred rent	844,024	545,208
Other liabilities	(3,613,056)	4,171,936
Net cash provided by (used in) operating activities	<u>(2,562,300)</u>	<u>5,924,673</u>
Cash flows from investing activities		
Repayment from (advances made to) related parties	2,079,511	(7,155,484)
Acquisition of property and equipment	(3,879,602)	(6,745,407)
Cash proceeds from acquisition of Ecompass	-	240
Net cash used in investing activities	<u>(1,800,091)</u>	<u>(13,900,651)</u>
Cash flows from financing activities		
Borrowings against Term loan	1,050,000	15,000,000
Borrowings against lines of credit	3,200,000	200,000
Repayments on term loan	(1,312,420)	(3,791,794)
Repayments on lines of credit borrowings	-	(208,719)
Repayments on notes payable	(407,345)	(258,254)
Payments on capital lease obligations	(77,748)	(55,198)
Deferred financing cost	-	(912,500)
Net cash used in financing activities	<u>2,452,487</u>	<u>9,973,535</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,909,904)</u>	<u>1,997,557</u>
Cash and cash equivalents at beginning of the year	2,550,819	553,262
Cash and cash equivalents at the end of the year	<u>\$ 640,915</u>	<u>\$ 2,550,819</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 763,231</u>	<u>\$ 304,483</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ 1,747,028</u>
Supplemental disclosure of non-cash investing and financing activities		
Capital expenditures funded by capital lease obligations and notes payable	<u>\$ 213,435</u>	<u>\$ 345,567</u>

See accompanying notes to consolidated financial statements

iFRESH INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

Organization and General

iFresh Inc. (“iFresh”) is a Delaware company incorporated in July 2016 to reincorporate E-Compass Acquisition Corp. (“E-Compass”) to Delaware pursuant to the Merger Agreement (as defined below under “Redomestication”). E-Compass was incorporated in Cayman Islands on September 23, 2014 as a blank check company whose objective is to enter into a merger, share exchange, asset acquisition, share purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities, or entering into contractual arrangements that gives E-Compass control over such a target business (a “Business Combination”).

Redomestication

On July 25, 2016, iFresh entered into the Merger Agreement with E-Compass, iFresh Merger Sub Inc. (“Merger Sub”), a Delaware corporation and wholly owned subsidiary of iFresh, and NYM Holding, Inc. (“NYM”), the stockholders of NYM, and Long Deng, as representative of the stockholders of NYM. Pursuant to the terms of the Merger Agreement, on February 10, 2017, E-Compass would merge with and into iFresh in order to redomesticate E-Compass into Delaware (the “Redomestication Merger”). At the time of the Redomestication, each E-Compass ordinary share was converted into one share of common stock of iFresh and each E-Compass Right was converted into one substantially equivalent right (“iFresh Right”) to receive one-tenth (1/10) of a share of iFresh common stock on the consummation of the Business Combination. In connection with the Redomestication, E-Compass ceased to exist and iFresh is the surviving corporation and successor registrant that will continue to file reports under Section 12(b) of the Securities Exchange Act of 1934.

Business Combination

On February 10, 2017, after the Redomestication Merger, Merger Sub merged with and into NYM, resulting in NYM being a wholly owned subsidiary of iFresh (the “Merger”). The transaction constituted a business combination. iFresh closed the business combination by paying NYM’s stockholders an aggregate of: (i) \$5 million in cash, plus, (ii) 12,000,000 shares of iFresh’s common stock (the deemed value of the shares in the Merger Agreement) as consideration. At closing, iFresh also executed an option agreement to acquire up to additional four supermarkets prior to March 31, 2017 for aggregate consideration of \$10 million in cash, less any advances or receivables owed to the Company (see Note 6). The option agreement subsequently expired unexercised.

In connection with the closing, holders of 1,937,967 of the Company’s ordinary shares elected to redeem their shares and iFresh paid \$20,154,857 (\$10.40 per share in accordance with Redemption Clause) in connection with such redemption. Also, on February 10, 2017, iFresh repurchased 1,500,000 of such non-redeemable shares promptly at a purchase price of \$10.00 per share according to an agreement with Handy Global Limited signed on January 11, 2017. On February 10, 2017, iFresh entered into an agreement to repurchase 200,000 shares of its common stock from Lodestar Investment Holdings Corporation for \$200.00. At the closing of the Redomestication Merger: (i) one share of iFresh common stock for each share of E-Compass common stock, resulting in 1,872,033 non-redeeming E-Compass common stock being converted into iFresh common stock; (ii) each ten E-Compass rights were converted into one share of common stock of iFresh, resulting in 4,310,010 E-Compass rights automatically converting into 431,000 shares of the iFresh’s common stock.

Prior to the closing of the Redomestication Merger and Business Combination, there were 5,310,000 E-Compass shares issued and outstanding. After the redemption of 1,937,967 shares, the repurchase of 1,700,000 shares and the conversion of 4,310,010 E-Compass rights into 431,000 shares, there were 2,103,033 shares of E-Compass’s common stock being re-domesticated into the iFresh’s common stock. With the new issuance of the 12,000,000 shares of iFresh’s common stock in connection with the Business Combination, there were a total of 14,103,033 shares of iFresh’s common stock issued and outstanding after the business combination.

The above-mentioned business combination with NYM was accounted for as a reverse acquisition at the date of the consummation of the transaction since the shareholders of NYM own at least 83.9% of the outstanding ordinary shares of iFresh immediately following the completion of the transaction. Accordingly, NYM is deemed to be the accounting acquirer in the transaction and, consequently, the transaction is treated as a recapitalization of NYM. As a result, following the Business Combination, the historical financial statements of NYM and its subsidiaries are treated as the historical financial statements of the combined company. Accordingly, the assets and liabilities and the historical operations that are reflected in the iFresh financial statements after consummation of the transaction are those of NYM and are recorded at the historical cost basis of NYM. NYM's assets, liabilities and results of operations have been consolidated with the assets, liabilities and results of operations of iFresh upon consummation of the transaction.

iFresh, NYM and its subsidiaries (herein collectively referred to as the "Company") is an Asian/Chinese supermarket chain with multiple retail locations and its own distribution operations, currently all located along the East Coast of the United States. The Company offers seafood, vegetables, meat, fruit, frozen goods, groceries, and bakery products through its retail stores.

2. Liquidity and Going Concern

As reflected in the Company's consolidated financial statements, the Company had operating losses in fiscal year 2018 and had negative working capital of \$2.6 million and \$5.3 million as of March 31, 2018 and 2017, respectively. The Company did not meet the financial covenant required in the credit agreement with Keybank National Association ("Keybank"). As of March 31, 2018, the Company has outstanding loan facilities of approximately \$17 million due to Keybank. Failure to maintain these loan facilities will have a significant impact on the Company's operations.

In assessing its liquidity, management monitors and analyzes the Company's cash on-hand, its ability to generate sufficient revenue sources in the future and its operating and capital expenditure commitments. iFresh had funded working capital and other capital requirements in the past primarily by equity contribution from shareholders, cash flow from operations, and bank loans. As of March 31, 2018, the Company also has \$10 million of advances and receivable from the related parties we intend to collect or used to offset part of consideration for future acquisitions. We also plan to issue additional stock in lieu of cash as part of the acquisition consideration and plan to raise additional capital through sales of our stock if necessary.

Although the Company has been repaying the Key Bank facility in accordance with its terms, the Company failed to timely pay taxes in the aggregate principal amount of \$1,187,693, which resulted in a tax lien being imposed upon the Company by the IRS on June 11, 2018 in the amount of \$1,236,831.08. Due to these outstanding taxes owed and the existence of the tax lien, the Company is currently in default under the Key Bank Credit Agreement. We have advised Key Bank of the default. Key Bank is continuing to monitor the default situation. Keybank has notified the Company that it has not waived the default and reserves all of its rights, power, privileges, and remedies under the Credit Agreement. Key Bank has not yet acted to accelerate payment of the facility. By June 29, 2018, the Company had paid the full amount of the outstanding IRS obligation.

The Company's principal liquidity needs are to meet its working capital requirements, operating expenses and capital expenditure obligations. The Company's ability to fund these needs will depend on its future performance, which will be subject in part to general economic, competitive and other factors beyond its control. These conditions raise substantial doubt as to the Company's ability to remain a going concern.

3. Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The consolidated financial statements include the financial statements of iFresh, NYM and its subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

The Company has two reportable and operating segments. The Company's Chief Executive Officer is the Chief Operating Decision Maker ("CODM"). The CODM bears ultimate responsibility for, and is actively engaged in, the allocation of resources and the evaluation of the Company's operating and financial results.

4. Summary of Significant Accounting Policies

Significant Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's critical accounting estimates included, but are not limited to: allowance for estimated uncollectible receivables, inventory valuations, lease assumptions, impairment of long-lived assets, impairment of intangible assets, and income taxes. Actual results could differ from those estimates.

Restricted Cash

Restricted cash represents cash held by depository banks in order to comply with the provisions of certain debt agreements.

Accounts Receivable

Accounts receivable consist primarily of uncollected amounts from customer purchases (primarily from the Company's two distribution operations), credit card receivables, and food stamp vouchers, and are presented net of an allowance for estimated uncollectible amounts.

The Company periodically assesses its accounts receivable for collectability on a specific identification basis. If collectability of an account becomes unlikely, an allowance is recorded for that doubtful account. Once collection efforts have been exhausted, the account receivable is written off against the allowance.

Inventories

Inventories consist of merchandise purchased for resale, which are stated at the lower of cost or market. The cost method is used for wholesale and retail perishable inventories by assigning costs to each of these items based on a first-in, first-out (FIFO) basis (net of vendor discounts).

The Company's wholesale and retail non-perishable inventory is valued at the lower of cost or market using weighted average method.

Operating Leases

The Company leases retail stores, warehouse facilities and administrative offices under operating leases. Incentives received from lessors are deferred and recorded as a reduction of rental expense over the lease term using the straight-line method. Store lease agreements generally include rent escalation provisions. The Company recognizes escalations of minimum rents as deferred rent and amortizes these balances on a straight-line basis over the term of the lease.

Capital Lease Obligations

The Company has recorded capital lease obligations for equipment leases at both March 31, 2018 and 2017. In each case, the Company was deemed to be the owner under lease accounting guidance. Further, each lease contains provisions indicating continuing involvement with the equipment at the end of the lease period. As a result, in accordance with applicable accounting guidance, related assets subject to the leases are reflected on the Company's consolidated balance sheets and amortized over the lesser of the lease term or their remaining useful lives. The present value of the lease payments associated with the equipment is recorded as capital lease obligations.

Deferred financing costs

The Company presents deferred financing costs as a reduction of the carrying amount of the debt rather than as an asset. Deferred financing costs are amortized over the term of the related debt using the effective interest method and reported as interest expense in the consolidated financial statements.

Fair Value Measurements

The Company records its financial assets and liabilities in accordance with the framework for measuring fair value in accordance with U.S GAAP. This framework establishes a fair value hierarchy that prioritizes the inputs used to measure fair value:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Fair value measurements of nonfinancial assets and non-financial liabilities are primarily used in the impairment analysis of intangible assets and long-lived assets.

Cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses and other current assets, advances to related parties, accounts payable, deferred revenue and accrued expenses approximate fair value because of the short maturity of those instruments. Based on comparable open market transactions, the fair value of the lines of credit and other liabilities, including current maturities, approximated their carrying value as of March 31, 2018 and 2017, respectively. The Company's estimates of the fair value of line of credit and other liabilities (including current maturities) were classified as Level 2 in the fair value hierarchy.

Revenue Recognition

For retail sales, revenue is recognized at the point of sale. Discounts provided to customers at the time of sale are recognized as a reduction in sales as the discounted products are sold. Sales taxes are not included in revenue. Proceeds from the sale of coupons are recorded as a liability at the time of sale, and recognized as sales when they are redeemed by customers. For wholesales sales, revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, the Company has no other obligations and collectibility is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are recorded as customer deposits.

Business combination involves entities under common control

The Company accounted for business acquisitions involving entities under common control under ASC 805-50-30 whereby we recognize assets acquired and liabilities assumed in an acquisition at their historical costs as of the date of acquisition. In addition, these transactions comply with the requirement in ASC 805-50-45-1 through 45-5 whereby the financial statements of the receiving entity report results of operations for the period in which the transfer occurs as though the transfer of net assets or exchange of equity interests had occurred at the beginning of the period. Results of operations for that period will thus comprise those of the previously separate entities combined from the beginning of the period to the date the transfer is completed and those of the combined operations from that date to the end of the period.

Financial statements and financial information presented for prior years also shall be retrospectively adjusted to furnish comparative information.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standard Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”). ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. For public entities, the guidance in ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2017 (including interim reporting periods within those periods), and for all other entities, ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Company does not expect the adoption of this guidance will have a material impact on its consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 (ASU 2016-02), Leases (Topic 842). ASU 2016-02 requires a lessee to record a right-of-use asset and a corresponding lease liability, initially measured at the present value of the lease payments, on the balance sheet for all leases with terms longer than 12 months, as well as the disclosure of key information about leasing arrangements. ASU 2016-02 requires recognition in the statement of operations of a single lease cost, calculated so that the cost of the lease is allocated over the lease term. ASU 2016-02 requires classification of all cash payments within operating activities in the statement of cash flows. Disclosures are required to provide the amount, timing and uncertainty of cash flows arising from leases. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. The Company does not expect the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business”. The amendments in this ASU clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. Basically these amendments provide a screen to determine when a set is not a business. If the screen is not met, the amendments in this ASU first, require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and second, remove the evaluation of whether a market participant could replace missing elements. These amendments take effect for public businesses for fiscal years beginning after December 15, 2017 and interim periods within those periods, and all other entities should apply these amendments for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Company does not expect the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In February 2017, the FASB issued ASU No. 2017-05, “Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets” to clarify the scope of Subtopic 610-20 and to add guidance for partial sales of nonfinancial assets. Subtopic 610-20, which was issued in May 2014 as a part of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), provides guidance for recognizing gains and losses from the transfer of nonfinancial assets in contracts with noncustomers. For public entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. For all other entities, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Company does not expect that adoption of this guidance will have a material impact on its consolidated financial statements and related disclosures.

In May 2017, the FASB issued ASU 2017-09, “Scope of Modification Accounting”, which amends the scope of modification accounting for share-based payment arrangements, provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting under ASC 718. For all entities, the ASU is effective for annual reporting periods, including interim periods within those annual reporting periods, beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period. The Company does not expect that adoption of this guidance will have a material impact on its consolidated financial statements and related disclosures. In January 2017, the FASB issued ASU 2017-01, which clarifies the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The standard will be effective for us in the first quarter of our fiscal 2019. The Company expects that the adoption of this ASU would not have a material impact on the Company’s consolidated financial statements.

In June 2018 2017, the FASB issued ASU 2018-07, “Improvements to Nonemployee Share-Based Payment Accounting”, which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. The changes take effect for public companies for fiscal years starting after Dec. 15, 2018, including interim periods within that fiscal year. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than an entity’s adoption date of Topic 606. The Company expects that the adoption of this ASU would not have a material impact on the Company’s consolidated financial statements.

No other new accounting pronouncements issued or effective had, or are expected to have, a material impact on the Company’s consolidated financial statements.

5. Acquisitions

iFresh Glen Cove Acquisition

On July 13, 2017, the Company acquired from Long Deng, the Company’s largest shareholder, 100% of the ownership interests of iFresh Glen Cove Inc. (“Glen Cove”). Glen Cove is a 22,859 square-foot brand new grocery store being set up in Garden City, New York located at 192 Glen Cove Road, within the Roosevelt Field Mall business district. Subsequent to the closing of the Glen Cove Acquisition, Glen Cove became a wholly owned subsidiary of iFresh.

The Company issued 50,000 shares of its common stock to Long Deng for the acquisition of Glen Cove. The Company accounted for this acquisition as a business combination under ASC 805-50-30 whereby we recognize assets acquired and liabilities assumed in an acquisition at their historical costs as of the date of acquisition, since the acquisition took place between entities under common control.

The total purchase consideration and the costs of the assets and liabilities at the acquisition date were as follows:

	Fair value allocation
Fair value of stock issued	645,500
Cash acquired	(5,631)
Advances made to Glen Cove	139,577
Net consideration	\$ 779,446

The following table summarizes the final amounts recognized for assets acquired and liabilities assumed as of the acquisition date.

	Cost allocation
Assets acquired:	
Property and equipment	92,433
Security deposit	79,417
Due from related parties	10,000
Subtotal	\$ 181,850
Liability assumed:	
Deferred rent liability	178,897
Historical cost of net assets acquired	\$ 2,953

Prior year financial statements were retrospectively adjusted to combine the financial information of Glen Cove as if the acquisition occurred at the beginning of the period of transfer.

iFresh E. Colonial Asset Purchase

On July 13, 2017, the Company's wholly-owned subsidiary, iFresh E. Colonial, completed the acquisition of Mia Supermarket in Orlando FL, a 20,370 square-foot grocery store located at 2415 E. Colonial Drive, from Michael Farmers Supermarket, LLC, including inventory, property and equipment. This acquisition expands the Company's footprint in the State of Florida and expects to increase its revenue base.

The aggregate purchase price paid for the iFresh E. Colonial acquisition was \$1,050,000. The fair value of the assets acquired approximates the consideration paid. The Company did not assume any liabilities. The consideration for the transaction was funded by the Company with \$1.05 million in proceeds from the delayed term loan withdrawn under Key Bank credit facility. The Company accounted for the iFresh E. Colonial acquisition as an asset acquisition under ASC 805-10-55 because the workforce retained from Mia Supermarket does not include key management members, and is not difficult to replace. Thus, management concluded that the acquisition did not include both an input and substantive processes that together significantly contribute to the ability to create outputs.

New York Mart CT, Inc. ("NYM CT") Acquisition

On October 2, 2017, the Company acquired 100% equity interest of NYM CT from Long Deng, the Company's Chairman and Chief Executive Officer, for \$3,500,000. The purchase included the business, lease and equipment of the store. The store is currently under renovation and the Company expects the Connecticut store to open in the fourth quarter of 2018.

The Company accounted for this acquisition as a business combination under ASC 805-50-30 whereby we recognize assets acquired and liabilities assumed in an acquisition at their historical costs as of the date of acquisition, since the acquisition took place between entities under common control.

The total purchase consideration and the costs of the assets and liabilities at the acquisition date were as follows:

	Fair value allocation
Advances made to NYM CT	3,500,000
Cash acquired	(2,988)
Net consideration	\$ 3,497,012

The following table summarizes the final amounts recognized for assets acquired and liabilities assumed as of the acquisition date.

	Cost allocation
Assets acquired:	
Property and equipment	3,695,834
Due from related parties	820
Subtotal	\$ 3,696,654
Liability assumed:	
Due to related parties	87,741
Account payable	122,555
Subtotal	\$ 210,296
Historical cost of net assets acquired	\$ 3,486,358

Prior year financial statements were retrospectively adjusted to combine the financial information of NYM CT as if the acquisition occurred at the beginning of the period of transfer.

New York Mart N. Miami Inc. (“NYM N. Miami”) Acquisition

On October 2, 2017, the Company acquired 100% equity interest of NYM N. Miami from Long Deng, the Company’s Chairman and Chief Executive Officer, and Yang Yu Gao for \$3,500,000 and 45,000 shares of the Company’s common stock. The purchase included the business, lease and equipment of the store. The store is also currently under construction, and, once finished, will be one of the largest Asian supermarkets in South Florida. NYM N. Miami will open in the first quarter of 2018.

The Company accounted for this acquisition as a business combination under ASC 805-50-30 whereby we recognize assets acquired and liabilities assumed in an acquisition at their historical costs as of the date of acquisition, since the acquisition took place between entities under common control.

The total purchase consideration and the costs of the assets and liabilities at the acquisition date were as follows:

	Fair value allocation
Advances made to NYM N. Miami	3,500,000
Fair value of stocks issued	549,450
Cash acquired	(5,217)
Net consideration	\$ 4,044,233

The following table summarizes the final amounts recognized for assets acquired and liabilities assumed as of the acquisition date.

	Cost allocation
Assets acquired:	
Property and equipment	3,179,647
Security deposit	100,000
Due from related parties	244,308
Subtotal	\$ 3,523,955
Liability assumed:	
Due to related parties	455,101
Account payable	41,300
Deferred rent liability	65,199
Subtotal	\$ 561,600
Historical cost of net assets acquired	\$ 2,962,355

Prior year financial statements were retrospectively adjusted to combine the financial information of NYM N. Miami as if the acquisition occurred at the beginning of the period of transfer.

6. Accounts Receivable

A summary of accounts receivable, net is as follows:

	March 31, 2018	March 31, 2017
Customer purchases	\$ 4,643,922	\$ 2,133,689
Credit card receivables	332,136	134,177
Food stamps	101,105	62,900
Others	30,945	29,250
Total accounts receivable	5,108,108	2,360,016
Allowance for bad debt	(204,768)	(88,005)
Accounts receivable, net	\$ 4,903,340	\$ 2,272,011

7. Inventories

A summary of inventories, net is as follows:

	March 31, 2018	March 31, 2017
Non-perishables	\$ 9,206,442	\$ 8,339,787
Perishables	1,798,970	1,535,777
Inventories	11,005,412	9,875,564
Allowance for slow moving or defective inventories	(99,928)	(78,580)
Inventories, net	\$ 10,905,484	\$ 9,796,984

8. Advances and receivables - related parties

A summary of advances and receivables - related parties is as follows:

Entities	March 31, 2018	March 31, 2017
New York Mart, Inc.	\$ 838,096	\$ 2,438,316
Pacific Supermarkets Inc.	1,151,338	808,115
NY Mart MD Inc.	3,709,493	6,290,067
iFresh Harwin Inc	557,262	-
Advances - related parties	\$ 6,256,189	\$ 9,536,498
New York Mart, Inc.	1,021,572	476,884
Pacific Supermarkets Inc.	210,450	604,469
NY Mart MD Inc.	2,290,197	1,426,303
iFresh Harwin Inc	241,280	-
Receivables – related parties	3,763,499	2,507,656
Total advances and receivables – related parties	\$ 10,019,688	\$ 12,044,154

The Company has advanced funds to related parties and accounts receivable due from the related parties with the intention of converting some of these advances and receivables into deposits towards the purchase price upon planned acquisitions of some of these entities, which are directly or indirectly owned, in whole or in part, by Mr. Long Deng, the majority shareholder and the Chief Executive Officer of the Company. Accounts receivable due from related parties relate to the sales to these related parties (see Note 15). The advances and receivables are interest free, repayable on demand, and guaranteed by Mr. Long Deng. Most of these entities are newly established and have limited or no operations since their inception. As of the date of these financial statements, the Company completed the acquisitions of New York Mart N. Miami Inc. and New York Mart CT Inc.

9. Property and Equipment

	March 31, 2018	March 31, 2017
Furniture, fixtures and equipment	\$ 17,190,356	\$ 14,602,991
Automobiles	2,125,874	2,252,874
Leasehold improvements	7,234,484	5,742,460
Software	6,735	6,735
Total property and equipment	26,557,449	22,605,240
Accumulated depreciation and amortization	(8,738,644)	(7,137,438)
Property and equipment, net	\$ 17,818,805	\$ 15,467,802

Depreciation expense for the year ended March 31, 2018 and 2017 was \$1,729,852 and \$1,562,043, respectively.

10. Intangible Assets

A summary of the activities and balances of intangible assets are as follows:

	Balance at March 31, 2017	Additions	Balance at March 31, 2018
Gross Intangible Assets			
Acquired leasehold rights	\$ 2,500,000	\$ -	\$ 2,500,000
Total intangible assets	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ 2,500,000</u>
Accumulated Amortization			
Total accumulated amortization	\$ (1,199,999)	\$ (133,332)	\$ (1,333,331)
Intangible assets, net	<u>\$ 1,300,001</u>	<u>\$ (133,332)</u>	<u>\$ 1,166,669</u>

Amortization expense was \$133,332 and \$133,332 for the year ended March 31, 2018 and 2017, respectively. Future amortization associated with the net carrying amount of definite-lived intangible assets is as follows:

Year Ending March 31,	
2019	\$ 133,333
2020	133,333
2021	133,333
2022	133,333
2023	133,333
Thereafter	500,004
Total	<u>\$ 1,166,669</u>

11. Debt

A summary of the Company's debt is as follows:

	March 31, 2018	March 31, 2017
Revolving Line of Credit-KeyBank National Association	\$ 3,200,000	-
Delayed Term Loan-KeyBank National Association	997,500	-
Term Loan-KeyBank National Association	13,531,361	14,791,281
Less: Deferred financing cost	(684,375)	(866,875)
Subtotal	17,044,486	13,924,406
Less: current portion	(1,303,753)	(1,144,568)
Bank Loan-Term Loan, non-current	\$ 15,740,733	\$ 12,779,838

KeyBank National Association ("KeyBank") – Senior Secured Credit Facilities

On December 23, 2016, NYM, as borrower, entered into a \$25 million senior secured Credit Agreement (the "Credit Agreement") with Key Bank National Association ("Key Bank" or "Lender"). The Credit Agreement provides for (1) a revolving credit of \$5,000,000 for making advance and issuance of letter of credit, (2) \$15,000,000 of effective date term loan and (3) \$5,000,000 of delayed draw term loan. The interest rate is equal to (1) the Lender's "prime rate" plus 0.95%, or (b) the Adjusted LIBOR rate plus 1.95%. Both the termination date of the revolving credit and the maturity date of the term loans are December 23, 2021. The Company will pay a commitment fee equal to 0.25% of the undrawn amount of the Revolving Credit Facility and 0.25% of the unused Delayed Draw Term Loan Facility. \$3,200,000 of the revolving credit was used as of March 31, 2018.

\$15,000,000 of the term loan was fully funded by the lender in January 2017. The Company is required to make fifty-nine consecutive monthly payments of principal and interest in the amount of \$142,842 starting from February 1, 2017 and a final payment of the then entire unpaid principal balance of the term loan, plus accrued interest on the maturity date. On December 23, 2016, the Company used the proceeds from the loan term to pay off the outstanding balance under the Bank of America credit line agreement and HSBC line of credit.

The Delayed Draw Term Loan shall be advanced on the Delayed Draw Funding date, which is no later than December 23, 2021. A withdrawal of \$1.05 million under the Delayed Draw Term Loan has been made as of September 30, 2017 to acquire iFresh E. Colonial, Inc.

The senior secured credit facility is secured by all assets of the Company and is jointly guaranteed by the Company and its subsidiaries and contains financial and restrictive covenants. The financial covenants require NYM to deliver audited consolidated financial statements within one hundred twenty days after the fiscal year end and to maintain a fixed charge coverage ratio not less than 1.1 to 1.0 and senior funded debt to earnings before interest, tax, depreciation and amortization ("EBITDA") ratio less than 3.0 to 1.0 at the last day of each fiscal quarter, beginning with the fiscal quarter ending March 31, 2017. Except as stated below, the senior secured credit facility is subject to customary events of default. It will be an event of default if Mr. Long Deng resigns, is terminated, or is no longer actively involved in the management of NYM and a replacement reasonably satisfactory to the Lender is not made within sixty (60) days after such event takes place.

Maturities of borrowings against the term loan under this credit facility for each of the next five years are as follows:

Year Ending March 31	
2019	\$ 1,486,253
2020	1,506,453
2021	1,545,195
2022	12,506,584
Total	\$ 17,044,486

Although the Company has been repaying the Key Bank facility in accordance with its terms, the Company failed to timely pay taxes in the aggregate principal amount of \$1,187,693, which resulted in a tax lien being imposed upon the Company by the IRS on June 11, 2018 in the amount of \$1,236,831.08. Due to these outstanding taxes owed and the tax lien, the Company is currently in default under the Credit Agreement. We have advised Key Bank of the default, and while Key Bank has not yet acted to accelerate payment of the facility, Key Bank does consider us to be in default and will not make any further advances under the Credit Facility until we pay our tax obligations. By June 29, 2018, the Company had paid the full amount of the outstanding IRS obligation. Although the Company anticipates being able to obtain a waiver from Key Bank with regard to the Company's default, there is no guarantee that we will be successful in doing so.

Simultaneously, the Company entered into an escrow agreement with Camelian Bay Capital Inc. ("CBC"), a stockholder of E-Compass, and Loeb & Loeb LLP, acting as the escrow agent, pursuant to which, the Company agreed to set aside \$1,030,000 (the "Escrow Fund") from the proceeds received from the effective date term loan to pay for certain expenses associated with the Merger. As of March 31, 2017, the escrow account has been fully withdrawn for merger expense payments.

12. Notes Payable

Notes payables consist of the following:

	<u>March 31,</u> <u>2018</u>	<u>March 31,</u> <u>2017</u>
<u>Expressway Motors Inc.</u>		
Secured by vehicle, 0%, principal of \$490 due monthly through April 9, 2019, paid off in January 2018	\$ -	\$ 12,247
Secured by vehicle, 2.99%, principal and interest of \$593 due monthly through February 1, 2021, paid off in January 2018	-	25,281
Secured by vehicle, 0%, principal of \$515 due monthly through April 24, 2019	-	11,780
<u>Hitachi Capital America Corp.</u>		
Secured by vehicle, 6.95%, principal and interest of \$2,109 due monthly through September 18, 2019, paid off in December 2017	-	57,927
Secured by vehicle, 7.35%, principal and interest of \$2,219 due monthly through November 7, 2017	-	17,269
Secured by vehicle, 7.10%, principal and interest of \$2,094 due monthly through March 28, 2018	-	24,186
Secured by vehicle, 6.99%, principal and interest of \$2,170 due monthly through March 10, 2019	25,083	48,478
<u>Triangle Auto Center, Inc.</u>		
Secured by vehicle, 4.02%, principal and interest of \$890 due monthly through January 28, 2021	28,498	37,810
<u>Colonial Buick GMC</u>		
Secured by vehicle, 8.64%, principal and interest of \$736 due monthly through February 1, 2020	15,535	22,660
<u>Milea Truck Sales of Queens Inc.</u>		
Secured by vehicle, 8.42%, principal and interest of \$4,076 due monthly through July 1, 2019, paid off in December 2017	-	103,276
Secured by vehicle, 4.36%, principal and interest of \$1,558 due monthly through February 20, 2018	-	16,768
<u>Isuzu Finance of America, Inc.</u>		
Secured by vehicle, 6.99%, principal and interest of \$2,200 due monthly through October 1, 2018	15,045	39,455
<u>Koeppel Nissan, Inc.</u>		
Secured by vehicle, 3.99%, principal and interest of \$612 due monthly through January 18, 2021	19,612	25,790
Secured by vehicle, 0.9%, principal and interest of \$739 due monthly through March 14, 2020	17,573	26,310
Secured by vehicle, 7.86%, principal and interest of \$758 due monthly through September 1, 2022	32,216	39,025
<u>Lee's Autors, Inc.</u>		
Secured by vehicle, 0.9%, principal and interest of \$832 due monthly through July 22, 2017	-	3,321
<u>Silver Star Motors</u>		
Secured by vehicle, 4.22%, principal and interest of \$916 due monthly through June 1, 2021	34,112	42,684
<u>BMO</u>		
Secured by vehicle, 5.99%, principal and interest of \$1,924 due monthly through July 1, 2020	68,047	87,687
<u>Wells Fargo</u>		
Secured by vehicle, 4.01%, principal and interest of \$420 due monthly through December 1, 2021	17,516	-
<u>Toyota Finance</u>		
Secured by vehicle, 0%, principal and interest of \$632 due monthly through August, 2022	33,517	-
Secured by vehicle, 4.87%, principal and interest of \$761 due monthly through July, 2021	31,621	-
Secured by vehicle, 0%, principal and interest of \$633 due monthly through April 1, 2022	27,924	-
Total Notes Payable	\$ 366,298	\$ 641,954
Current notes payable	(135,203)	(262,578)
Long-term notes payable, net of current maturities	<u>\$ 231,095</u>	<u>\$ 379,376</u>

All notes payables are secured by the underlying financed automobiles.

Maturities of the notes payables for each of the next five years are as follows:

Year Ending December 31,	
2018	\$ 135,203
2019	99,880
2020	83,895
2021	40,649
2022	6,671
Total	<u>\$ 366,298</u>

13. Capital lease obligations

The following capital lease obligations are included in the consolidated balance sheets:

	March 31, 2018	March 31, 2017
Capital lease obligations:		
Current	\$ 55,634	\$ 56,847
Long-term	70,724	77,694
Total obligations	<u>\$ 126,358</u>	<u>\$ 134,541</u>

Interest expense on capital lease obligations for the years ended March 31, 2018 and 2017 amounted to \$8,801 and \$2,045, respectively.

Future minimum lease payments under the capital leases are as follows:

Year Ending March 31,	
2019	\$ 65,190
2020	46,826
2021	22,138
2022	1,999
Total minimum lease payments	136,153
Less: Amount representing interest	(9,795)
Total	<u>\$ 126,358</u>

14. Segment Reporting

ASC 280, "Segment Reporting", establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company's business segments. The Company uses the "management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company's CODM for making operating decisions and assessing performance as the source for determining the Company's reportable segments. Management, including the CODM, reviews operation results by the revenue of different products or services. Based on management's assessment, the Company has determined that it has two operating segments as defined by ASC 280, consisting of wholesale and retail operations.

The primary financial measures used by the Company to evaluate performance of individual operating segments are sales and income before income tax provision.

The following table presents summary information by segment for the years ended March 31, 2018 and 2017, respectively:

	Year ended March 31, 2018		
	Wholesale	Retail	Total
Net sales	\$ 27,279,659	\$ 109,408,868	\$ 136,688,527
Cost of sales	20,071,865	80,047,600	100,119,465
Retail occupancy costs	-	7,575,479	7,575,479
Gross profit	<u>\$ 7,207,794</u>	<u>\$ 21,785,789</u>	<u>\$ 28,993,583</u>
Interest expense, net	\$ (26,255)	\$ (790,972)	\$ (817,227)
Depreciation and amortization	\$ 249,180	\$ 1,796,504	\$ 2,045,684
Capital expenditure	\$ 60,712	\$ 4,032,325	\$ 4,093,037
Segment income before income tax provision	\$ 890,643	\$ (1,784,122)	\$ (893,478)
Income tax provision (benefit)	\$ 344,340	\$ 446,525)	\$ (102,185)
Segment assets	\$ 11,794,456	\$ 37,147,276	\$ 48,941,732
	Year ended March 31, 2017		
	Wholesale	Retail	Total
Net sales	\$ 24,096,957	\$ 106,779,803	\$ 130,876,760
Cost of sales	18,698,776	77,073,922	95,772,698
Retail occupancy costs	-	7,219,860	7,219,860
Gross profit	<u>\$ 5,398,181</u>	<u>\$ 22,486,021</u>	<u>\$ 27,884,202</u>
Interest expense, net	\$ (150,376)	\$ (153,518)	\$ (303,894)
Depreciation and amortization	\$ 235,098	\$ 1,505,902	\$ 1,741,000
Capital expenditure	\$ 357,347	\$ 6,733,627	\$ 7,090,974
Segment income before income tax provision	\$ 761,900	\$ 2,091,156	\$ 2,853,056
Income tax provision	\$ 388,863	\$ 1,267,471	\$ 1,656,334
Segment assets	\$ 10,179,969	\$ 35,834,995	\$ 46,014,964

15. Income Taxes

iFresh is a Delaware holding company that is subject to the U.S. income tax.

NYM is taxed as a corporation for income tax purposes and as a result of the "Contribution Agreement" entered into in December 31, 2014 NYM has elected to file a consolidated federal income tax return with its eleven subsidiaries. NYM and the shareholders of the eleven entities, as parties to the Contribution Agreement, entered into a tax-free transaction under Section 351 of the Internal Revenue Code of 1986 whereby the eleven entities became wholly owned subsidiaries of the Company. As a result of the tax-free transaction and the creation of a consolidated group, the subsidiaries are required to adopt the tax year-end of its parent, NYM. NYM was incorporated on December 30, 2014 and has adopted a tax-year end of March 31.

Certain of the subsidiaries have incurred net operating losses ("NOL") in tax years ending prior to the Contribution Agreement. The net operating losses are subject to the Separate Return Limitation Year ("SRLY") rules which limit the utilization of the losses to the subsidiaries who generated the losses. The SRLY losses are not available to offset taxable income generated by members of the consolidated group.

Based upon management's assessment of all available evidence, the Company believes that it is more-likely-than-not that the deferred tax assets, primarily for certain of the subsidiaries SRLY NOL carry-forwards will not be realizable; and therefore, a full valuation allowance is established for SRLY NOL carry-forwards. The valuation allowance for deferred tax assets was approximately \$486,730 and \$788,039 as of March 31, 2018 and 2017.

The Company has approximately \$2,429,079 and \$2,318,000 of US NOL carry forward of which approximately \$2,317,760 and \$2,318,000 are SRLY NOL as of March 31, 2018 and March 31, 2017, respectively. For income tax purpose, those NOLs will expire in the year 2031 through 2035.

Income Tax Provision (Benefit)

The provision (benefit) for income taxes consists of the following components:

	For the year ended March 31,	
	2018	2017
Current:		
Federal	\$ -	\$ 1,230,772
State	124,849	591,783
	<u>124,849</u>	<u>1,822,555</u>
Deferred:		
Federal	(71,093)	(162,976)
State	(155,941)	(3,245)
	<u>(227,034)</u>	<u>(166,221)</u>
Total	<u>\$ (102,185)</u>	<u>\$ 1,656,334</u>

Tax Rate Reconciliation

Following is a reconciliation of the Company's effective income tax rate to the United State federal statutory tax rate:

	Years ended March 31,	
	2018	2017
Expected tax at U.S. statutory income tax rate	31%	34%
State and local income taxes, net of federal income tax effect	7%	14%
Other non-deductible fees and expenses	(19%)	1%
Impact of change of federal income tax rate on deferred tax	(4%)	-
Other	(4%)	3%
Effective tax rate	11%	52%

Deferred Taxes

The effect of temporary differences included in the deferred tax accounts as follows:

	March 31, 2018	March 31, 2017
Deferred Tax Assets/ (Liabilities):		
Deferred expenses	\$ 68,124	\$ 123,260
Sec 263A Inventory Cap	189,100	215,248
Deferred rent	1,983,213	2,467,259
Depreciation and amortization	(1,971,247)	(2,718,968)
Net operating losses	531,372	788,039
Valuation allowance	(486,730)	(788,039)
Net Deferred Tax Assets	\$ 313,832	\$ 86,799

16. Related-Party Transactions

Management Fees, Advertising Fees and Sale of Non-Perishable and Perishable Products to Related Parties

The following is a detailed breakdown of significant management fees, advertising fees and sale of products for the year ended March 31, 2018 and 2017 to related parties, which are directly or indirectly owned, in whole or in part, by Mr. Long Deng, a majority shareholder, and not eliminated in the consolidated financial statements. In addition, the outstanding receivables due from these related parties as of March 31, 2018 and 2017 were included in advances and receivables – related parties (see Note 7).

Year ended March 31, 2018

Related Parties	Year ended March 31, 2018		
	Management Fees	Advertising Fees	Non-Perishable & Perishable Sales
New York Mart, Inc.	\$ 62,357	\$ 29,793	\$ 2,188,562
Pacific Supermarkets Inc.	89,116	32,913	3,442,263
NY Mart MD Inc.	64,053	10,501	3,588,064
El Monte	21,751	3,400	134,870
iFresh Harwin Inc	4,240	3,405	163,507
Spring Farm Inc.	-	-	12,131
Spicy Bubbles, Inc.	-	-	95,418
Tampa Seafood	4,050	-	6,703
Pine Court Chinese Bistro	-	-	182,248
	\$ 245,567	\$ 80,012	\$ 9,813,766

Year ended March 31, 2017

Related Parties	Management Fees	Advertising Fees	Non-Perishable & Perishable Sales
New York Mart, Inc.	\$ 46,170	\$ 31,289	\$ 2,832,018
Pacific Supermarkets Inc.	57,669	34,230	3,201,198
NY Mart MD Inc.	45,647	-	2,634,650
Spring Farm Inc.	-	-	6,114
Spicy Bubbles, Inc.	-	-	102,580
NYM Milford, LLC	-	-	100,390
Pine Court Chinese Bistro	-	-	173,603
	<u>149,486</u>	<u>\$ 65,519</u>	<u>\$ 9,050,553</u>

Long-Term Operating Lease Agreement with a Related Party

The Company leases warehouse and stores from related parties that is owned by Mr. Long Deng, the majority shareholder of the Company, and will expire on April 30, 2026. Rent incurred to the related party was \$1,208,000 and \$698,000 for the year ended on March 31, 2018 and 2017.

17. Operating Lease Commitments

The Company's leases include stores, office and warehouse buildings. These leases have an average remaining lease term of approximately 9 years as of March 31, 2018.

Rent expense charged to operations under operating leases in the year ended March 31, 2018 and 2017 amounted to \$8,519,190 and \$7,933,525, respectively.

Future minimum lease obligations for operating leases with initial terms in excess of one year at March 31, 2018 are as follows:

	Non-related parties	Related party	Total
2019	\$ 7,145,101	\$ 1,273,051	\$ 8,418,152
2020	7,414,529	1,586,133	9,000,662
2021	7,472,106	1,598,213	9,070,319
2022	7,213,766	1,649,721	8,863,487
2023	7,346,811	1,669,036	9,015,848
Thereafter	51,905,771	11,412,833	63,318,604
Total payments	<u>\$ 88,498,084</u>	<u>\$ 19,188,987</u>	<u>\$ 107,687,071</u>

18. Contingent Liability

The Company is exposed to claims and litigation matters arising in the ordinary course of business and uses various methods to resolve these matters in a manner that the Company believes best serves the interests of its stakeholders. These matters have not resulted in any material losses to date.

Leo J. Motsis, as Trustee of the 140-148 East Berkeley Realty Trust v. Ming's Supermarket, Inc.

Ming's Supermarket, Inc. ("Ming"), the subsidiary of the Company, is a tenant at a building located at 140-148 East Berkeley Street, Boston, MA (the "Property"), pursuant to a lease dated September 24, 1999 (the "Lease"). The Lease had a 10-year initial term, followed by an option for two additional 10-year terms. Ming has exercised that first option and the Lease has approximately 15 years remaining to run if the second option is also exercised. The Lease also gives Ming a right of first refusal on any sale of the building.

On February 22, 2015, a sprinkler pipe burst in the Property. This caused the Inspectional Services Department of the City of Boston ("ISD") to inspect the Property. The ISD found a number of problems which have prevented further use of the Property. The ISD notified both landlord and tenant that the Property was only permitted for use as an elevator garage and that its use as a warehouse was never permitted and that a conditional use permit must be obtained from the City of Boston to make such use lawful. Moreover, the Property was found to have major structural issues requiring repair, as well as issues with the elevator and outside glass. The result of the ISD's findings are that Ming was ordered not to use the Property for any purpose unless and until the structural and other repairs are completed and its use as a warehouse is permitted by the Boston Zoning Board.

While the Lease provides that the elevator (approximate cost \$400,000) and glass repairs (approximate cost \$30,000) are the responsibility of the tenant, the structural repairs (approximate cost \$500,000) are the landlord's responsibility under the Lease, unless the structural damage was caused by the tenant's misuse of the Property. In this regard Ming has retained an expert who will testify the structural damage to the building was caused by long term water infiltration and is not the result of anything Ming did. Ming initially sought for the landlord to perform the structural repairs and agreed that upon completion of those repairs, Ming would repair the elevator and the broken glass. In addition, Ming asked the landlord to cooperate in permitting use of the Property as a warehouse.

The landlord refused to either perform structural repairs or to cooperate on the permitting. As a result, as of April 2015, Ming began withholding rent, since Ming was barred from using the Property by order of the ISD. The landlord then sued Ming for breach of the Lease and unpaid rent, and Ming counterclaimed for constructive eviction and for damages resulting from the landlord's breach of its duty to perform structural repairs under the Lease.

The case was tried before a jury in August 2017. The jury awarded Ming judgment against the landlord in the amount of \$795,000, plus continuing damages of \$2,250 per month until the structural repairs are completed. The court found that the landlord's actions violated the Massachusetts unfair and deceptive acts and practices statute and therefore doubled the amount of damages to \$1,590,000 and further ruled that Ming should also recover costs and attorneys' fees of approximately \$250,000. The result is a judgment in favor of Ming and against the landlord that will total approximately \$1.85 million. The judgment requires the landlord to repair the premises and obtain an occupancy permit. The landlord is responsible to Ming for damages in the amount of \$2,250 per month until an occupancy permit is issued. The judgment also accrues interest at the rate of 12% per year until paid.

The landlord filed a Notice of Appeal, which will delay ultimate resolution of this matter for potentially one year or more. Ming has filed a lien against the landlord's real estate as security for the judgment.

On May 31, 2018, the ISD issued an occupancy permit, triggering Ming's requirement to resume regular rental payments. Ming paid rent for June 2018 to the landlord.

No guaranties or predictions can be made at this time as to ultimate final outcome of this case.

SKKR Trading LLC d/b/a 38 Live Bait v. New Sunshine Group LLC and New York Mart Group Inc.

A lawsuit has been filed against New York Mart Group, Inc. (“NYMG”), a subsidiary of iFresh, and New Sunshine Group, LLC (“New Sunshine”), by SKKR Trading, LLC (“Plaintiff”) for breach of contract and failure to pay. The plaintiff is seeking from NYMG and New Sunshine for principal damages the amount of \$116,878 for the total amount of invoices allegedly past due, a penalty of \$256,000, and attorney’s fees estimated to be \$80,000 to \$90,000.

The Plaintiff claimed that NYMG and New Sunshine failed to pay for an order of shrimp. NYMG and New Sunshine have raised various defenses, most of which center on the arguments that NYMG and New Sunshine abandoned the Distribution Agreement and did not order, receive, or benefit from the shrimp at issue. Rather, the shrimp was ordered by a tenant of NYMG, Hong Hai, who was a completely separate entity than NYMG or New Sunshine.

The case went to trial on March 12 to 15, 2017. On April 17, 2017, the Court ruled in favor of Plaintiff and against NYMG and New Sunshine in the amount of \$385,492. NYMG hired a new law firm to appeal the case. The appeal process will take approximately 1 year. During the appeal, NYMG will not be required to pay the amount under the Final Judgment. While discovery is ongoing and no guaranties or predictions can be made at this time as to ultimate outcome, the Company and its attorney believe a fair estimate of the chance the Company will prevail on the appeal of the Final Judgment is approximately 50%.

Most recently, on August 11, 2017, approximately \$196,000 in funds held in one of New York Mart’s bank accounts at TD Bank was ordered by the Court to be frozen until the appeal has been concluded, after Plaintiff tried to seize these funds to enforce the aforementioned judgement.

Once the appeal is concluded, the ownership of the \$196,000 will be determined. SKKR is not permitted to take any other action to enforce the judgment, including attempting to seize any other funds in the TD Bank accounts, any other funds, or any assets owned by NYM. Accordingly, NYM is able to continue to use all bank accounts at TD Bank (with the exception of the frozen \$196,000 which has been set aside) without the threat of those accounts being seized by SKKR.

The principal shareholder of the Company, Mr. Long Deng, made a personal pledge to pay for the entire amount of the damage if the appeal is ruled against NYMG. The Company did not accrue any of this potential liability.

Jendo Ermi, LP v iFresh Inc.; iFresh Inc. v. Jendo Ermi LP

On October 20, 2017, Jendo Ermi, LP filed an unlawful detainer action against iFresh, Inc. (Los Angeles Superior Court Case No.: KC069728). The case involved a dispute over property leased to iFresh, Inc. to operate a grocery store in El Monte, California. Jendo Ermi, LP claimed that iFresh, Inc. had not properly paid rents as required by the lease. On March 29, 2018, the court entered judgment in favor of Jendo and against iFresh for possession of the Premises, forfeiture of the lease, and damages in the preliminary amount of \$309,009, with the final amount to be determined by the court. On April 23, 2018, iFresh filed a Notice of Appeal of the judgment. On April 26, 2018, the court entered an amended judgment in favor of Jendo and against iFresh for possession of the Premises, forfeiture of the lease, and damages in the amount of \$952,691.56, with attorneys’ fees and costs to be determined by the court.

On November 27, 2017, iFresh, Inc. filed a complaint against Jendo Ermi, LP for, among other things, fraud and breach of contract associated with the lease (Los Angeles Superior Court Case No.: BC684617). iFresh, Inc. alleged that Jendo Ermi (1) overstated the square footage of the property to obtain higher rents; (2) failed to provide certain furniture, fixtures, and equipment (FF&E) valued at approximately \$300,000 that were promised under the lease; and (3) failed to disclose that parts of the building were not habitable.

On May 31, 2018, the Company entered into a settlement agreement with Jendo Ermi, LP whereby iFresh agreed to transfer possession of the premises to Jendo and pay Jendo the total amount of \$652,038.73 in satisfaction of all disputes between the parties. The Company timely transferred possession of the premises to Jendo. New York Mart El Monte, Inc., a third party, timely paid the full settlement amount on behalf of iFresh. Pursuant to the parties’ settlement agreement, iFresh dismissed with prejudice its action against Jendo and dismissed its appeal of the unlawful detainer judgment. Pursuant to the parties’ settlement agreement, Jendo shall file an Acknowledgment of Satisfaction of Judgment with respect to the unlawful detainer judgment on or around September 17, 2018.

19. Subsequent Event

For purpose of preparing these consolidated financial statements, the Company considered events through June 30, 2018, which is the date the consolidated financial statements were available for issuance.

On May 31, 2018, the Company entered into a settlement agreement with Jendo Ermi, LP whereby iFresh agreed to transfer possession of the premises to Jendo and pay Jendo the total amount of \$652,038.73 in satisfaction of all disputes between the parties. The Company timely transferred possession of the premises to Jendo. New York Mart El Monte, Inc., a third party, timely paid the full settlement amount on behalf of iFresh. Pursuant to the parties’ settlement agreement, iFresh dismissed with prejudice its action against Jendo and dismissed its appeal of the unlawful detainer judgment. Pursuant to the parties’ settlement agreement, Jendo shall file an Acknowledgment of Satisfaction of Judgment with respect to the unlawful detainer judgment on or around September 17, 2018.

There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

CREDIT AGREEMENT

dated as of December 23, 2016

between

NYM HOLDING, INC.,

as Borrower

and

KEYBANK NATIONAL ASSOCIATION,

as Lender

\$25,000,000 Senior Secured Credit Facilities

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT (as from time to time amended, restated, supplemented or otherwise modified from time to time and in effect, this “*Agreement*”) is made as of December 23, 2016 (the “*Effective Date*”), by and between NYM HOLDING, INC., a Delaware corporation (the “*Borrower*”), and KEYBANK NATIONAL ASSOCIATION, with an address at 660 White Plains Road, 2nd Floor, Tarrytown, NY 10591 (together with its permitted successors and assigns, the “*Lender*”).

RECITALS:

WHEREAS, pursuant to the SPAC Merger Documents (as defined herein), the parties thereto have agreed to consummate the SPAC Merger Transactions (as defined herein) on or before February 18, 2017, subject to the terms and conditions set forth therein;

WHEREAS, the Borrower and the Lender have agreed to execute and deliver this Agreement and the other Loan Documents (as defined herein) prior to the consummation of the SPAC Merger Transactions; and

WHEREAS, the Borrower has requested that the Lender (i) make available to the Borrower a \$5,000,000 revolving credit facility for the making, from time to time, of Advances (as defined herein) and the issuance, from time to time, of Letters of Credit (as defined herein), (ii) make the Effective Date Term Loan in an aggregate principal amount of \$15,000,000 on the Effective Date, and (iii) make the Delayed Draw Term Loan (as defined herein) in an aggregate principal amount of up to \$5,000,000 on or within 365 days following the Effective Date, in each case on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, for due consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. Certain terms are used in this Agreement as specifically defined herein. These definitions are set forth or referred to in Section 9 hereof.

2. CREDIT FACILITIES.

2.1 Revolving Credit Facility. The Lender agrees to lend hereunder (the “*Revolving Credit Facility*”) to the Borrower on such dates as the Borrower shall from time to time request pursuant to Section 2.1(d) hereof, such amounts (such amounts so lent on any date being referred to herein as an “*Advance*”) which, when added to all other Advances then outstanding to the Borrower under this Section 2.1, plus the amount of L/C Credit Extensions under Section 2.1(f), shall not exceed \$5,000,000 (the “*Maximum Revolving Credit Amount*”). Any Advances made hereunder shall be made by crediting the amount thereof on the date requested in immediately available funds to any of the regular deposit accounts of the Borrower with the Lender or in such other manner as the Borrower shall request in writing. The Borrower may from time to time borrow, repay without penalty and reborrow, subject to the terms and conditions hereof, all amounts borrowed hereunder.

(a) *Revolving Loan Account.* In connection with the Revolving Credit Facility established in this Section 2.1, the Lender will establish and maintain on its books and records, kept in the ordinary course of its business, a loan account in the name of the Borrower (the “*Revolving Loan Account*”). The Lender shall debit to the Revolving Loan Account, and the Revolving Loan Account shall evidence, the principal amount of all Advances from time to time made hereunder, and the Lender shall credit the Revolving Loan Account with all principal payments made on account of the Indebtedness evidenced by the Revolving Loan Account.

(b) *Revolving Note.* The obligation of the Borrower to repay all Obligations from time to time evidenced by the Revolving Loan Account plus accrued interest thereon shall be reflected by the promissory note of the Borrower of even date herewith in the face principal amount of the Maximum Revolving Credit Amount payable to the order of the Lender in substantially the form of Exhibit A-1 hereto (as from time to time amended, restated, supplemented or otherwise modified from time to time and in effect, the “*Revolving Note*”).

(c) *Termination Date.* The Revolving Credit Facility established in this Section 2.1 shall expire on the earliest (the “*Termination Date*”) of (i) the date on which the Obligations evidenced by the Revolving Loan Account have been accelerated pursuant to Section 8.4 hereof, (ii) the date on which the commitment to make advances under the Revolving Credit Facility terminates pursuant to Section 2.12(d) or (iii) December 23, 2021.

(d) *Notice of Borrowing.* With respect to all amounts borrowed under Section 2.1 hereof, including any Letters of Credit issued pursuant to and in accordance with Section 2.1(f), the Borrower shall give an authorized commercial loan officer of the Lender written notice of each Advance it requests under the Revolving Credit Facility prior to the date on which it desires the funds or Letter of Credit, specifying the amount and date of such proposed Advance or L/C Credit Extension, as applicable, and the Lender shall be authorized to make such Advances hereunder upon such written notice if the Lender shall believe that such communication has been made or given by a duly authorized Person and if the conditions to such Advance as set forth in Section 3.2 hereof have been satisfied.

(e) *Principal.* Payment of the outstanding principal amount of the Advances shall be due and payable on the Termination Date.

(f) *Letters of Credit.* (i) Subject to the terms and conditions set forth herein, the Lender also agrees from time to time, to issue Letters of Credit (a “*L/C Credit Extension*”) for the account of the Borrower or any of its Subsidiaries up to \$1,000,000 (the “*Letter of Credit Sublimit*”) at the request of the Borrower in accordance with Section 2.1(f)(iii) below, provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit, any amount issued or drawn up to the Letter of Credit Sublimit shall reduce the Maximum Revolving Credit Amount on an equal basis. Each request by the Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by the Borrower that the L/C Credit Extension so requested complies with the conditions set forth herein. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower’s ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) The Lender shall not be under any obligation to issue any Letters of Credit:

(A) on or after the Termination Date;

(B) if the issuance of such Letter of Credit would violate in any material respect one or more policies of the Lender applicable to letters of credit generally and customary for issuers of letters of credit;

(C) if except as otherwise agreed by the Lender, such Letter of Credit is in an initial stated amount less than \$10,000;

(D) if such Letter of Credit is to be denominated in a currency other than U.S. Dollars; or

(E) if the conditions in Section 3.2 have not been satisfied.

(iii) The Borrower shall give notice to the Lender of the proposed issuance of each Letter of Credit on a Business Day which is at least three (3) Business Days (or such lesser number of days as the Lender shall agree in any particular instance) prior to the proposed date of issuance of such Letter of Credit. Each such notice shall be accompanied by a Letter of Credit application, duly executed by the Borrower and in all respects reasonably satisfactory to the Lender, together with such other documentation as the Lender may request in support thereof, it being understood that each Letter of Credit application shall specify, among other things, the date on which the proposed Letter of Credit is to be issued, the expiration date of such Letter of Credit (which shall not be later than the Termination Date) and whether such Letter of Credit is to be transferable in whole or in part. So long as the Lender has not received written notice that the conditions precedent set forth in Section 3.2 with respect to the issuance of such Letter of Credit have not been satisfied, the Lender shall issue such Letter of Credit on the requested issuance date.

(iv) The Borrower hereby unconditionally and irrevocably agrees to reimburse the Lender for each payment or disbursement made by the Lender under any Letter of Credit honoring any demand for payment made by the beneficiary thereunder, in each case on the date that such payment or disbursement is made; provided, anything contained herein to the contrary notwithstanding, (A) unless the Borrower shall have notified the Lender prior to the date such drawing is honored that the Borrower intends to reimburse the Lender for the amount of such honored drawing with funds other than the proceeds of the Advances, the Borrower shall be deemed to have given a timely notice of borrowing to the Lender under Section 2.1(d) requesting to make an Advance on the date such drawing is honored in an amount equal to the amount of such honored drawing, and (B) regardless of whether the conditions specified in Section 3.2 are satisfied, the Lender shall, on such date, make an Advance in the amount of such honored drawing, the proceeds of which shall be applied directly by the Lender to reimburse itself for the amount of such honored drawing. Each such Advance shall bear interest from such date at a rate *per annum* equal to the Base Rate, plus 0.95%. The Lender shall notify the Borrower immediately whenever any demand for payment is made under any Letter of Credit by the beneficiary thereunder; provided, however, that the failure of the Lender to so notify the Borrower shall not affect the rights of the Lender in any manner whatsoever.

(v) In determining whether to pay under any Letter of Credit, the Lender shall have no obligation to the Borrower other than to confirm that any documents required to be delivered under such Letter of Credit have been delivered and appear to comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by the Lender under or in connection with any Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct, shall not impose upon the Lender any liability to the Borrower and shall not reduce or impair the Borrower's reimbursement obligations set forth above.

2.2 Effective Date Term Credit Facility. The Lender hereby agrees to make a term loan (the "**Effective Date Term Loan**") to the Borrower (the "**Effective Date Term Credit Facility**"), in the principal amount of \$15,000,000 (the "**Effective Date Term Loan Amount**"). The full amount of the Effective Date Term Loan shall be advanced on the Effective Date.

(a) **Effective Date Term Loan Account.** In connection with the Effective Date Term Credit Facility established in this Section 2.2, the Lender will establish and maintain on its books and records, kept in the ordinary course of its business, a loan account in the name of the Borrower (the "**Effective Date Term Loan Account**"). The Lender shall debit to the Effective Date Term Loan Account, and the Effective Date Term Loan Account shall evidence, the principal amount of the Effective Date Term Loan made hereunder, and the Lender shall credit the Effective Date Term Loan Account with all principal payments made on account of the Indebtedness evidenced by the Effective Date Term Loan Account.

(b) **Effective Date Term Note.** The obligation of the Borrower to repay all Obligations from time to time evidenced by the Effective Date Term Loan Account plus accrued interest thereon shall be reflected by the promissory note of the Borrower of even date herewith in the face principal amount of \$15,000,000 payable to the order of the Lender in substantially the form of Exhibit A-2 hereto (as from time to time amended, restated, supplemented or otherwise modified from time to time and in effect, the "**Effective Date Term Note**").

(c) **Maturity Date.** The Effective Date Term Credit Facility established in this Section 2.2 shall expire on the earliest (the "**Maturity Date**") of (i) December 23, 2021, (ii) the date on which all Obligations under the Effective Date Term Loan Facility have been repaid in full pursuant to Section 2.12(a) and (iii) the date on which the Indebtedness evidenced by the Effective Date Term Loan Account has been accelerated pursuant to Section 8.4 hereof.

(d) *Principal*. Commencing February 1, 2017, and continuing on the 1st day of each consecutive month until the Maturity Date, the Borrower shall make fifty-nine (59) consecutive monthly payments of principal and interest in the amount of \$142,841.81 each, and a final payment of the then entire unpaid principal balance of the Effective Date Term Loan, plus accrued interest, on the Maturity Date. The Lender may adjust the payment amount from time to time to equal an amount of principal and interest necessary to fully amortize the then outstanding principal balance over the number of months then remaining until the Maturity Date at the interest rate then in effect; provided, that such amortization shall be calculated over a ten (10) year period. The Lender is not obligated to adjust the payment amount and if the Lender does not adjust the payment amount to allow full amortization on the Maturity Date, a balloon payment of principal shall then be due. Notwithstanding the repayment schedule described in the preceding sentence, (i) such installments shall be reduced in connection with any voluntary or mandatory prepayments of the Effective Date Term Loan, as applicable, in accordance with Section 2.12, and (ii) the Effective Date Term Loan, together with all other amounts owed hereunder with respect thereto, shall, in any event, be paid in full no later than the Maturity Date with respect thereto.

2.3 Delayed Draw Term Credit Facility. The Lender hereby agrees to make a term loan (the “**Delayed Draw Term Loan**” and together with the Advances and the Effective Date Term Loan, the “**Loans**”) on a single occasion to the Borrower (the “**Delayed Draw Term Credit Facility**”), in the principal amount of up to \$5,000,000 (the “**Delayed Draw Term Loan Amount**”). The Delayed Draw Term Loan shall be advanced on the Delayed Draw Funding Date. In the event that the Delayed Draw Term Loan is not funded by the Delayed Draw Termination Date, the Lender’s commitment to advance the Delayed Draw Term Loan shall automatically expire, and the Lender shall have no further obligation to make the Delayed Draw Term Loan.

(a) *Delayed Draw Term Loan Account*. In connection with the Delayed Draw Term Credit Facility established in this Section 2.3, the Lender will establish and maintain on its books and records, kept in the ordinary course of its business, a loan account in the name of the Borrower (the “**Delayed Draw Term Loan Account**”). The Lender shall debit to the Delayed Draw Term Loan Account, and the Delayed Draw Term Loan Account shall evidence, the principal amount of the Delayed Draw Term Loan made hereunder, and the Lender shall credit the Delayed Draw Term Loan Account with all principal payments made on account of the Indebtedness evidenced by the Delayed Draw Term Loan Account.

(b) *Delayed Draw Term Note*. The obligation of the Borrower to repay all Obligations from time to time evidenced by the Delayed Draw Term Loan Account plus accrued interest thereon shall be reflected by the promissory note of the Borrower in the face principal amount of the Delayed Draw Term Loan Amount payable to the order of the Lender in substantially the form of Exhibit A-3 hereto (as from time to time amended, restated, supplemented or otherwise modified from time to time and in effect, the “**Delayed Draw Term Note**”).

(c) *Delayed Draw Maturity Date*. The Delayed Draw Term Credit Facility established in this Section 2.3 shall expire on the earliest (the “**Delayed Draw Maturity Date**”) of (i) December 23, 2021, (ii) the date on which all Obligations under the Delayed Draw Term Loan Facility have been repaid in full pursuant to Section 2.12(a), (iii) the date on which the commitment to make a term loan under the Delayed Draw Term Credit Facility terminates pursuant to Section 2.12(e) and (iv) the date on which the Indebtedness evidenced by the Delayed Draw Term Loan Account has been accelerated pursuant to Section 8.4 hereof.

(d) *Notice of Borrowing*. With respect to all amounts borrowed under Section 2.3 hereof, the Borrower shall give an authorized commercial loan officer of the Lender written notice of the Delayed Draw Term Loan it requests under the Delayed Draw Term Credit Facility prior to the date on which it desires the funds, specifying the amount and date of such proposed Delayed Draw Term Loan, and the Lender shall be authorized to make the Delayed Draw Term Loan hereunder upon such written notice if the Lender shall believe that such communication has been made or given by a duly authorized Person and if the conditions to such Advance as set forth in Section 3.3 hereof have been satisfied.

(e) *Principal*. The outstanding principal amount of the Delayed Draw Term Loan will be amortized over a period of ten (10) years, and will be repaid in equal monthly installments on the first day of each calendar month (commencing on the first such date to occur after the Delayed Draw Funding Date). Such installments shall be reduced in connection with any voluntary or mandatory prepayments of the Delayed Draw Term Loan, as applicable, in accordance with Section 2.12, and the Delayed Draw Term Loan, together with all other amounts owed hereunder with respect thereto, shall, in any event, be paid in full no later than the Delayed Draw Maturity Date with respect thereto.

2.4 Interest.

(a) *Interest Rate*. All or any portion of the principal amount of the Loans shall accrue and bear daily interest, computed on the basis of a 360-day year for the actual number of days elapsed (including the first day and excluding the last), at a rate *per annum* equal to (i) the sum of the Base Rate, plus 0.95%, or (ii) in the case of any Loan then subject to a LIBOR Pricing Option, the sum of the Adjusted LIBOR Rate, plus 1.95%.

(b) *Interest Payable*. Interest on each Loan shall accrue on a daily basis and be payable in arrears (i) on each Interest Payment Date, (ii) concurrently with any prepayment of that Loan, whether voluntary or mandatory, to the extent accrued on the amount being prepaid and (iii) at maturity, including final maturity.

2.5 LIBOR Pricing Options. The following provisions shall apply to the LIBOR Pricing Options:

(a) *Certain Definitions.*

“*Adjusted LIBOR Rate*” shall mean the LIBOR Rate divided by a percentage expressed by a decimal equal to 100% minus the then stated maximum reserve requirement percentage as specified in Regulation D (including, without limitation, any marginal, emergency, supplemental, special or other reserves required by applicable law) applicable to any member bank of the Federal Reserve System in respect of eurocurrency funding or liabilities.

“*Eurodollar*” shall mean deposits of United States Currency available for purchase in the London interbank market.

“*LIBOR Pricing Options*” shall mean the options granted pursuant to this Section 2.5 to have the interest on all or any portion of the principal amount of Indebtedness evidenced by the Notes computed with reference to a LIBOR Rate.

“**LIBOR Rate**” means, when determined for any interest rate calculation with respect to any LIBOR Loan, an independent index which is the One Month LIBOR (the “**Index**”), which is the rate per annum based on the London Interbank Offered Rate quoted by the ICE Benchmark Administration Interest Settlement Rates (or any successor thereto approved by the Lender if the ICE Benchmark Administration is no longer providing quotes for the London Interbank Offered Rate) as quoted in U.S. Dollars for a period equal to one month by Bloomberg (or if Bloomberg is unavailable, Reuters or another comparable publicly available service for displaying LIBOR rates selected by the Lender), at approximately 11:00 a.m. (London time) on the first Business Day of each month; provided, that with respect to any LIBOR Loan made on the Effective Date, the LIBOR Rate applicable to such LIBOR Loan for the period commencing on the Effective Date and ending on the first Business Day of the immediately succeeding month shall be determined at approximately 11:00 a.m. (London time) on the Effective Date. If, during the term of this Agreement, the Index becomes unavailable, the Lender, after notifying the Borrower, may, at its election, designate as the Index such other index that is based on another comparable publicly available service for displaying LIBOR rates for a period equal to one month. The LIBOR Rate shall be set each month in accordance with the foregoing terms of this definition and shall be effective for a monthly period beginning on the first Business Day of each month. The LIBOR Rate is not necessarily the lowest rate charged by the Lender on its loans and the LIBOR Rate may not be the same as the quoted offered side in the Eurodollar time deposit market by any particular institution or service applicable to an interest period of one month.

The determination by the Lender of any LIBOR Rate shall, in the absence of manifest error, be conclusive.

“**United States Currency**” shall mean such coin or currency of the United States of America as at the time shall be legal tender therein for the payment of public and private debts.

(b) *Elections of LIBOR Pricing Options.* The Borrower may, by written notice to the Lender received not less than four (4) Business Days prior to the proposed borrowing date of any LIBOR Loan, elect to have all or such portion of the principal amount of Indebtedness then evidenced by the Notes, as the Borrower may specify in such notice, accrue and bear daily interest at a *per annum* rate equal to the Adjusted LIBOR Rate, plus 1.95%; provided, however, that no such election shall become effective, if the Lender determines that the Index is unavailable at such time.

(c) *Additional Interest.* In the event that, any provision of this Agreement to the contrary notwithstanding, any repayment of any LIBOR Loan is for any reason made or any manner of funding which is the basis on which the Adjusted LIBOR Rate applicable thereto was determined by the Lender is deemed to be terminated as set forth in Section 2.5(c) on a date which is not the first Business Day of a month, the Borrower will indemnify the Lender against, and will pay directly to the Lender on demand, any loss or expense suffered by it as a result of such early repayment or termination including without limitation (i) any loss or expense suffered by it during the period commencing on the date of receipt of such early repayment or termination and ending on the first such date (i.e., the first Business Day of a month) to occur following such repayment or termination, if the rate of interest obtainable by the Lender upon the redeployment in the manner selected by it of an amount of funds equal to the principal amount of Indebtedness evidenced by the Notes so repaid early is less than the interest rate applicable thereto and (ii) any loss or expense suffered by the Lender as a result of liquidating prior to maturity any deposits which correspond to the principal amount of Indebtedness evidenced by the Notes with respect to which such early repayment is made or such early termination is effected, with a minimum due for each such instance of \$200.00 for each LIBOR advance (“**LIBOR Breakage Fees**”). The determination of the Lender of the amount of any such loss and expense suffered by the Lender as delivered to the Borrower if done in good faith, shall, in the absence of manifest error, be conclusive.

(d) *Reserve Requirements; Additional Taxes; etc.* The Borrower will reimburse the Lender on demand for the Lender's additional costs with respect to any LIBOR Loan in complying during the term of this Agreement with any Legal Requirement which imposes, modifies or deems applicable any reserve, asset or special deposit requirements on deposits obtained or other funds acquired by the Lender to fund such LIBOR Loan or on loans made with the proceeds of such deposits or funds insofar as such reserve, asset, or special deposit requirements relate to such LIBOR Loan, but in all events excluding reserves required under Regulation D to the extent included in the computation of the Adjusted LIBOR Rate applicable to such LIBOR Pricing Option, or which subject the Lender to any tax with respect to this Agreement (excluding any Excluded Taxes or Indemnified Taxes addressed in Section 2.6(d)). The Lender's cost of complying with changes in any Legal Requirement which imposes, modifies or deems applicable any such reserve, asset or special deposit requirements shall be computed by determining the amount by which such requirements effectively increase the Lender's cost of funds for such LIBOR Loan and by computing the additional interest which would have been owing to the Lender hereunder if the applicable Adjusted LIBOR Rate had been increased by the amount of such effective increase in cost for purposes of determining the corresponding Adjusted LIBOR Rate, during the period in question, and such costs shall be computed without reference to any offsetting amounts which may be available to the Lender to decrease such costs or the amounts on which such costs are based to the extent that such offsetting amounts arose out of transactions other than those relating to such portion of the unpaid principal balance of the Notes. The Lender's determination of the amount of such costs and the allocation, if any, of such costs among the Borrower and other customers which have arrangements with the Lender similar to the LIBOR Pricing Options, if done in good faith and if such allocation is made on an equitable basis, shall, in the absence of manifest error, be conclusive. Notwithstanding the foregoing, Borrower shall not be required to compensate Lender with respect to any LIBOR Loan for any increased costs incurred or reduction suffered more than one hundred eighty (180) days prior to the date that Lender notifies Borrower, in writing, of the increased costs or reduction and of Lender's intention to claim compensation thereof; provided, that if the circumstance giving rise to such increased costs or reduction is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(e) *Change in Applicable Law, Regulation, etc.* Notwithstanding anything herein contained,

(i) if any Legal Requirement, or any change in any Legal Requirement or in the interpretation thereof by any governmental or administrative authority charged with the administration thereof, shall make it unlawful for the Lender to fund any LIBOR Loan in the manner in which the Adjusted LIBOR Rate applicable thereto was determined or otherwise to give effect to the Lender's obligations as contemplated hereby (i) such manner of funding shall be deemed to terminate and such portion of the principal balance of the Notes shall thereafter bear interest as if no LIBOR Pricing Option were applicable thereto determined as though a loan in an amount equal to such portion of the unpaid principal balance of the Notes were made on such date of termination, (ii) the Lender may by written notice thereof to the Borrower declare the Borrower's option to elect any new LIBOR Pricing Option to be terminated forthwith, and (iii) the Borrower shall indemnify the Lender as provided in Section 2.5(c) hereof to the extent such LIBOR Loan was terminated prior to the first Business Day of a month as though an early repayment of the principal amount of the Indebtedness which has been subject to the LIBOR Pricing Options which so terminated had been made on the date of such termination. Notwithstanding the foregoing, the Borrower shall not be required to compensate the Lender for any increased costs incurred or reduction suffered with respect to any change in law for more than one hundred eighty (180) days prior to the date that Lender notifies the Borrower, in writing, of the increased costs or reduction and of Lender's intention to claim compensation thereof; provided, that if the circumstance under the change in law giving rise to such increased costs or reduction is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(ii) if the Lender is unable to determine a LIBOR Rate, the unpaid principal balance of the Notes shall not be subject to the LIBOR Pricing Option but rather shall bear interest at the Base Rate plus 0.95% *per annum*.

2.6 Payments.

(a) Without limiting the other provisions herein relating to payment of any of the Obligations, the Borrower shall also pay the Lender on the first Business Day of each calendar month, in immediately available funds, any and all fees and other payments due and unpaid hereunder (~~provided~~, that, for the avoidance of doubt, all Commitment Fees, Delayed Draw Ticking Fees, Letter of Credit Fees, Facility Fee and late fee shall be due and payable in accordance with Sections 2.7, 2.8, 2.9, 2.10 and 2.11, respectively).

(b) Upon request, the Lender shall render to the Borrower a statement of each of the Borrower's Loan Accounts, showing by date the debits, if any, and credits to each of such Loan Accounts and payments of interest thereon and the balance thereof, together with any accrued and unpaid interest thereon. With respect to all amounts not then subject to a LIBOR Pricing Option, the statement will also show the payment due on the next payment date, calculated by assuming that the applicable rate will not change through the end of such month. The Borrower agrees to review each such statement within three (3) Business Days upon receipt and notify the Lender in writing of any discrepancy contained therein.

(c) In the event that at any time the outstanding Advances and L/C Credit Extension, as applicable, to the Borrower hereunder shall be greater than the Maximum Revolving Credit Amount, the Borrower shall pay the Lender within one (1) Business Day, in immediately available funds, an aggregate amount equal to the amount of such excess.

(d) All payments by the Borrower hereunder and under any of the other Loan Documents shall be made without defense, setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless the Borrower is compelled by law to make such deduction or withholding. If any obligation for Indemnified Taxes is imposed upon the Borrower with respect to any amount payable by it hereunder or under any of the other Loan Documents, the Borrower will pay to the Lender, on the date on which such amount is due and payable hereunder or under such other Loan Document, such additional amount as shall be necessary to enable the Lender to receive the same net amount which the Lender would have received on such due date had no such obligation been imposed upon the Borrower. The Borrower will deliver to the Lender within ten (10) Business Days certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by the Borrower hereunder or under such other Loan Document.

(e) If the Lender determines, in its reasonable discretion, that it has received a refund of any Indemnified Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to Section 2.6(d), it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section with respect to the Indemnified Taxes giving rise to such refund), net of all out-of-pocket expenses incurred by the Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender in the event the Lender is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require the Lender to make available its tax returns to the Borrower or any other Person.

(f) On each of the Termination Date, the Maturity Date and the Delayed Draw Maturity Date, the Borrower shall pay to the Lender for credit to the appropriate Loan Account an amount equal to the entire outstanding principal amount of Indebtedness then evidenced by the appropriate Loan Account, together with all the accrued and unpaid interest with respect thereto.

2.7 Commitment Fee. The Borrower shall pay to the Lender a commitment fee (a "**Commitment Fee**"), which shall accrue at the rate of 0.25% per annum on the average daily Undrawn Available Amount of the Revolving Loan Account during the immediately preceding month (prorated for a shorter period, if applicable). Accrued Commitment Fee shall be payable in arrears on the first Business Day of each calendar month. For the purposes hereof, "Undrawn Available Amount" shall mean the Maximum Revolving Credit Amount, less any amount available to be drawn under any Letter of Credit issued and outstanding, less the principal amount of outstanding Advances.

2.8 Delayed Draw Ticking Fee. The Borrower shall pay to the Lender a delayed draw ticking fee (a "**Delayed Draw Ticking Fee**"), which shall accrue at the rate of 0.25% *per annum* on the maximum Delayed Draw Term Loan Amount during the immediately preceding month (prorated for a shorter period, if applicable). Accrued Delayed Draw Ticking Fee shall be payable in arrears on the first Business Day of each calendar month. The Delayed Draw Ticking Fees shall cease to accrue on the earlier to occur of (i) the Delayed Draw Funding Date, or (ii) the date on which the Lender's commitment to advance the Delayed Draw Term Loan shall have expired or been terminated.

2.9 Letter of Credit Fee. In addition to any Commitment Fee payable hereunder for amounts available to be drawn under any Letter of Credit issued and outstanding, (i) in consideration of the Lender's willingness to issue Letters of Credit for the Borrower, the Borrower shall pay the Lender all applicable and customary fees and charges, including without limitation issuance fees, amendment fees, renewal fees, early termination fees, payment and delivery fees and (ii) with respect to any Letter of Credit which has been issued and is available for drawing, the Borrower shall pay the Lender an amount equal to (x) 1.95% *per annum*, times (y) the average aggregate daily maximum amount available to be drawn under all such Letters of Credit (regardless of whether any conditions for drawing could then be met) in connection with the issuance of each Letter of Credit (amounts payable under clauses (i) and (ii) above, collectively, the "**Letter of Credit Fee**"); provided, that during any period during which the Default Rate is applicable under Section 8.4, the percentage referred to in the foregoing clause (ii)(x) shall be 4.95% *per annum*.

2.10 Facility Fee. In consideration of the Lender's willingness to make the Loans available to the Borrower, the Borrower shall pay on the Effective Date a non-refundable fee (the "**Facility Fee**") equal to \$62,500.

2.11 Late Fee. In the event that any regularly scheduled payment due hereunder shall not be paid within ten (10) days of the date when due, the Borrower shall pay a late fee equal to the greater of five percent (5%) of the total payment amount due and outstanding or \$50.00.

2.12 Prepayment; Commitment Reductions.

(a) The Borrower may at any time or from time to time (i) prepay all or any part of the outstanding principal amount of Indebtedness evidenced by the Loan Accounts together with accrued interest and the LIBOR Breakage Fee, if any, on the date of such prepayment or (ii) prepay on the first Business Day of any month, all or any part of any LIBOR Loan without penalty. All prepayments of Term Loan under this Section 2.12(a) shall be applied as directed by the Borrower.

(b) The principal amount of Indebtedness evidenced by the Effective Date Term Loan Account or the Delayed Draw Term Loan Account prepaid pursuant to the provisions of this subsection may not be reborrowed.

(c) Each partial prepayment of the Term Loans shall be in an aggregate principal amount of at least \$10,000.

(d) The Borrower may voluntarily terminate in whole, or permanently reduce in part, the Revolving Credit Facility at any time if it (i) delivers a notice to the Lender of its intention at least five (5) days prior to the proposed date of termination or reduction, as applicable, (ii) repays all of the Advances under the Revolving Loan Account, or such part thereof to the extent necessary to prevent the sum of then outstanding Advances and L/C Extensions from exceeding the reduced Maximum Revolving Credit Amount as a result of such reduction, and (iii) pays any accrued and outstanding portion of the Commitment Fee at the time of such termination or reduction. Any such partial reduction shall be in an amount not less than \$100,000.00 or a higher integral multiple of \$100,000.00.

(e) The Borrower may voluntarily terminate in whole the Delayed Draw Term Credit Facility at any time prior to the Delayed Draw Funding Date if it (i) delivers a notice to the Lender of its intention at least five (5) days prior to the proposed date of termination and (ii) pays any accrued and outstanding portion of the Delayed Draw Ticking Fee at the time of such termination.

2.13 Capital Adequacy. If the Lender shall determine that compliance by the Lender with any applicable law, governmental rule, regulation or order regarding capital adequacy of banks or bank holding companies, or any interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof, or compliance by the Lender with any request or directive regarding capital adequacy (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Lender's capital as a consequence of the Lender's obligations hereunder to a level below that which the Lender could have achieved but for such compliance (taking into consideration the Lender's policies with respect to capital adequacy immediately before such compliance and assuming that the Lender's capital was fully utilized prior to such compliance) by an amount deemed by the Lender, in its reasonable determination, to be material, then, the Borrower will on demand by the Lender, accompanied by the certificate referred to below, pay to the Lender from time to time such additional amounts as shall be sufficient to compensate the Lender for such reduced return, together with interest on each such amount from five (5) Business Days after the date demanded until payment in full thereof at the applicable interest rate associated with such Loans; provided, that Borrower shall not be required to compensate Lender for any loss suffered with respect to any change in law for more than one hundred eighty (180) days prior to the date that Lender notifies Borrower, in writing, of the loss and of Lender's intention to claim compensation thereof; provided, that if the circumstance under the change in law giving rise to such loss is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof. A certificate of an officer of the Lender setting forth the amount to be paid to it and the basis for computation thereof hereunder shall, in the absence of manifest error, be conclusive. In determining such amount, the Lender may use any reasonable averaging and attribution methods.

2.14 Usury Compliance. Notwithstanding any other provision of this Agreement, the Borrower shall not be required to pay any amount pursuant to this Agreement which is in excess of the maximum amount permitted under applicable law. It is the intention of the parties hereto to conform strictly to any applicable usury law, and it is agreed that if any amount contracted for, chargeable or receivable under this Agreement or any Loan Document shall exceed the maximum amount permitted under any such law, any such excess shall be deemed a mistake and cancelled automatically and, if theretofore paid, shall be refunded to the Borrower or, at the Lender's option, shall be applied in accordance with the Section contained herein relating to application of payments or, at the Lender's option, shall be applied in accordance with the Section next following relating to application of payments.

2.15 Time and Place of Payment. All payments and prepayments of principal and interest under this Section 2 and any other payments due pursuant hereto shall be made in lawful money of the United States of America for the account of the Lender at the Lender's office as set forth in the preamble hereof, or at such other place or places as the Lender may specify by notice to the Borrower, not later than 1:30 p.m., New York City time, on the day such payment is due. Any payment not made by 1:30 p.m., New York City time, on any date shall be credited on the next Business Day. The Borrower hereby authorizes KeyBank National Association to initiate an automatic debit or charge to an account designated by the Borrower for payments, when due, as indicated in this Agreement. The Borrower authorizes the Lender to also automatically deduct amounts subject to late charges, fees, delinquent and outstanding amounts and any other payment required to be made by the Borrower under this Agreement.

2.16 Application of Payments. Except as otherwise provided in this Agreement, all payments (including without limitation scheduled payments and any prepayments) by or on behalf of the Borrower shall be applied in the following order: (i) all costs, fees and expenses of the Lender then due and payable as provided herein; (ii) accrued and unpaid interest due on the Obligations evidenced by the Effective Date Term Loan Account and the Delayed Draw Term Loan Account, on a pro rata basis; (iii) accrued and unpaid interest due on the Obligations evidenced by the Revolving Loan Account; (iv) the principal amount of the Obligations evidenced by the Term Loan Account and the Delayed Draw Term Loan Account, on a pro rata basis; (v) the principal amount of the Obligations evidenced by the Revolving Loan Account (without a permanent commitment reduction thereof); and (vi) to the payment of all other Obligations that are due and payable to the Lender. Payments which are not so applied shall be credited to the Borrower's deposit account with the Lender, if any, or to the Borrower in such other manner as the parties shall mutually agree.

Notwithstanding the foregoing, amounts received from any Guarantor that is not a "Eligible Contract Participant" (as defined in the Commodity Exchange Act) shall not be applied to the obligations that are Excluded Swap Obligations.

3. CONDITIONS.

3.1 Conditions of Closing. The Lender's execution and delivery of this Agreement is subject to the following conditions precedent:

(a) *Loan Documents, Etc.* The Lender shall have received from the Borrower on or before the day of such execution and delivery the following, each dated on or before such day and in form and substance satisfactory to the Lender and its counsel in their sole discretion, and each of the following shall be in full force and effect:

- (i) This Agreement;
- (ii) The Revolving Note duly executed by the Borrower;
- (iii) The Effective Date Term Note duly executed by the Borrower;
- (iv) The Security Agreement;

(v) An account control agreement governing each deposit and securities account as required by the Security Agreement, executed by the applicable deposit bank or securities intermediary, in form and substance reasonably satisfactory to the Lender;

(vi) A Landlord Waiver and Consent Agreement executed by each landlord of any leasehold interest of any Loan Party as lessee under any lease of real property;

(vii) Opinion of Loeb & Loeb LLP, as counsel to the Loan Parties, in form and substance reasonably satisfactory to the Lender;

(viii) The Lender shall have received (A) copies of recent Lien and judgment searches in each jurisdiction reasonably requested by the Lender for each Loan Party, and (B) UCC termination statements (or similar documents) for filing in all applicable jurisdictions as may be necessary to terminate any effective UCC financing statements (or equivalent filings) disclosed in such search (other than any such financing statements in respect of Permitted Encumbrances); and

(ix) Such additional documents, instruments, certificates and information, including without limitation, documentation relating to each Loan Party's organizational existence and good standing and the authorization of the transactions contemplated by this Agreement, that have been requested by the Lender or the Lender's counsel at least two (2) Business Days prior to the Effective Date.

(b) *Securities*. The Lender shall have received an original stock certificate issued by each Subsidiary of the Borrower, representing the Borrower's ownership of 100% of equity interests in each such Subsidiary, together with a transfer power (undated and executed in blank), in each case, in form and substance reasonably satisfactory to the Lender.

(c) *Flow of Funds Memorandum*. The Lender shall have received a flow of funds memorandum with respect to the transactions contemplated by the Loan Documents to occur as of the Effective Date.

(d) *Effective Date Certificate and Attachments*. The Lender shall have received an originally executed Effective Date Certificate, together with all applicable attachments, certifying as to the following: (i) the representations and warranties contained herein and in each of the other Loan Documents shall be true and correct on and as of the Effective Date; (ii) as of the Effective Date, the Senior Funded Debt to EBITDA Ratio does not exceed 3.00 to 1.00, on a pro forma basis; (iii) attached thereto is a true, complete and correct copy of each of the SPAC Merger Documents and any documents executed in connection therewith, together with copies of each opinion of counsel, if any, delivered to the parties under the SPAC Merger Documents; and (iv) attached thereto is a true, complete and correct copy of the Escrow Agreement.

(e) *Existing Indebtedness*. On the Effective Date, the applicable Loan Parties shall have: (i) repaid in full all of the Existing Indebtedness; (ii) terminated all commitments under the Existing Indebtedness, if any, to lend or make other extensions of credit thereunder; and (iii) delivered to the Lender all documents or instruments necessary to release all Liens securing the Existing Indebtedness.

(f) *Financial Statements.* The Lender shall have received the Historical Financial Statements.

(g) *Insurance.* The Lender shall have received a certificate from the Loan Parties' insurance broker or other evidence satisfactory to it that all insurance required to be maintained pursuant to Section 5.3 is in full force and effect and that the Lender has been named as additional insured and loss payee thereunder to the extent required under Section 5.3.

(h) *Fees.* All fees, including the Facility Fee, due and payable on the Effective Date shall have been paid to the Lender.

(i) *No Material Adverse Change.* Since March 31, 2016, no event or change has occurred that has caused or evidences, either in any case or in the aggregate, a Material Adverse Effect.

(j) *Governmental Authorizations and Consents.* Each Loan Party shall have obtained all governmental authorizations and all consents of other Persons, in each case that are necessary in connection with the transactions contemplated by the Loan Documents and each of the foregoing shall be in full force and effect and in form and substance reasonably satisfactory to the Lender, if any.

(k) *No Litigation.* There shall not exist any action, suit, investigation, litigation or proceeding or other legal or regulatory developments, pending or threatened in any court or before any arbitrator or Governmental Authority that, in the reasonable opinion of the Lender, singly or in the aggregate, materially impairs the transactions contemplated by the Loan Documents, or that could reasonably be expected to have a Material Adverse Effect.

(l) *"Know-Your-Customer", Etc.* The Lender shall have received at least two (2) Business Days prior to the Effective Date such "know your customer" anti-money laundering rules and Patriot Act information about the Borrower and the Guarantors as they shall have reasonably requested in writing at least five (5) Business Days prior to the Effective Date.

3.2 Conditions to Making Advances. The making of Advances under this Agreement is subject to the satisfaction, at or before the making of each such Advance, of the following further conditions:

(a) The representations and warranties contained herein and in the other Loan Documents shall be true and correct in all material respects on and as of the date of the making of any such Advance with the same force and effect as though made on and as of such date.

(b) The making of such Advance shall not subject the Lender to any penalty or special tax and shall not be prohibited by any law or governmental order or regulation applicable to any Loan Party or the Lender.

(c) No Default or Event of Default shall exist hereunder or under any other Loan Document after giving effect to the proposed Advance.

(d) Since the delivery of the financial statements last delivered to the Lender pursuant to Section 5.2 hereof, there has been no material adverse change in the business, assets or condition, financial or otherwise, or the results of operations of the Loan Parties (on a consolidated basis).

(e) All fees, including without limitation the Commitment Fee, if any, and any Letter of Credit Fees then due and payable on or before the date of the making of such Advance shall have been paid to the Lender.

Each borrowing request made by the Borrower pursuant to Section 2.1(d) shall constitute a representation and warranty by the Borrower that the conditions set forth in this Section 3.2 have been satisfied.

3.3 Conditions to Making Delayed Draw Term Loan. The making of the Delayed Draw Term Loan under this Agreement is subject to the satisfaction, at or before the Delayed Draw Term Loan, of the following further conditions:

(a) The Delayed Draw Funding Date shall have occurred on or prior to the Delayed Draw Termination Date.

(b) The following shall have occurred (or shall occur concurrently with the making of the Delayed Draw Term Loan on the Delayed Draw Funding Date), and the Lender shall have received an originally executed certificate, together with all applicable attachments, certifying as to the following:

(i) all transactions in connection with the Option Closing shall be consummated, in all material respects, in accordance with all applicable laws and in conformity with all applicable governmental authorizations;

(ii) on a pro forma basis, after giving effect to the Option Closing and any financing thereof, (A) the Borrower shall be in compliance with the financial covenants set forth in Section 7.1 and (B) the Senior Funded Debt to EBITDA Ratio shall not exceed 3.00 to 1.00;

(iii) immediately prior to giving effect to the Option Closing, the Acquired Option Companies, collectively, have positive EBITDA, as determined based upon financial statements for their most recently completed fiscal year and their most recent interim financial period completed within forty-five (45) days prior to the date of consummation of the Option Closing; and

(iv) each Acquired Option Company shall be a direct wholly-owned Subsidiary of the Borrower.

(c) The Borrower shall have delivered to the Lender at least ten (10) Business Days prior to the date on which the Option Closing is consummated, (i) a due diligence package reasonably satisfactory to the Lender (including drafts of acquisition documents, together with related disclosure schedules, a summary description of such acquisition, all insurance policies (if applicable), any environmental reports (if applicable) prepared by, or on behalf of, each Acquired Option Company, (ii) updated projections determined on a pro forma basis giving effect to the Option Closing, and (iii) upon request by the Lender, in its sole discretion, a quality of earnings report from a third party firm reasonably acceptable to the Lender.

(d) The Lender shall have received from the Borrower the Delayed Draw Term Note duly executed by the Borrower.

(e) Immediately prior to and after giving effect to the Option Closing, the representations and warranties contained herein and in the other Loan Documents shall be true and correct in all material respects on and as of the date of the making of the Delayed Draw Term Loan with the same force and effect as though made on and as of such date.

(f) The making of the Delayed Draw Term Loan shall not subject the Lender to any penalty or special tax and shall not be prohibited by any law or governmental order or regulation applicable to any Loan Party or the Lender.

(g) No Default or Event of Default shall exist hereunder or under any other Loan Document after giving effect to the proposed Delayed Draw Term Loan and the Option Closing.

(h) Since the delivery of the financial statements last delivered to the Lender pursuant to Section 5.2 hereof, there has been no material adverse change in the business, assets or condition, financial or otherwise, or the results of operations of the Loan Parties (on a consolidated basis).

(i) All fees, including without limitation the Delayed Draw Ticking Fee, if any, then due and payable on or before the date of the making of the Delayed Draw Term Loan shall have been paid to the Lender.

(j) The Borrower shall have:

(i) Caused each Acquired Option Company to become a Guarantor under the Guaranty Agreement by executing and delivering to the Lender an originally executed joinder to the Guaranty Agreement, in form and substance reasonably satisfactory to the Lender.

(ii) Delivered to the Lender an originally executed Pledge Agreement executed by the Borrower pursuant to which all of the equity interests in the Acquired Option Companies shall be pledged to secure the Obligations subject to the terms and conditions therein.

(iii) Delivered to the Lender an original stock certificate issued by each Acquired Option Company, representing the Borrower's ownership of 100% of the equity interests in such Acquired Option Company, together with a transfer power (undated and executed in blank), in each case, in form and substance reasonably satisfactory to the Lender.

(iv) Delivered to the Lender an originally executed certificate from the secretary or assistant secretary of each Acquired Option Company, together with all applicable attachments, certifying (A) that attached copies of such Acquired Option Company's governing documents (Certificate of Incorporation and Bylaws) are true and complete, and in full force and effect, without amendment except as shown, (B) that an attached copy of resolutions authorizing execution and delivery of the Loan Documents to which such Acquired Option Company is a party is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this Agreement and the Loan Documents, (C) to the title, name and signature of each Person authorized to sign the Loan Documents and (D) that an attached copy of the certificate of good standing of such Acquired Option Company certified by the Secretary of State of the jurisdiction of its incorporation is true and complete.

Provided, that, if (x) the Borrower shall have notified the Lender of its election not to consummate the Option Closing and shall have proposed that the proceeds of the Delayed Draw Term Loan be used to finance a Permitted Acquisition, and (y) the Lender shall have approved such proposal, in its sole discretion, then the Lender may modify subclauses (b), (c) and (g) of this Section 3.3 accordingly. Each borrowing request made by the Borrower pursuant to Section 2.3 shall constitute a representation and warranty by the Borrower that the conditions set forth in this Section 3.3 have been satisfied.

4. REPRESENTATIONS AND WARRANTIES.

In order to induce the Lender to enter into this Agreement and to extend credit to the Borrower hereunder, the Borrower hereby represents and warrants to the Lender as follows:

4.1 Authority of the Loan Parties; Equity Interests and Ownership.

(a) Each Loan Party (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) is duly and legally qualified to do business and is in good standing in each state or jurisdiction where the failure to be so qualified would have a Material Adverse Effect, and (iii) has powers adequate for the execution, delivery and performance of its obligations under the Loan Documents and for carrying on the business now conducted or proposed to be conducted by it.

(b) The equity interests of each Loan Party have been duly authorized and validly issued and are fully paid and non-assessable. Except as set forth on Schedule 4.1, there is no existing option, warrant, call, right, commitment or other agreement (including preemptive rights) to which any Loan Party is a party requiring, and there is no equity interest of any Loan Party outstanding which upon conversion or exchange would require, the issuance by such Loan Party of any additional equity interests of such Loan Party or other securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase, equity interests of such Loan Party. Schedule 4.1 correctly sets forth the ownership interest of the Loan Parties as of the Effective Date.

4.2 Execution, Delivery and Effect of Documents. Each of this Agreement and the other Loan Documents to which the respective Loan Party is a party has been duly executed and delivered by or on behalf of such Loan Party pursuant to authority legally adequate therefor, and each of such Loan Documents is in full force and effect and is a legal, valid and binding obligation of such Loan Party and is enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

4.3 Legal Proceedings. Except as set forth on Schedule 4.3, there are no actions, suits or proceedings (including, without limitation, any proceeding in the nature of bankruptcy or for reorganization or arrangement) or investigation at law or in equity, or before or by any court or public board or body, contemplated by or pending, to the knowledge of the Loan Parties, threatened against or affecting any Loan Party, or to the knowledge of any Loan Party any basis therefor, wherein an unfavorable decision, ruling or finding would reasonably be expected to have a Material Adverse Effect.

4.4 Compliance with Law, Etc. Each Loan Party is not, and the execution, delivery and performance of this Agreement and each of the Loan Documents to which it is a party and the consummation of the transactions contemplated thereby will not be: (i) in violation of any term or provision of its governing documents (Certificate of Incorporation, Certificate of Formation, Bylaws, or Operating Agreement, as applicable), or (ii) in violation of or default under any term or provision of any security agreement, or other agreement or other instrument or document by which such Loan Party is bound or affected, or (iii) in violation of any material judgment, order, writ, injunction, decree or demand of any Governmental Authority, or (iv) in material violation of any law, statute, ordinance, rule or regulation by which such Loan Party is bound or affected. No approval by, authorization of, or filing by any Loan Party with any federal, state, municipal or other governmental commission, board, agency or authority is necessary in connection with the execution and delivery of this Agreement or any of the other Loan Documents by the Loan Parties, other than those obtained prior to the Effective Date or the filing of any financing statements required to perfect any security interests granted to the Lender under the Loan Documents.

4.5 Financial Statements. All financial statements of the Loan Parties furnished to the Lender in connection herewith were prepared in accordance with GAAP (except as therein otherwise set forth and except with respect to financial statements delivered prior to the date of this Agreement), and fairly present the financial condition of the Loan Parties covered thereby at the dates thereof and the results of their operations for the periods covered thereby (subject to year-end adjustments and the absence of footnotes in the case of interim financial statements), and none of the Loan Parties has any known contingent liabilities of any material amount which are not referred to in such financial statements or in the notes thereto. The Borrower has provided the Lender with (a) audited consolidated financial statements of the Borrower and its Subsidiaries for the Fiscal Years ended March 31, 2014, March 31, 2015 and March 31, 2016, respectively, (b) management prepared consolidated financial statements of the Loan Parties for its six-month fiscal period ending September 30, 2016 and (c) a profit and loss statement of the Loan Parties for the six-month period ending September 30, 2016 (the "**Historical Financial Statements**"). Such Historical Financial Statements fairly present the results of operations and financial condition of the Loan Parties for the periods indicated therein.

4.6 Changes in Condition. Since the date of the most recently delivered financial statements referred to in Section 4.5 hereof, there has been no change in the business, assets, or condition, financial or otherwise, or the results of operations, of the Loan Parties, taken as a whole, which would reasonably be expected to result in a Material Adverse Effect. Since such date, except for the transactions described in the preceding sentence, none of the Loan Parties has entered into any material transaction outside of the ordinary course of business.

4.7 Burdensome Obligations. No Loan Party is a party to or bound by any material agreement, deed, lease or other instrument, or subject to any charter, by-law or other corporate or other restriction which, in the opinion of the Borrower's management, is so unusual or burdensome as to have a Material Adverse Effect on the Borrower taken as a whole. The Borrower does not presently anticipate that future expenditures needed to meet the provisions of federal or state statutes, orders, rules or regulations will be so burdensome as to have a Material Adverse Effect on the Loan Parties taken as a whole.

4.8 Tax Returns. Each Loan Party has filed (or have otherwise been granted extensions) all tax returns which are required to be filed, and, if applicable, each Loan Party has paid, or made adequate provision for the payment of, all taxes shown as due on returns and assessments received or as a result of any matters raised by audits or other causes known to the applicable Loan Party except with respect to taxes which need not be paid pursuant to the provisions of Section 5.4 hereof. The charges, accruals and reserves on the books of the Loan Parties in respect of any taxes or other governmental charges are adequate in all material respects.

4.9 Business. The Loan Parties are not engaged in any lines of business other than the business of operating Asian/Chinese supermarkets and wholesale facilities that sell food and various other merchandise and have received all material approvals, permits and licenses and has filed all notices necessary to conduct such business in the jurisdictions in which they are presently conducting such business, except where the failure to receive such approval, permit or license will not have a Material Adverse Effect.

4.10 Events of Default. No Default or Event of Default hereunder or under any other Loan Document has occurred and is continuing.

4.11 Fiscal Year. The fiscal year (the "*Fiscal Year*") of the Loan Parties ends on March 31st of each year.

4.12 ERISA. Each pension or other employee benefit plans established or maintained by the Loan Parties or to which contributions are made by it, other than any multiemployer plan (within the meaning of Section 3(37) of ERISA) (the "*Plans*") is in material compliance with the applicable provisions of the Employee Retirement Income Security Act of 1974 (or any successor provisions) and the rules and regulations thereunder (collectively, as from time to time in effect, "*ERISA*"), except as any such noncompliance would not reasonably be expected to result in a Material Adverse Effect. Each Loan Party has met all of the funding standards applicable to such Plans, and there exists no event or condition which would reasonably be expected to result in the institution of proceedings to terminate any Plan under Section 4042 of ERISA. The current value of the Plans' benefits guaranteed under Title IV of ERISA does not exceed the current value of the Plans' assets allocable to such benefits. None of the Loan Parties maintains any "defined benefit plan" that is subject to Title IV of ERISA as of the Effective Date.

4.13 Brokers. None of the Loan Parties has any knowledge of any broker or other Person (the “*Broker*”) who may have a claim for a commission, fee or like payment arising out of or in connection with the transactions contemplated by the Loan Documents. The Loan Parties are solely responsible for the fees and expenses of the Broker or any other broker, if any.

4.14 Patents, Copyrights, Permits, Trademarks and Licenses. Each Loan Party has and shall at all times have rights with respect to all of the material patents, trademarks, permits, service marks, trade names, copyrights, and licenses which are necessary for the present conduct of its business, without any conflict with the rights of others which might have a Material Adverse Effect on such Loan Party.

4.15 Labor Matters. In each case, except as would not reasonably be expected to result in a Material Adverse Effect: (i) there are no strikes, other labor disputes, slow downs, walkouts, or other concerted interruptions of operations by employees or grievances pending or, to the knowledge of the Loan Parties, threatened against any Loan Party; (ii) none of the Loan Parties is engaged in any unfair labor practice and there are no unfair labor practice charges or grievances pending or in process or, to the knowledge of the Loan Parties, threatened by or on behalf of any employee or group of employees of any Loan Party, including out of or under any collective bargaining agreement, and no written complaints have been received by any Loan Party, or, to the knowledge of the Loan Parties, threatened, or, with respect to unresolved complaints, on file, with any Governmental Authority, including the National Labor Relations Board, alleging employment discrimination by any Loan Party; (iii) hours worked by and payments made to employees of the Loan Parties have not been in violation of the Fair Labor Standards Act or any other applicable law dealing with such matters; (iv) all payments due from the Loan Parties on account of employee health insurance have been paid or accrued as a liability on its books in accordance with GAAP to the extent required by GAAP, and (v) all payments due from the Loan Parties pursuant to the provisions of any collective bargaining agreement have been paid or accrued as a liability on the books of the Loan Parties to the extent required by GAAP. There exists no collective bargaining agreement in effect as of the date of this Agreement with respect to the Loan Parties. No union representation question exists with respect to the employees of the Loan Parties and, to the knowledge of the Loan Parties, no union organizing activities are taking place with respect to any thereof.

4.16 Solvency. As of the date of this Agreement:

(a) The fair salable value of the assets of the Loan Parties, taken as a whole, exceed as of the Effective Date and will, immediately following the making of each Loan on the Effective Date, and after giving effect to the application of the proceeds of such Loans, exceed the amount that will be required to be paid on or in respect of their existing debts and other liabilities (including contingent liabilities) as they mature, taken as a whole.

(b) The assets of the Loan Parties, taken as a whole, do not as of the Effective Date and will not, immediately following the making of each Loan on the Effective Date, and after giving effect to the application of the proceeds of such Loans, constitute unreasonably small capital to carry out their business as conducted or as proposed to be conducted, taken as a whole.

(c) The Loan Parties, taken as a whole, do not intend to or believe that they will, incur debts beyond their ability to pay such debts as they mature taking into account the timing of and amounts of cash to be received by the Loan Parties and the timing of and amounts of cash to be payable on or in respect of indebtedness of the Loan Parties, taken as a whole, on the Effective Date.

4.17 Title to Assets. Each Loan Party has good and marketable title to all assets carried on its books and reflected in the financial statements heretofore delivered to the Lender pursuant to Section 4.5 hereof or acquired by it subsequent to the date thereof, subject to no Liens other than Permitted Encumbrances, except as noted in such financial statements.

4.18 Hazardous Materials. The Loan Parties have never, to their knowledge, occupied or operated a site or vessel on which any hazardous material or oil was stored or transported without compliance with all statutes, regulations, ordinances, directives, and orders of every Governmental Authority which has or claims jurisdiction relative thereto; disposed of, transported, or arranged for the transport of any hazardous material or oil without compliance with all such statutes, regulations, ordinances, directives, and orders; been legally responsible for any release or threat of release of any hazardous material or oil; received notification of any potential or known release or threat of release of any hazardous material or oil from any site or vessel occupied or operated by any Loan Party and/or of the incurrence of any expense or loss in connection with the assessment, containment, or removal of any release or threat of release of any hazardous material or oil from any such site or vessel, in each case, which would reasonably be expected to result in a Material Adverse Effect.

4.19 Government Regulation. The Loan Parties are not subject to regulation under the Investment Company Act of 1940 as from time to time amended, and is not subject to any statute or regulation which regulates the incurring of Indebtedness for borrowed money, including, without limitation, statutes or regulations relating to common or contract carriers or to the sale of electricity, gas, steam, water, telephone or telegraph or other public utility services, other than state laws or statutes which have been complied with on or prior to the date hereof.

4.20 Margin Regulations. None of the proceeds of the borrowings made pursuant to this Agreement will be used for the purpose, whether immediate, incidental, or ultimate, of purchasing or carrying any margin stock or for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry any margin stock or for any other purpose which might constitute this Agreement or any Loan(s) a "purpose credit" within the meaning of Regulations G, T, U or X (or any successor provisions) of the Board of Governors of the Federal Reserve System, in each case in violation of such regulations. The Borrower will not take, or permit any Person acting on its behalf or on behalf of any other Loan Party to take, any action which might cause this Agreement or any Loan Document to violate any regulation of the Board of Governors of the Federal Reserve System.

4.21 Disclosure. Neither this Agreement nor any other Loan Document contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading. There is no fact known to any Loan Party which is not in the public domain and which materially and adversely affects or in the future may (so far as the Borrower has knowledge of) have a Material Adverse Effect on the Loan Parties, taken as a whole.

4.22 Incorporation by Reference. The representations and warranties of the Loan Parties contained in each of the other Loan Documents are true and correct on the date hereof (or if made as of an earlier date, are true and correct on the date hereof, or true and correct in all material respects, as of such earlier date), and such representations and warranties are incorporated in this Agreement as though fully set forth herein.

4.23 Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by each Loan Party and its directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and each Loan Party and its officers and employees and, to the knowledge of the Borrower, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Loan Parties or any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of any Loan Party that will act in any capacity in connection with or benefit from the credit facilities established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

5. AFFIRMATIVE COVENANTS.

Until the Obligations shall have been paid in full (other than contingent indemnification obligations for which no claim has been asserted) and/or for so long as the Lender shall be committed to make any Loans or issue any Letters of Credit under this Agreement, the Borrower covenants that it will comply with the following:

5.1 Compliance with Laws, Etc. The Borrower shall, and shall cause each other Loan Party to, (i) comply with all the terms and provisions contained in the governing documents (Certificate of Incorporation, Certificate of Formation, Bylaws, or Operating Agreement, as applicable) of the Loan Parties; (ii) do all things necessary to maintain, preserve, protect and keep its properties in good repair, working order and condition (normal wear and tear excepted) and will from time to time make all necessary and proper repairs, renewals, replacements, additions and improvements thereto so that its business carried on in connection therewith may be properly conducted at all times; (iii) comply in all material respects at all times with the provisions of all policies of insurance, leases and other material agreements to which it is a party during the effective period thereof so as to prevent any waste, loss, destruction or forfeiture thereof or thereunder unless compliance therewith is being currently contested in good faith by appropriate proceedings and no material risk of any of the foregoing shall exist; (iv) do all things necessary to preserve, renew and keep in full force and effect and in good standing its existence and material qualifications and rights necessary or desirable in the ordinary conduct of its business; (v) comply with any judgment, order, writ, injunction, decree or demand of any Governmental Authority by which the Borrower is bound or affected, except where the failure to so comply will not have a Material Adverse Effect; (vi) comply with the provisions of all laws, statutes, ordinances, by-laws, rules and regulations by which the Borrower is bound or affected, except where the failure to so comply will not have a Material Adverse Effect; and (vii) conduct its business substantially in the same manner and in substantially the same fields of enterprise as presently conducted and as is normal and customary in like businesses.

5.2 Financial Statements and Other Information.

(a) The Borrower shall deliver or cause to be delivered to the Lender in form reasonably satisfactory to the Lender, as soon as available and in any event within one hundred twenty (120) days after the end of each Fiscal Year of the Loan Parties, the audited, consolidated or consolidating balance sheets (as applicable) and the related consolidated or consolidating statements of income (as applicable), stockholders' equity and cash flows for the Fiscal Year then ended, said statements being prepared in accordance with GAAP, and being accompanied by the unqualified reports or certificates of independent certified public accountants satisfactory to the Lender, together in each case with the certificate of the Chief Executive Officer of the Borrower or the duly designated appointee of such officer, who shall be an officer of the Borrower (each of the foregoing officers being referred to herein as a "**Certifying Officer**") that such officer has caused the provisions of this Agreement to be reviewed and has no knowledge of any Default or if any such officer has such knowledge, specifying such Default and the nature thereof, and what action the Borrower has taken, is taking or proposes to take with respect thereto. Concurrently with its delivery of such audited financials, the Borrower shall also furnish to the Lender any management letter furnished to any Loan Party by any auditor. Until such time as the Lender notifies the Borrower otherwise in writing, Friedman LLP are independent certified public accountants acceptable to the Lender.

(b) The Borrower shall deliver or cause to be delivered to the Lender as soon as available and in any event within forty-five (45) days after the start of each Fiscal Year financial projections (presented on a monthly basis) in such form as shall be reasonably satisfactory to the Lender for the succeeding Fiscal Year (the "**Budget**"), which projections or reports shall be accompanied by a statement of the Certifying Officer, to the effect that, to the best of his knowledge, such projections and reports are based on good faith estimates and assumptions that management believes are reasonable and attainable, it being noted that projections as to future events are not to be viewed as facts and that the actual results during the period or periods covered by such projections may differ from the projected results in a material manner.

(c) The Borrower shall deliver or cause to be delivered to the Lender as soon as available and in any event within sixty (60) days after the end of each quarter of each Fiscal Year of the Loan Parties, the internally prepared consolidated or consolidating balance sheets (as applicable) and related consolidated or consolidating statements of income (as applicable), balance sheet and statement cash flows for the portion of the Fiscal Year then ending (including on a month-to-date and year-to-date basis, with comparisons to the monthly and year-to-date Budget), accompanied by (i) a certificate of the Certifying Officer that such statements have been prepared in accordance with GAAP (other than as set forth below), and are correct subject only to normal year end audit adjustments and the absence of footnotes, and (ii) the certificate of a Certifying Officer of the Borrower that such officer has caused the provisions of this Agreement to be reviewed and has no knowledge of any Default, or if such officer has such knowledge, specifying such Default and the nature thereof and what action the Borrower has taken, is taking or proposes to take with respect thereto.

(d) A Certifying Officer of the Borrower shall deliver to the Lender a certificate in the form of Exhibit C attached hereto (a “**Compliance Certificate**”) (i) within sixty (60) days after the end of each quarter of each Fiscal Year of the Borrower, and (ii) as required pursuant to Section 3.2(b), in the case of clauses (i) and (ii) only setting forth the financial information contained in Section 5.2(c) together with the calculations of the financial covenants set forth in Section 7 hereof, and in the case of clause (iii) only setting forth the calculations of the financial covenants set forth in Section 7 together with financial statements supporting such calculations.

(e) The Borrower shall give the Lender written notice within ten (10) days of any litigation, arbitration or administrative proceeding to which the Borrower or any Guarantor may hereafter become a party and which may involve any material risk of any judgment or liability not fully covered by insurance (other than applicable deductibles), in each case, which would be reasonably expected to result in any Material Adverse Effect. The Borrower shall within three (3) Business Days, upon request of the Lender, give the Lender a copy of any report filed with any insurance company with whom a reporting form of policy is carried.

(f) The Borrower shall provide the Lender with written notice upon the Borrower’s obtaining knowledge of any material potential or known release or threat of any release of hazardous material or oil at or from any site or vessel owned, occupied, or operated by any Loan Party or by any Person for whose conduct any Loan Party is responsible, which is in material violation of applicable law; upon any Loan Party’s receipt of any notice to such affect from any Governmental Authority; and/or upon any Loan Party’s obtaining knowledge of any incurrence or any expense or loss by such Governmental Authority in connection with the assessment, containment, or removal of any hazardous material or oil for which expense or loss any Loan Party or such Person may be liable.

(g) Within three (3) Business Days upon acquiring knowledge thereof, the Borrower shall notify the Lender in writing of the existence of any Default or Event of Default and of any other development which might have a Material Adverse Effect on the Loan Parties, taken as a whole, specifying the nature thereof and what action the Loan Parties have taken, are taking or propose to take with respect thereto.

(h) The Borrower will furnish the Lender with copies of any request for waiver of the funding standards or extension of the amortization periods required by ERISA within three (3) Business Days after any such request is submitted to the Internal Revenue Service. Within three (3) Business Days after a reportable event as defined by Section 4043 of ERISA occurs and is required to be reported to the Pension Benefit Guaranty Corporation (the “**PBGC**”), or any Loan Party receives notice that the PBGC has instituted or intends to institute proceedings under Section 4042 of ERISA to terminate a Plan, or prior to the Plan administrator’s terminating a Plan pursuant to Section 4041 of ERISA, the Borrower will notify the Lender, and will furnish to the Lender a copy of any notice of such reportable event which is required to be filed with the PBGC, or any notice delivered by the PBGC evidencing its institution of such proceedings or its intent to institute such proceedings, or any notice to the PBGC that a Plan is to be terminated, as the case may be.

(i) From time to time upon reasonable prior written request of any authorized representative of the Lender, the Borrower will furnish or cause to be furnished to the Lender such other information regarding the business, assets, or condition, financial or otherwise, or the results of operations of the Loan Parties as such representative may reasonably request. Upon reasonable prior written notice to the Borrower, the Lender's authorized representatives shall have the right during normal business hours to examine the books and records of any Loan Party, to make copies, notes and abstracts therefrom, and to make an independent examination or audit of its books and records for the purpose of verifying the accuracy of the reports delivered by the Borrower pursuant to this Section 5.2 or otherwise and ascertaining compliance with this Agreement and the other Loan Documents; provided, that unless an Event of Default has occurred and is continuing the Borrower shall not be responsible for the reasonable out-of-pocket costs and expenses of the Lender in connection with each such examination, inspection or audit more than three (3) times per Fiscal Year.

(j) The Borrower shall notify the Lender, within three (3) days, of any change in the senior executive management (including, without limitation, the Chairman, the Chief Executive Officer and the Chief Operating Officer) of any Loan Party.

5.3 Insurance. The Borrower will maintain or cause to be maintained, with financially sound and reputable insurers, insurance on its properties and the properties of the other Loan Parties against loss or damage by fire, explosion, hazards insured against by extended coverage and other hazards and risks and insurance against liability to persons and property to the extent and in the manner customary for companies in similar businesses similarly situated. Each such policy of insurance shall (i) in the case of liability insurance policies, name the Lender as an additional insured thereunder as its interests may appear and (ii) in the case of each casualty insurance policy, contain a loss payable clause or endorsement, satisfactory in form and substance to the Lender, that names the Lender as the loss payee thereunder for any covered loss.

5.4 Payments. The Borrower shall pay or cause to be paid promptly when due all taxes, betterments, assessments and other governmental levies, insurance premiums and other charges, to whomever and whenever laid or assessed, whether on this Agreement, any other Loan Document or on any interest therein or on the Obligations, or on any of its properties, sales and activities, or any part thereof, or upon the income or profits therefrom, as well as all trade debts, lease or mortgage obligations, purchase money installments, equipment lease obligations and claims for labor, materials or supplies which if unpaid might by law become a Lien upon any of its property; provided, however, that, except to the extent otherwise provided in any other Loan Document, any such tax, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if the Borrower shall have set aside on its books appropriate reserves with respect thereto; and provided, further, that, subject to the immediately preceding proviso, the Borrower will pay all such taxes, assessments, levies or other governmental charges forthwith upon the commencement of proceedings to foreclose any Lien which may have attached as security therefor.

5.5 Use of Proceeds. The Borrower shall (a) use the proceeds of the Advances for working capital and general corporate purposes of the Borrower, (b) use the proceeds of the Effective Date Term Loan (i) for the payment of fees, costs and expenses incurred by E-compass in connection with the proposed SPAC Merger Transactions in an aggregate amount not to exceed \$1,030,000 in accordance with the Escrow Agreement, (ii) to repay the Existing Indebtedness and (iii) to consummate Permitted Acquisitions and to pay the related fees, costs and expenses incurred by the Borrower in connection with such Permitted Acquisitions, and (c) use the proceeds of the Delayed Draw Term Loan to consummate the Option Closing and, subject to the prior approval of the Lender and the proviso set forth in Section 3.3, any Permitted Acquisition, and to pay the related fees, costs and expenses incurred by the Borrower in connection with any such acquisition.

5.6 Bank Accounts.

(a) Except as otherwise agreed by the Lender, the Borrower shall, and shall cause the other Loan Parties to, within thirty (30) days after the Effective Date, transfer and maintain with the Lender, in order to permit the Lender to monitor the financial condition of the Borrower and in order to effectuate the payment mechanisms established pursuant to Section 2 hereof, all of the Loan Parties' primary depository accounts, except the local depository accounts listed on Schedule 5.6.

(b) The Borrower will not, and shall cause the other Loan Parties not to, directly or indirectly, establish any new bank account (other than bank accounts established with the Lender) without prior written notice to the Lender and unless the Lender, the Borrower or such Loan Party and the bank at which the account is to be opened enter into a control agreement regarding such bank account pursuant to which such bank acknowledges the security interest of the Lender in such bank account, agrees to comply with instructions originated by the Lender directing disposition of the funds in the bank account without further consent from the Borrower, and agrees to subordinate and limit any security interest the bank may have in the bank account on terms satisfactory to the Lender.

(c) The Borrower shall not transfer the proceeds of any Loan to a bank account that is not established with the Lender or a bank account that is established with any other bank that is not subject to a control agreement pursuant to Section 5.6(b) or Section 5.13(d) without the prior written consent of the Lender; provided, that (i) the Borrower may utilize the proceeds of the Loans drawn on the Effective Date in accordance with the flow of funds memorandum delivered to the Lender pursuant to Section 3.1(c) and (ii) the Borrower may utilize the proceeds of the Loans in accordance with the terms set forth in Section 5.5.

5.7 Estoppel Certificates. If and to the extent from time to time requested by the Lender in connection with the sale or participation of the Loans to a third party with the consent of the Borrower (not to be unreasonably withheld or delayed) so long as no Event of Default has occurred and is continuing, the Borrower shall furnish to the Lender written statements, signed and, if so requested, acknowledged, setting forth the amount of the Obligations which the Borrower acknowledges to be due to the Lender, specifying any claims of offset or defense which the Borrower asserts against the Obligations or any obligations to be performed hereunder, and such other matters as the Lender shall request.

5.8 Fees. The Borrower shall pay all fees to the Lender as from time to time required by this Agreement.

5.9 ERISA. The Borrower shall, and shall cause the other Loan Parties to, meet all minimum funding requirements applicable to any Plans which are subject to Title IV of ERISA, and, except for any noncompliance that would not reasonably be expected to result in a Material Adverse Effect, shall, and cause the other Loan Parties to, at all times comply in all material respects with the provisions of ERISA which are applicable to the Plans. The Borrower shall, and shall cause the other Loan Parties to, at no time permit the current value of the Plans' benefits guaranteed under Title IV of ERISA to exceed the current value of the Plans' assets allocable to such benefits. The Borrower shall not permit, and shall cause the other Loan Parties to not permit, any event or condition to exist which could permit the Plans to be terminated under circumstances which would cause the Lien provided for in Section 4068 of ERISA to attach to the assets of any Loan Party.

5.10 Subsidiaries. As of the date any Person becomes, directly or indirectly, a Subsidiary of the Borrower or any of its Subsidiaries, the Borrower shall:

(a) Promptly send to the Lender written notice setting forth with respect to such Person the date on which such Person became a Subsidiary of the Borrower or its Subsidiary, as applicable.

(b) With respect to each Subsidiary, promptly cause such Subsidiary to become a Guarantor under the Guaranty Agreement and a grantor under the Security Agreement by executing and delivering to the Lender a joinder agreement, in form and substance reasonably satisfactory to the Lender.

(c) With respect to each Subsidiary, take all such actions and execute and deliver, or cause to be executed and delivered, all such applicable documents, instruments, agreements, and certificates as are similar to those described in Section 3.1(a)(x).

(d) With respect to each Subsidiary, deliver all such applicable documents, instruments, agreements, and certificates, as applicable, necessary to grant and to perfect a first priority Lien in favor of the Lender under the Security Agreement (but subject to any limitations sets forth therein) in the equity interests of such Subsidiary and in all of the personal property of such Subsidiary.

5.11 Further Assurances. Upon the Lender's request from time to time, the Borrower shall, and shall cause the other Loan Parties to, make, execute, acknowledge and deliver, and file and record, if applicable, all such instruments and take all such action as the Lender or counsel for the Lender may reasonably deem necessary or advisable to carry out the intent and purposes of this Agreement and the other Loan Documents or any other document, instrument or agreement contained or referred to herein or therein.

5.12 SPAC Merger. Upon the consummation of the Redomestication Merger and the SPAC Merger (the date of such consummation being, the “*SPAC Merger Date*”), the Borrower shall, within ten (10) Business Days following the SPAC Merger Date:

(a) Joinder to Guaranty. Cause iFresh to become a Guarantor under the Guaranty Agreement by executing and delivering to the Lender an originally executed joinder to the Guaranty Agreement, in form and substance reasonably satisfactory to the Lender.

(b) Pledge Agreement. Deliver to the Lender an originally executed Pledge Agreement executed by iFresh pursuant to which all of the equity interests in the Borrower shall be pledged to secure the Obligations subject to the terms and conditions therein.

(c) Stock Certificate and Stock Power. Deliver to the Lender an original stock certificate issued by the Borrower, representing iFresh’s ownership of 100% of the equity interests in the Borrower, together with a transfer power (undated and executed in blank), in each case, in form and substance reasonably satisfactory to the Lender.

(d) Secretary’s Certificate and Attachments. Deliver to the Lender an originally executed certificate from the secretary or assistant secretary of iFresh, together with all applicable attachments, certifying (i) that attached copies of iFresh’s governing documents (Certificate of Incorporation and Bylaws) are true and complete, and in full force and effect, without amendment except as shown, (ii) that an attached copy of resolutions authorizing execution and delivery of the Loan Documents to which iFresh is a party is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this Agreement and the Loan Documents, (iii) to the title, name and signature of each Person authorized to sign the Loan Documents and (iv) that an attached copy of the certificate of good standing of iFresh certified by the Secretary of State of the State of Delaware is true and complete.

(e) Officer’s Certificate. Deliver to the Lender an originally executed certificate, together with all applicable attachments, certifying (i) that the SPAC Merger and the Redomestication Merger have been consummated in accordance with all applicable laws and in accordance with the terms and conditions of the SPAC Merger Documents in all material respects without any waiver, amendment, supplement or other modification that is materially adverse to the Lender and (ii) that attached copies of certificates of merger have been filed with the Secretary of State of the State of Delaware in connection with the SPAC Merger and the Redomestication Merger, respectively.

For the avoidance of doubt, the Borrower and the Lender acknowledge and agree that the consummation of the Redomestication Merger and the SPAC Merger may not occur, and the failure of such transactions to consummate under the SPAC Merger Agreement shall not constitute a Default or an Event of Default under this Agreement.

5.13 Post-Closing Obligations.

(a) Pledge Agreement. In the event that the SPAC Merger does not occur by February 18, 2017, the Borrower shall promptly (but in any event, no later than March 3, 2017) deliver to the Lender an originally executed Pledge Agreement executed by each of the shareholders of the Borrower, pursuant to which all of the equity interests in the Borrower shall be pledged to secure the Obligations subject to the terms and conditions therein.

(b) New York Mart Ave U 2nd Inc. Within sixty (60) days following the Effective Date, the Borrower shall (i) deliver to the Lender evidence of reinstatement of U2 in the State of New York, (ii) cause U2 to become a Guarantor under the Guaranty Agreement by executing and delivering to the Lender an originally executed joinder to the Guaranty Agreement, in form and substance reasonably satisfactory to the Lender, (iii) deliver to the Lender an originally executed Pledge Agreement executed by the Borrower pursuant to which all of the equity interests in U2 shall be pledged to secure the Obligations subject to the terms and conditions therein, (iv) deliver to the Lender an original stock certificate issued by U2, representing the Borrower's ownership of 100% of the equity interests in U2, together with a transfer power (undated and executed in blank), and (v) deliver to the Lender an originally executed certificate from the secretary or assistant secretary of U2, together with all applicable attachments, certifying (A) that attached copies of U2's governing documents (Certificate of Incorporation and Bylaws) are true and complete, and in full force and effect, without amendment except as shown, (B) that an attached copy of resolutions authorizing execution and delivery of the Loan Documents to which U2 is a party is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this Agreement and the Loan Documents, (C) to the title, name and signature of each Person authorized to sign the Loan Documents and (D) that an attached copy of the certificate of good standing of U2 certified by the Secretary of State of the State of New York is true and complete.

(c) Insurance Endorsements. Within forty-five (45) days following the Effective Date, the Borrower shall deliver to the Lender insurance endorsements, satisfactory in form and substance to the Lender, that names the Lender as an additional insured and lender loss payee under the Loan Parties' liability and casualty insurance policies.

(d) Control Agreements. Within forty-five (45) days following the Effective Date, the Borrower shall deliver to the Lender a fully executed control agreement for each Effective Date Account pursuant to which the applicable depository bank acknowledges the security interest of the Lender in such Effective Date Account, agrees to comply with instructions originated by the Lender directing disposition of the funds in such Effective Date Account without further consent from the Borrower, and agrees to subordinate and limit any security interest the bank may have in such Effective Date Account on terms satisfactory to the Lender.

(e) Landlord Waiver and Consent Agreements. Within forty-five (45) days following the Effective Date, the Borrower shall cause each Loan Party to use commercially reasonable efforts to obtain and deliver to the Lender a Landlord Waiver and Consent Agreement from the lessor of each Effective Date Lease, in form and substance reasonably satisfactory to the Lender.

6. NEGATIVE COVENANTS.

Until the Obligations shall have been paid in full (other than contingent indemnification obligations for which no claim has been asserted) and/or for so long as the Lender shall be committed to make any Loans or issue any Letters of Credit under this Agreement, the Borrower covenants that it will comply with the following:

6.1 Hazardous Materials. The Borrower shall, and shall cause the other Loan Parties to: not dispose of any hazardous material or oil on any site or vessel occupied or operated by the Loan Parties, except in accordance with applicable law; not store on any site or vessel occupied or operated by any Loan Party, or transport or arrange for the transport of any hazardous material or oil except if such storage or transport is in the ordinary course of the Loan Parties' business and is in compliance with all such statutes, regulations, ordinances, directives and orders.

6.2 Indebtedness. The Borrower shall not, and shall cause the other Loan Parties to not, create, incur or assume, either directly or indirectly, or otherwise become or remain liable with respect to any Indebtedness without the prior written consent of the Lender, except the following:

(a) Indebtedness in respect of the Obligations;

(b) Other Indebtedness in respect of purchase money obligations (including conditional sales contracts, capitalized leases and any other title retention or deferred purchase devices) in equipment for use in the ordinary course of business in an aggregate amount not to exceed \$250,000 outstanding at any time, together with any renewal, extension or refinancing thereof;

(c) Indebtedness of the Loan Parties in respect of taxes, assessments, governmental charges or levies to the extent that payment thereof shall not at the time be required to be made in accordance with the provisions of Section 5.4 hereof;

(d) Indebtedness in respect of endorsements made in connection with the deposit of items for credit or collection in the normal and ordinary course of business;

(e) Indebtedness in the nature of trade payables incurred in the ordinary course of business;

(f) Indebtedness of any Loan Party (other than iFresh) to any other Loan Party (other than iFresh);

(g) Hedging obligations in respect of any Secured Hedge Agreement that are not entered into for speculative purposes;

(h) Indebtedness in respect of netting services and overdraft protection in connection with deposit accounts in the ordinary course of business;

(i) Indebtedness described in Schedule 6.2; and

(j) Other unsecured Indebtedness of the Borrower in an aggregate outstanding amount not at any time exceeding \$200,000.

6.3 [Reserved].

6.4 Liens. The Borrower shall not, and shall cause the other Loan Parties to not, directly or indirectly, permit or suffer to be created or to remain, and shall discharge, or promptly cause to be discharged, any Lien on the property or assets of any Loan Party or any part thereof or interest therein, except the following (“*Permitted Encumbrances*”):

(a) purchase money mortgages, capital leases, conditional sales contracts, security interests, or other arrangements for the retention of title by the vendor, given to secure the payment of the purchase price incurred in connection with the acquisition or leasing of fixed assets and equipment useful and intended to be used in carrying on the business of the Borrower, provided that the Lien shall attach solely to the property purchased and that the Indebtedness secured by such Lien is permitted by Section 6.2(b);

(b) Liens for taxes, assessments or other governmental charges or levies or to secure claims for labor, material or supplies, and deposits of pledges made in connection with, or to secure payment of, worker’s compensation, unemployment insurance, old age pensions or other social security, or in connection with contests, to the extent that payment thereof shall not at the time be required to be made in accordance with Section 5.4 hereof;

(c) Liens imposed by law, zoning restrictions and municipal and other easements which do not or will not, in the aggregate, have a Material Adverse Effect on the Borrower;

(d) Liens in respect of judgments or awards to the extent that such judgments or awards are permitted as Indebtedness by the provisions of Section 6.2(d);

(e) Liens in favor of the Lender pursuant to the Security Agreement or any other Loan Document;

(f) restrictions under federal and state securities laws on the transfer of securities;

(g) set-off rights of depository institutions with which the Borrower or any Subsidiary maintains deposit accounts;

(h) Liens of carriers, warehousemen, mechanics, landlords and materialmen and other similar Liens imposed by law arising in the ordinary course of business and securing obligations that are not past due for more than sixty (60) days or are being diligently contested in good faith by appropriate proceedings and not involving any deposits or advances or borrowed money and for which it maintains adequate reserves in accordance with GAAP;

(i) deposits or pledges to secure bids, tenders, contracts, leases, statutory obligations, surety bonds and other obligations of like nature arising in the ordinary course of the Borrower’s business;

(j) leases, licenses, subleases or non-exclusive licenses granted to others not interfering in any material respect with the business of the Borrower;

(k) Liens of a collection bank arising under Section 4-210 of the UCC on items in the course of collection; and

(l) Liens arising from precautionary UCC filings regarding “true” operating leases.

6.5 Changes. The Borrower shall, and shall cause each other Loan Party to, at all times maintain its existence as a corporation, and each such Person shall not, without in each case the prior written consent of the Lender:

(a) change its Fiscal Year;

(b) change its legal structure in any manner;

(c) change the character or nature of its business or operations in which it is presently engaged or incidental thereto in any material respect;

(d) become a party to any merger or consolidation except (i) in connection with the SPAC Merger and (ii) in connection with Permitted Acquisitions permitted by Section 6.6, provided that the Borrower is the surviving entity thereof; or

(e) sell, transfer, convey, lease (as lessor) or otherwise dispose of any of its property or assets, except that each such Person may sell or otherwise dispose of (i) tangible assets to be replaced in the ordinary course of business by other tangible assets of equal or greater value; (ii) tangible assets that are worn out, obsolete or no longer used or useful in the business of such Person; (iii) sales of inventory in the ordinary course of business; (iv) dispositions of cash and Cash Equivalents; (v) non-exclusive licenses or sublicenses of intellectual property rights in the ordinary course of its business that do not impair the value thereof; (vi) sales of delinquent receivables in the ordinary course of business in connection with the collection thereof; (vii) sales or transfers from one Loan Party (other than iFresh) to another Loan Party (other than iFresh); provided, however, that nothing in this Section 6.5(e) shall prohibit the purchase of equipment, hardware and software by the Borrower or any of its Subsidiaries in the ordinary course of business; and (viii) dispositions of assets of the Loan Parties not otherwise provided for in this Section 6.5(e) in an aggregate amount not to exceed \$250,000 in any Fiscal Year.

6.6 Investment. The Borrower shall not, and shall cause each other Loan Party to not, acquire or commit itself to acquire or hold any Investment except for the following:

(a) Intercompany Investments of a Loan Party (other than iFresh) in any other Loan Party (other than iFresh);

(b) Permitted Investments;

(c) Permitted Acquisitions;

(d) Investments consisting of endorsements of negotiable instruments for collection in the ordinary course of business;

(e) Investments relating to hedging obligations; and

(f) Bank deposits in the ordinary course of business.

6.7 Distributions. The Borrower shall not, and shall cause the other Loan Parties to not, make any Distribution, except that (a) any Subsidiary of the Borrower may make Distributions to the Borrower and (b) any Loan Party may make a Distribution approved by the Lender.

6.8 Transactions with Affiliates. The Borrower shall not, and shall cause the other Loan Parties to not, enter into any transaction (including, without limitation, the purchase or sale of any property or service) with, or make any payment or transfer to, any Affiliate except (a) in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than such Person would obtain in a comparable arms-length transaction with an unaffiliated third party and (b) as otherwise expressly permitted in this Agreement or any other Loan Document.

6.9 Permitted Activities of iFresh. Notwithstanding anything to the contrary contained herein, upon the consummation of the SPAC Merger Transactions, the Borrower shall cause iFresh not to (a) incur, directly or indirectly, any Indebtedness or any other obligation or liability whatsoever other than the Obligations and any other obligation under the Loan Documents or any Guaranty to the extent permitted hereunder, (b) create or suffer to exist any Lien upon any property or assets now owned or hereafter acquired by it other than as otherwise permitted pursuant to Section 6.4, (c) consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person (other than in connection with the SPAC Merger Transactions), (d) sell or otherwise dispose of any equity interests of the Borrower, (e) create or acquire any direct Subsidiary or make or own any direct investment in any Person, or (f) engage in any business or activity or own any assets other than (i) holding 100% of the equity interests of the Borrower, (ii) performing its obligations and activities incidental thereto under the Loan Documents, (iii) the activities and contractual rights incidental to the maintenance of its corporate existence and (iv) being a party to the SPAC Merger Documents to which it is a party.

6.10 Amendments of SPAC Merger Documents. The Borrower shall not, and shall cause the other Loan Parties to not, agree to any material amendment, restatement, supplement or other modification to, or waiver of, any SPAC Merger Document to which it is a party, in each case, in a manner materially adverse to the Lender.

6.11 Restrictive Agreements. The Borrower shall not, and shall cause the other Loan Parties to not, enter into any agreement, instrument, deed or lease that prohibits, restricts or imposes any condition upon (a) the ability of any Loan Party to create, incur or permit to exist any Lien in favor of the Lender upon any of its Collateral or (b) the ability of any Subsidiary of the Borrower to make Distributions or to make or repay loans or advances to the Borrower.

7. FINANCIAL COVENANTS.

7.1 Financial Tests. The Borrower shall comply with the following financial tests as of the last day of each Fiscal Quarter, beginning with the Fiscal Quarter ending March 31, 2017:

(a) Fixed Charge Coverage Ratio. The Borrower shall maintain a Fixed Charge Coverage Ratio of not less than 1.10 to 1.00.

(b) Senior Funded Debt to EBITDA Ratio. The Borrower shall not permit the Senior Funded Debt to EBITDA Ratio to be greater than 3.00 to 1.00.

8. RIGHTS AND REMEDIES OF THE LENDER.

8.1 Rights Exercisable Regardless of Default. Upon the occurrence and during the continuance of an Event of Default, the Lender shall have the following rights:

(a) The Lender is hereby specifically authorized to make, at the Lender's sole option, any or all payments required to be made by the Borrower either hereunder or under any other Loan Document. Such payments may include, but are not limited to, payments for taxes, assessments, betterments and other governmental levies and charges, and insurance premiums. The Lender shall have the right, but not the duty, to perform any such obligations of the Borrower without waiving any other rights or releasing the Borrower from any obligation hereunder.

(b) The Lender shall have the right, but not the duty, to intervene or otherwise participate in any legal or equitable proceeding which, in the Lender's sole judgment, affects any of the rights created by this Agreement or any of the other Loan Documents.

Such rights may be exercised by the Lender only after reasonable notice to the Borrower, and only to the extent permitted by law and necessary to protect the rights of the Lender hereunder.

8.2 Effect of Exercise of Rights. Any sums paid, and any costs or expenses, including reasonable attorneys' fees, incurred in good faith by the Lender, pursuant to the Lender's exercise of rights specified or referred to herein, shall: (a) as between the parties hereto and their successors in interest, be deemed valid, so that in no event shall the necessity or validity of any such payments, costs or expenses be disputed; and (b) with respect to such sums, costs and expenses, be, until paid, part of the Obligations and, until paid, shall accrue interest at the Default Rate.

8.3 Events of Default. The occurrence of any one or more of the following events shall constitute a default under and breach of this Agreement:

(a) failure of the Loan Parties to pay any amount or any installment of interest or principal and interest hereunder or under any Note when due, as applicable, or to make any other payment required by the terms hereof or the terms of the other Loan Documents to be made on the Obligations within five (5) Business Days of when the same shall become due and payable; or

(b) failure of the Borrower to pay within one (1) Business Day of when due any amount outstanding hereunder or under the Revolving Note which shall be in excess of the Maximum Revolving Credit Amount, as applicable, at any time; or

(c) any representation or warranty made by any Loan Party in this Agreement or in any other Loan Document shall be untrue in any material respect when made; or

(d) failure of the Borrower to observe or perform any of the terms and provisions of Sections 5.2(a), 5.2(b), 5.2(c), 5.2(d), 5.2(g), 5.3, 5.5, 5.13, 6 and 7 hereof; or

(e) failure of any Loan Party to observe or perform any other covenant, agreement, condition, term or provision of this Agreement or any other Loan Document and such failure shall not be rectified or cured to the written satisfaction of the Lender within thirty (30) days after written notice thereof by the Lender to the Borrower; or

(f) a Change in Ownership, without the prior written consent of the Lender, shall occur; or

(g) any Loan Party shall initiate any action to dissolve, liquidate or otherwise terminate its existence; or

(h) any Loan Document shall cease, for any reason (other than the scheduled termination thereof in accordance with its terms or release by the Lender), to be in full force and effect, or any Loan Party shall so assert in a judicial or similar proceeding; or

(i) any Loan Party shall fail to make any payment of Indebtedness (other than Indebtedness constituting Obligations) in excess of \$250,000 or shall fail to perform the terms of any agreement relating to such Indebtedness and such default shall continue, without having been duly cured, waived or consented to, beyond the period of grace, if any, provided therefor, if the effect of such breach or default is to cause, or to permit the holder or holders of that Indebtedness (or a trustee on behalf of such holder or holders), to cause, that Indebtedness to become or be declared due and payable (or subject to a compulsory repurchase or redeemable) prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be; or

(j) any final, non-appealable judgment or judgments in excess of \$250,000 in aggregate (to the extent not covered by insurance for which the insurer has not denied coverage with respect thereto) shall be entered or filed against any Loan Party and shall remain undischarged, unvacated, unbonded or unstayed for a period of sixty (60) days; or

(k) the entry of any court order which enjoins, restrains or in any way prevents any Loan Party from conducting its business affairs in the ordinary course which has a Material Adverse Effect on such Loan Party and is not stayed or dismissed within sixty (60) days of such entry; or

(l) the Borrower shall have: (1) commenced a voluntary case under Title 11 of the United States Code as from time to time in effect, or its authorizing, by appropriate proceedings, the commencement of such a voluntary case; (2) filed an answer or other pleading admitting or failing to deny the material allegations of a petition filed against it commencing an involuntary case under said Title 11, or seeking, consenting to or acquiescing in the relief therein provided, or by its failing to controvert timely the material allegations of any such petition; (3) entered of an order for relief in any involuntary case commenced under said Title 11, which is not dismissed within sixty (60) days; (4) sought relief as a debtor under any applicable law, other than said Title 11, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or its consenting to or acquiescing in such relief; (5) entered of an order by a court of competent jurisdiction (i) finding it to be bankrupt or insolvent, (ii) ordering or approving its liquidation, reorganization or any modification or alteration of the rights of creditors, or (iii) assuming custody of, or appointing a receiver or other custodian for, all or a substantial part of its property and such receiver or custodian is not discharged within sixty (60) days; or (6) by its making an assignment for the benefit of, or entering into a composition with, its creditors, or appointing or consenting to the appointment of a receiver or other custodian for all or a substantial part of its property; or

(m) Long Deng resigns, is terminated, or is no longer actively involved in the management of the Borrower in his current position and a replacement reasonably satisfactory to the Lender for Long Deng is not made, within sixty (60) days after such event.

8.4 Remedies. Upon the occurrence and during the continuance of any Event of Default, the Lender may at any time thereafter, at its option and without notice, exercise any or all of the following rights and remedies:

(a) terminate the obligation of the Lender (i) to make any Advance or issue any Letter of Credit under the Revolving Credit Facility and/or (ii) to make any Delayed Draw Term Loan under the Delayed Draw Term Credit Facility; or

(b) declare the entire Obligations immediately due and payable, and the Obligations shall thereupon become and be immediately due and payable, anything in any of the Loan Documents to the contrary notwithstanding, and without presentation, protest or further demand or notice of any kind, all of which are expressly hereby waived by the Borrower, provided that, notwithstanding and without limitation of the generality of the foregoing, upon the occurrence and during the continuance of an Event of Default under Section 8.3(l) hereof, the entire Obligations automatically shall become and be immediately so due and payable; or

(c) exercise any or all of the rights and remedies granted to it under any other Loan Document and take such other actions or proceedings as the Lender deems necessary or advisable to collect or enforce or to protect its interest in the Obligations or any Collateral.

Such options may be exercised individually, sequentially or in concert, all such remedies being cumulative, the exercise of one not being deemed a waiver of any other or a cure of any Event of Default.

A Default or an Event of Default shall not be deemed to be in existence or to be continuing for any purpose of this Agreement if the Lender pursuant to this Agreement shall have waived such event in writing or stated in writing that the same has been cured to its reasonable satisfaction, but no such waiver shall extend to or affect any subsequent Default or Event of Default or impair any rights of the Lender upon the occurrence thereof.

Any and all amounts due hereunder or under any Loan Document after an Event of Default or maturity (whether by acceleration or otherwise) shall, bear interest at a rate *per annum* which shall be calculated in the manner herein set forth and shall be equal to the Stated Rate from time to time in effect plus three percent (3%) (the "**Default Rate**").

8.5 Set Off. Any and all deposits or other sums at any time due to the Borrower from, or credited to the Borrower by the Lender or any of its affiliated banks or institutions, or any Person which is participating with the Lender with respect to the Obligations, and any cash, securities, instruments, or other property of the Borrower in the possession of the Lender, or any of its affiliates, and any such participant, whether for safekeeping, or otherwise, or in transit to or from the Lender or any of its affiliates or any such participant, or in the possession of any third party acting on the Lender's behalf (regardless of the reason the Lender had received same or whether the Lender has conditionally released the same) shall at all times constitute security for any and all Obligations, and may be applied or set off by the Lender upon the occurrence and during the continuance of an Event of Default hereunder against such Obligations, whether or not other Collateral is available to the Lender.

8.6 Power of Attorney. In furtherance of the Lender's rights hereunder, the Borrower hereby appoints the Lender the true and lawful attorney in fact for the Borrower with full power of substitution, in its name or in the name of the Borrower or otherwise, for the sole benefit of the Lender but at the sole expense of the Borrower, without notice to or demand upon the Borrower, at any time upon or during the continuance of an Event of Default: (a) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to enforce any rights of the Borrower; (b) to defend any suit, action, or proceeding brought against the Borrower; (c) to settle, compromise or adjust any suit, action or proceeding described in clauses (a) or (b) above and (d) to endorse the name of the Borrower on checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents constituting payments to the Borrower; provided, however, that such rights may not be exercised by the Lender except upon the occurrence and during the continuance of an Event of Default hereunder. The powers vested in the Lender are, and shall be deemed to be, coupled with an interest and irrevocable.

8.7 Waivers and Enforcement of Rights. The failure of the Lender to exercise any right or remedy or option provided for herein or otherwise shall not be deemed to be a waiver of any of the covenants or obligations of the Borrower. No extension, whether oral or in writing, of the time for the payment of the whole or any part of the Obligations or any other indulgence given by the Lender to the Borrower or any other Person, shall operate to affect the original liability of the Borrower. To the extent permitted by law, and except as otherwise provided in this Agreement and the other Loan Documents, the Borrower expressly waives all rights to any notice of hearing and to any hearing prior to the taking of any action by the Lender under and pursuant to this Agreement and the other Loan Documents. Upon the occurrence and during the continuance of an Event of Default, the Borrower waives demand, notice of default, protest, presentment, notice of acceptance of this Agreement and the other Loan Documents, notice of Loans made, credit extended, or other action taken in reliance on the Loan Documents and all other demands and notices of any description. With respect to any or all of the Obligations, the Borrower assents to any extension or postponement of the time of payment or any other indulgence, to the addition or release of any Person primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromising or adjusting thereof, all at such time or times as the Lender may deem advisable, and the Borrower agrees that the Lender may so act without regard to any requests or demands by the Borrower and without thereby incurring any liability to the Borrower or releasing the Borrower hereunder. No course of dealing between the Borrower and the Lender shall operate as a waiver of any of the Lender's rights under this Agreement or any Loan Document or with respect to any of the Obligations. A waiver by the Lender on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. No waiver or consent shall be binding upon the Lender unless it is in writing and signed by the Lender. The making of a Loan hereunder during the existence of an Event of Default shall not constitute a waiver thereof.

8.8 Application of Proceeds. The proceeds of all collections and any other moneys received or recovered by the Lender after an Event of Default which has not been waived by the Lender in its sole discretion shall be applied as follows:

(a) First, to the payment of the costs and expenses of enforcement of the Lender's rights hereunder and collection, including reasonable attorneys' fees; and

(b) Second, in any order the Lender shall determine.

Proceeds which in the Lender's sole discretion are not so applied shall be credited to the Borrower's deposit account with the Lender, if any, or to the Borrower in such other manner as the parties shall mutually agree.

9. DEFINITIONS. For the purposes of this Agreement, the following terms defined elsewhere in this Agreement and as set forth below shall have the respective meanings therein and herein defined:

TERM	DEFINITION
"Adjusted LIBOR Rate"	Section 2.5
"Advance"	Section 2.1
"Agreement"	Preamble
"Borrower"	Preamble
"Broker"	Section 4.14
"Budget"	Section 5.2(b)
"Certifying Officer"	Section 5.2(a)
"Compliance Certificate"	Section 5.2(d)
"Commitment Fee"	Section 2.7
"Default Rate"	Section 8.4
"Delayed Draw Maturity Date"	Section 2.3(c)
"Delayed Draw Term Credit Facility"	Section 2.3
"Delayed Draw Term Loan"	Section 2.3
"Delayed Draw Term Loan Account"	Section 2.3(a)
"Delayed Draw Term Loan Amount"	Section 2.3
"Delayed Draw Term Note"	Section 2.3(b)
"Delayed Draw Ticking Fee"	Section 2.8
"Effective Date"	Preamble
"Effective Date Term Credit Facility"	Section 2.2

<i>“Effective Date Term Loan”</i>	Section 2.2
<i>“Effective Date Term Loan Account”</i>	Section 2.2(a)
<i>“Effective Date Term Loan Amount”</i>	Section 2.2
<i>“Effective Date Term Note”</i>	Section 2.2(b)
<i>“ERISA”</i>	Section 4.12
<i>“Eurodollar”</i>	Section 2.5
<i>“Facility Fee”</i>	Section 2.10
<i>“Fiscal Year”</i>	Section 4.11
<i>“Historical Financial Statements”</i>	Section 4.5
<i>“Information”</i>	Section 10.1
<i>“L/C Credit Extension”</i>	Section 2.1(f)
<i>“Lender”</i>	Preamble
<i>“Letter of Credit Fee”</i>	Section 2.9
<i>“Letter of Credit Sublimit”</i>	Section 2.1(f)
<i>“LIBOR Breakage Fees”</i>	Section 2.5(c)
<i>“LIBOR Pricing Options”</i>	Section 2.5
<i>“LIBOR Rate”</i>	Section 2.5
<i>“Loans”</i>	Section 2.3
<i>“Maturity Date”</i>	Section 2.2(c)
<i>“Maximum Revolving Credit Amount”</i>	Section 2.1
<i>“PBG”</i>	Section 5.2(h)
<i>“Permitted Encumbrances”</i>	Section 6.4
<i>“Plans”</i>	Section 4.12
<i>“representatives”</i>	Section 10.2(a)
<i>“Revolving Credit Facility”</i>	Section 2.1
<i>“Revolving Loan Account”</i>	Section 2.1(a)
<i>“Revolving Note”</i>	Section 2.1(b)
<i>“Senior Funded Debt to EBITDA Ratio”</i>	Section 7.1(b)
<i>“Termination Date”</i>	Section 2.1(c)
<i>“Undrawn Available Amount”</i>	Section 2.7
<i>“Undrawn Available Delayed Draw Amount”</i>	Section 2.8
<i>“United States Currency”</i>	Section 2.5

In addition, for purposes of this Agreement, the following terms shall have the respective meanings set forth below:

“Accounts” means, without limitation, “accounts” as defined in the UCC, and also all accounts, accounts receivable, notes, drafts, acceptances, other forms of obligations and receivables and rights to payment for credit extended, whether secured or unsecured, for goods sold, licensed or leased, or services rendered, whether or not yet earned by performance, all rights of the Borrower to draw under letters of credit and all rights to payment under license agreements.

“**Acquired Option Companies**” means the Option Companies whose equity interests have been sold (or will be sold) by Long Deng and purchased by iFresh on the Delayed Draw Funding Date in accordance with the terms and conditions set forth in the Option Agreement.

“**Affiliate**” shall mean, with respect to a specified Person, another Person that directly or indirectly, through one or more intermediaries, Controls or is Controlled by, or is under common Control with, the Person specified.

“**Anti-Corruption Laws**” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Affiliates from time to time concerning or relating to bribery or corruption.

“**Base Rate**” means the rate of interest announced from time to time by KeyBank National Association as its “prime rate” charged on certain commercial loans, which is not necessarily the lowest rate of interest offered by the Lender to its customers. Any change in such announced rate shall result in an immediate change in the Base Rate.

“**Base Rate Loans**” means Advances and Term Loans the rate of interest applicable to which is based upon the Base Rate.

“**Business Day**” means any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close; provided, however, that when used in connection with a rate determination, borrowing or payment in respect of a LIBOR Loan, the term “Business Day” shall also exclude any day on which banks in London, England are not open for dealings in Dollar deposits in the London interbank market.

“**Capitalized Lease**” means any lease which is or should be capitalized on the balance sheet of the lessee in accordance with GAAP and Statement of Financial Accounting Standards No. 13.

“**Capitalized Lease Obligations**” means the amount of the liability which should appear on the lessee’s balance sheet reflecting the aggregate discounted amount of future payments under all Capitalized Leases calculated in accordance with GAAP and Statement of Financial Accounting Standards No. 13.

“**Cash Equivalents**” means, as to any Person, (i) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than twelve (12) months from the date of acquisition, (ii) time deposits and certificates of deposit of the Lender or any commercial bank incorporated in the United States of recognized standing having capital and surplus in excess of \$100,000,000 with maturities of not more than twelve (12) months from the date of acquisition by such Person, (iii) repurchase obligations with a term of not more than seven (7) days for underlying securities of the types described in clause (i) above, (iv) commercial paper issued by the parent corporation of any commercial bank (provided that the parent corporation and the bank are both incorporated in the United States) of recognized standing having capital and surplus in excess of \$100,000,000 and commercial paper issued by any Person rated at least A-1 or the equivalent thereof by Standard & Poor’s Corporation or at least P-1 or the equivalent thereof by Moody’s Investors Service, Inc. and in each case maturing not more than twelve (12) months after the date of acquisition by such Person, and (v) investments in money market funds substantially all of whose assets are comprised of securities of the types described in clauses (i) through (iv) above.

“Change in Ownership” means any of the following: (i) at any time, Long Deng shall cease to beneficially own and control, directly or indirectly, on a fully diluted basis (a) more than 51% on a fully diluted basis of the economic and voting interests in the equity interests of the Borrower or (b) a sufficient number of the issued and outstanding voting interests in the equity interests of the Borrower to have and exercise voting power for the election of directors holding a majority of the voting power of the board of directors of the Borrower; (ii) at any time, the Borrower shall cease to beneficially own and control 100% on a fully diluted basis of the economic and voting interest in the equity interests of each of its Subsidiaries; or (iii) following the consummation of the SPAC Merger Transactions, iFresh shall cease to beneficially own and control 100% on a fully diluted basis of the economic and voting interest in the equity interests of the Borrower.

“Collateral” means, collectively, all of the real, personal and mixed property (including equity interests) in which Liens are purported to be granted pursuant to the Loan Documents as security for the Obligations.

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Default” means an Event of Default and an event which, but for the giving of notice, or the passage of time, or both, would constitute an Event of Default.

“Delayed Draw Funding Date” means the date on or after the Effective Date and on or prior to the Delayed Draw Termination Date on which the Delayed Draw Term Loan is made to the Borrower.

“Delayed Draw Termination Date” means the date that is three hundred sixty-five (365) days after the Effective Date.

“Distribution” means with respect to any Person:

(a) the declaration or payment of any dividend on or in respect of any shares of any class of capital stock of such Person;

(b) the purchase, redemption or other retirement of any shares of any class of capital stock of such Person (or of options, warrants or other rights for the purchase of such shares), directly, indirectly through a Subsidiary or otherwise;

(c) any other distribution on or in respect of any shares of any class of equity of or beneficial interest in such Person; and

(d) any payment, loan or advance by such Person to, or any other Investment by such Person in, the holder of any shares of any class of capital stock of or equity or interest in such Person or any affiliate of such holder;

provided, however, that the term “Distribution” shall not include (i) payment in the ordinary course of business in respect of (A) reasonable compensation paid to employees, officers and directors permitted hereunder, (B) advances to employees for travel expenses, drawing accounts and similar expenditures, (C) rent paid to or account payables for services rendered or goods sold by non-affiliates, or (D) intercompany accounts payable and real property leases to non-affiliates, (ii) so long as no Event of Default exists or would result therefrom, the Borrower may declare and make dividend payments or other distributions payable solely in its equity securities, and (iii) so long as no Event of Default exists or would result therefrom, the Borrower may redeem its equity interests from employees, officers or directors of the Borrower upon the death or separation from employment or departure therefrom, or in connection with any employee option plan.

“*E-compass*” means E-compass Acquisition Corp., a Cayman Islands exempted company.

“*EBITDA*” means, for any period, an amount determined for the Loan Parties on a consolidated basis equal to (i) the net income for such period, plus (ii) to the extent deducted in determining the Loan Parties’ net income (and without duplication), (a) interest expense, (b) income tax expense, (c) depreciation and amortization for such period, (d) any other non-recurring non-cash charges or non-cash losses, and (e) any other non-cash expenses approved by the Lender.

“*Effective Date Accounts*” means, collectively, the bank accounts listed on Schedule 5.6 (other than payroll accounts and lottery accounts); and “*Effective Date Account*” means any one of them.

“*Effective Date Certificate*” means the Effective Date Certificate substantially in the form of Exhibit D.

“*Effective Date Leases*” means, collectively, the leased premises listed on Schedule 5.13(e); and “*Effective Date Lease*” means any one of them.

“*Escrow Account*” means the “Escrow Account” as defined in the Escrow Agreement. “*Escrow Agent*” means Loeb & Loeb LLP.

“*Escrow Agreement*” means the Escrow Agreement, dated as of the Effective Date, among the Borrower, E-compass and the Escrow Agent, in form and substance reasonably satisfactory to the Lender.

“*Event of Default*” means each of the events set forth in Section 8.3 hereof.

“Excluded Swap Obligation” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest pursuant to the Loan Documents to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act at the time the guarantee of such Guarantor or the grant of such security interest would otherwise have become effective with respect to such related Swap Obligation but for such Guarantor’s failure to constitute an “eligible contract participant” at such time.

“Excluded Taxes” means (i) any income or franchise tax (including branch profits or similar taxes) imposed on or measured by the taxable income of the Lender or any other recipient of a payment hereunder or under any of the Loan Documents pursuant to the laws of the United States; the jurisdiction in which the Lender (or such recipient) is organized, the jurisdiction in which the principal office or applicable lending office of the Lender (or such recipient) is located; or which is imposed by any jurisdiction as a result of any present, former or future connection with the Lender or such recipient (other than a connection resulting from or attributable to the Lender or such recipient having executed or performed its obligations or received a payment hereunder); (ii) any withholding tax to the extent that such withholding tax would have been imposed on the relevant payment to the Lender or such recipient under the laws and treaties in effect at the time the Lender or such recipient first became a party to this Agreement or otherwise became entitled to any rights hereunder; or (iii) any withholding tax imposed under Code Sections 1471-1474.

“Existing Indebtedness” means (i) Indebtedness and other obligations outstanding under that certain Loan Agreement, dated July 2, 2015, between Bank of America, N.A. and Strong America Limited being repaid in full and terminated on the Effective Date, and (ii) all other Indebtedness of the Borrower other than the Indebtedness permitted to be incurred pursuant to Section 6.2.

“Fiscal Quarter” means a fiscal quarter of any Fiscal Year.

“Fixed Charge Coverage Ratio” means, as of the last day of any trailing twelve (12) month period then ended, the ratio of (i) EBITDA for such period to (ii) Fixed Charges for such period.

“Fixed Charges” means, for any period, the amounts determined for the Loan Parties on a consolidated basis equal to the sum (without duplication) of all regularly scheduled payments of principal on debt and interest expense thereon for such period, unfunded capital expenditures, distributions and taxes, in each case for such period.

“GAAP” means generally accepted accounting principles as defined by the United States Financial Accounting Standards Board as from time to time in effect, applied on a basis consistent with the financial statements of the applicable Person for its last Fiscal Year.

“**Governmental Authority**” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“**Guarantor**” means any Person executing any guaranty hereunder or under any Loan Document and “Guarantors” shall mean all of the foregoing Persons.

“**Guaranty**” means with respect to the Borrower (or other specified Person):

(a) any guaranty by the Borrower of the payment or performance of, or any contingent obligation by the Borrower in respect of, any Indebtedness or other obligation of any other Person;

(b) any other arrangement whereby credit is extended to a Person on the basis of any promise or undertaking of the Borrower (including any “comfort letter” or “keep well agreement” written by the Borrower to a creditor or prospective creditor of such Person) to (i) pay the Indebtedness of such Person, (ii) purchase an obligation owed by such Person, (iii) pay for the purchase or lease of assets or services regardless of the actual delivery thereof or (iv) maintain the capital, working capital, solvency or general financial condition of such Person, in each case whether or not such arrangement is disclosed in the balance sheet of the Borrower or referred to in a footnote thereto;

(c) any liability of the Borrower as a general partner of a partnership in respect of Indebtedness or other obligations of such partnership;

(d) any liability of the Borrower as a joint venturer of a joint venture in respect of Indebtedness or other obligations of such joint venture;
and

(e) reimbursement obligations of the Borrower with respect to letters of credit, surety bonds and other financial guarantees in support of a primary obligation of another Person;

provided, however, that the term “Guaranty” shall not include endorsements for collection or deposit in the ordinary course of business and product warranties given in the ordinary course of business. The outstanding amount of any Guaranty obligation shall equal the outstanding amount of the primary obligation so guaranteed or otherwise supported or, if lower, the stated maximum amount for which such Person may be liable under such Guaranty obligation.

“**Guaranty Agreement**” means the Guaranty Agreement substantially in the form of Exhibit E.

“**iFresh**” means iFresh Inc., a Delaware corporation and a wholly-owned Subsidiary of E-compass.

“Indebtedness” means, with respect to any Person as of a given date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all indebtedness evidenced by bonds, debentures, notes or similar instruments, (c) all Capitalized Lease Obligations, (d) all obligations of such Person to pay the deferred purchase price of property or services (excluding (i) trade accounts payable not past due by more than sixty (60) days or such longer time consistent with past practices and (ii) accrued expenses, in each case, incurred in the ordinary course of business), (e) all indebtedness secured by a Lien on the property of such Person, whether or not such indebtedness shall have been assumed by such Person (with the amount thereof being measured as the fair market value of such property), (f) all obligations, contingent or otherwise, with respect to letters of credit (whether or not drawn), banker’s acceptances and surety bonds issued for the account of such Person (including Letters of Credit), (g) all hedging obligations of such Person, (h) all Guaranties and endorsements in respect of Indebtedness of others, (i) mandatory redemption, repurchase or dividend obligations with respect to capital stock (or other evidence of beneficial interest valued at, in the case of redeemable preferred equity interests, the greater of the voluntary liquidation preference and the involuntary liquidation preference of such equity interests plus accrued and unpaid dividends (other than any payment made solely with equity interests of such Person) and (j) all indebtedness of any partnership of which such Person is a general partner, unless expressly made non-recourse to such Person.

“Indemnified Taxes” means any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof, but excluding Excluded Taxes.

“Interest Payment Date” means the first day of each calendar month, commencing on the first such date to occur after the Effective Date and the final maturity date of such Loan.

“Investment” means, with respect to any Person:

- (a) any share of capital stock, evidence of Indebtedness or other security issued by any other Person;
- (b) any loan, advance or extension of credit to (other than credit extensions to Account debtors in the ordinary course of business), or contribution to the capital of, any other Person;
- (c) any acquisition of all or any part of the business of any other Person or the assets comprising such business or part thereof; or
- (d) any other similar investment.

“Landlord Waiver and Consent Agreement” means the Landlord Waiver and Consent Agreement substantially in the form of Exhibit F.

“Legal Requirement” means any law, statute, ordinance, decree, requirement, order, judgment, rule, regulation (or official interpretation of any of the foregoing) of, and the terms of any license or permit issued by, any Governmental Authority.

“Letter of Credit” means any letter of credit issued hereunder. A Letter of Credit may be a commercial letter of credit, or a performance or financial standby letter of credit.

“**LIBOR Loans**” mean Advances and Term Loans the rate of interest applicable to which is based upon the LIBOR Pricing Option Adjusted LIBOR Rate.

“**Lien**” means with respect to any Person:

(a) any encumbrance, mortgage, pledge, lien, charge or security interest of any kind upon any property or assets of such Person, whether now owned or hereafter acquired, or upon the income or profits therefrom;

(b) any arrangement or agreement which prohibits such Person from creating encumbrances, mortgages, pledges, liens, charges or security interests;

(c) the acquisition of, or the agreement to acquire, any property or asset upon conditional sale or subject to any other title retention agreement, device or arrangement (including a capitalized lease); or

(d) the assignment, pledge or transfer for security of any Accounts, general intangibles or chattel paper of such Person, with or without recourse.

“**Loan Accounts**” means, collectively, the Revolving Loan Account, the Effective Date Term Loan Account and the Delayed Draw Term Loan Account.

“**Loan Documents**” includes this Agreement, the Revolving Note, the Effective Date Term Note, the Delayed Draw Term Note, the Security Agreement, the Pledge Agreement, the Guaranty Agreement, the Secured Hedge Agreement and any other present or future agreement evidencing, securing, guaranteeing or otherwise relating to any or all of the Obligations or which is stated to be a Loan Document as defined in this Agreement, each as from time to time amended, restated, supplemented or otherwise modified from time to time, and all statements, reports, certificates or instruments delivered to the Lender by or on behalf of the Borrower, any Guarantor, if any, or any other Person in connection herewith or therewith.

“**Loan Party**” means, collectively, the Borrower and the Guarantors.

“**Material Adverse Effect**” means an effect on the Loan Parties, taken as a whole, which could materially and adversely affect the business, assets or condition, financial or otherwise, or the results of operations, of the Loan Parties on a consolidated basis, or the ability of the Loan Parties to meet their obligations under the Loan Documents (or similar instruments), or the validity or enforceability of any of the Loan Documents (or similar instruments) or the rights or remedies of the Lender thereunder.

“**Notes**” means, collectively, the Revolving Note, the Effective Date Term Note and the Delayed Draw Term Note.

“**Obligations**” means all of the following: (a) the payment and performance of all covenants and agreements contained in this Agreement, as from time to time amended, restated, supplemented or otherwise modified from time to time and in effect; (b) the payment and performance of all covenants and agreements contained in the Notes, and all renewals, amendments, restatements, modifications, consolidations, replacements, increases and extension thereof; (c) the payment and performance of all covenants and agreements contained in the Secured Hedge Agreement, as from time to time amended, restated, supplemented or otherwise modified from time to time and in effect; and (d) the payment and performance of all covenants and agreements contained in each of the other Loan Documents; provided that for the avoidance of doubt, the “Obligations” shall not include any Excluded Swap Obligations.

“**Option Closing**” means the “Closing” as defined in the Option Agreement.

“**Option Agreement**” means that certain Option Agreement to be entered into by and among iFresh, Long Deng and each of the Option Companies.

“**Option Companies**” means New York Mart, Inc., a New York corporation, Pacific Supermarket Inc., a New York corporation, New York Mart MD, Inc., a Maryland corporation, and New York Mart N. Miami Inc., a Florida corporation.

“**Patriot Act**” means each of the events set forth in Section 11.13 hereof.

“**Permitted Acquisition**” means any acquisition by the Borrower or any of its Subsidiaries which is a Loan Party, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all of the equity interests of, any Person organized under the laws of the United States, any State thereof or the District of Columbia, that satisfies each of the following conditions:

(a) immediately prior to, and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing or would result therefrom;

(b) all transactions in connection therewith shall be consummated, in all material respects, in accordance with all applicable laws and in conformity with all applicable governmental authorizations;

(c) in the case of the acquisition of all or substantially all of the assets of a Person, all such assets shall be owned 100% by the Borrower or any of its direct or indirect Subsidiaries which is a Loan Party, and such Loan Party shall have taken all actions to subject such assets to the first priority Lien of the Lender, in accordance with the terms and conditions hereof and of the other Loan Documents;

(d) in the case of the acquisition of equity interests, all of the equity interests issued by such Person shall be owned 100% by the Borrower or any of its direct or indirect Subsidiaries which is a Loan Party, and such Loan Party shall have taken, as of the date such Person becomes a Subsidiary of the Borrower, each of the actions set forth in Section 5.10;

(e) on a pro forma basis, after giving effect to such acquisition and any financing thereof, (i) the Borrower shall be in compliance with the financial covenants set forth in Section 7.1 and (ii) the Senior Funded Debt to EBITDA Ratio does not exceed 3.00 to 1.00;

(f) (i) the consideration for such acquisition does not exceed \$5,000,000, and (ii) consideration for all other Permitted Acquisitions made from the Effective Date to the date of determination, does not exceed \$15,000,000 in the aggregate;

(g) immediately prior to giving effect to the acquisition of the subject Person, such Person shall have positive EBITDA, as determined based upon such Person's financial statements for its most recently completed fiscal year and its most recent interim financial period completed within forty-five (45) days prior to the date of consummation of such acquisition;

(h) any Person or assets as acquired in accordance herewith shall be in the same business or lines of business in which the Borrower and/or its Subsidiaries are engaged as of the Effective Date, or a similar or related business;

(i) such acquisition shall be consensual and shall have been approved by the subject Person's board of directors (or the functional equivalent thereof) or the requisite holders of the equity interests thereof;

(j) the Borrower shall have delivered to the Lender at least ten (10) Business Days prior to the date on which any such acquisition is to be consummated, (i) a due diligence package reasonably satisfactory to the Lender (including drafts of acquisition documents, together with related disclosure schedules, a summary description of such acquisition, all insurance policies (if applicable), any environmental reports (if applicable) prepared by, or on behalf of, the target, (ii) updated projections determined on a pro forma basis giving effect to such acquisition, and (iii) upon request by the Lender, in its sole discretion, a quality of earnings report from a third party firm reasonably acceptable to the Lender; and

(k) on or prior to the closing date for such acquisition, the Borrower shall have delivered to the Lender (i) a pro forma compliance certificate evidencing compliance with clause (e) above, together with all relevant financial information with respect to such acquired assets, and (ii) a certificate of a Certifying Officer of the Borrower, in form and substance reasonably satisfactory to the Lender, certifying that all of the requirements set forth in clauses (a) - (j) have been satisfied or will be satisfied on or prior to the consummation of such acquisition.

"Permitted Investment" means (i) advances and prepayments to suppliers who are not affiliates for property leased, goods furnished and services rendered in the ordinary course of business, (ii) reasonable advances to employees for travel expenses, drawing accounts and similar expenditures, (iii) stock or other securities or property acquired in connection with the satisfaction or enforcement of Indebtedness or claims due or owing to the Borrower or any of its Subsidiaries, or as security for any such Indebtedness or claim, and (iv) the purchase of any Cash Equivalents.

"Person" means an individual person, corporation, company, association, partnership, joint venture, trust, business trust, trustee, organization, business, or government or any governmental agency or political subdivision thereof.

"Pledge Agreement" means the Pledge Agreement substantially in the form of Exhibit G.

"Redomestication Merger" means the "Redomestication Merger" as defined in the SPAC Merger Agreement.

“**Sanctioned Person**” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“**Sanctions**” economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

“**Secured Hedge Agreement**” shall mean any hedge agreement that is entered into by and between the Borrower and the Lender.

“**Security Agreement**” means the Security Agreement substantially in the form of Exhibit H.

“**Senior Funded Debt**” means Total Funded Debt, less any subordinated indebtedness of the Loan Parties approved by the Lender.

“**Senior Funded Debt to EBITDA Ratio**” means, as of the last day of any trailing twelve (12) month period then ended, the ratio of (a) Senior Funded Debt at such time to (b) EBITDA for such period.

“**SPAC Certificate of Merger**” means the “Certificate of Merger” as defined in the SPAC Merger Agreement.

“**SPAC Merger**” means the “Merger” as defined in the SPAC Merger Agreement.

“**SPAC Merger Agreement**” means that certain Merger Agreement, dated July 25, 2016, by and among E-compass, iFresh, SPAC Merger Sub, the Borrower, the stockholders of the Borrower and Long Deng, as the stockholder’s representative.

“**SPAC Merger Documents**” means, collectively, the SPAC Merger Agreement and all agreements, documents and instruments, including any escrow agreement, executed and/or delivered pursuant thereto or in connection therewith (other than the Loan Documents).

“**SPAC Merger Sub**” means iFresh Merger Sub Inc., a Delaware corporation and a wholly-owned Subsidiary of iFresh.

“**SPAC Transactions**” means the Redomestication Merger, the SPAC Merger and the other transactions consummated (or to be consummated) pursuant to the SPAC Merger Documents.

“**Stated Rate**” means the rate of interest as set forth herein with respect to the Indebtedness evidenced by the Revolving Loan Account, the Effective Date Term Loan Account and the Delayed Draw Term Loan Account, as applicable.

“**Subsidiary**” shall mean, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, limited liability company, partnership or other entity are at the time owned, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

“**Swap Obligation**” means, with respect to any Person, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“**Term Loans**” means, collectively, the Effective Date Term Loan and the Delayed Draw Term Loan.

“**Total Funded Debt**” means the sum without duplication for the Loan Parties of (i) all indebtedness for borrowed money, whether maturing in less than or more than one year, plus (ii) all bonds, notes, debentures or similar debt instruments, plus (iii) all capitalized lease obligations, plus (iv) the present value of all basic rental obligations under any synthetic lease.

“**U2**” means New York Mart Ave U 2nd Inc., a New York corporation.

“**Uniform Commercial Code**” or “**UCC**” shall mean the Uniform Commercial Code as enacted in New York and from time to time amended and in effect.

10. CONFIDENTIALITY.

10.1 Receipt of Information. In connection with the transactions contemplated by this Agreement and the other Loan Documents, the Lender has received information (the “**Information**”) from the Borrower or iFresh concerning the business and operations of the Loan Parties or iFresh, including its financial condition, which is non-public, confidential or proprietary in nature.

10.2 Non-Disclosure. The Lender agrees that it will not disclose without the prior written consent of the Borrower and iFresh any Information which has been or will be furnished by the Borrower or iFresh to the Lender and which is designated by the Borrower or iFresh in writing as confidential; provided, however, that the Lender may disclose any Information:

(a) to its directors, employees, auditors or counsel (collectively “representatives”) to whom it is necessary to show the Information in connection with the existence of this Agreement and the Loan Documents and the transactions contemplated herein, each of which shall be informed by such Person of the confidential nature of the Information;

(b) in any statement or testimony pursuant to a subpoena or order by any court, governmental body or other agency asserting jurisdiction over such Person, or as may otherwise be required by law (provided that such Person shall give the Borrower and iFresh as soon as possible prior written notice of the disclosure permitted by this clause (b) unless such notice is prohibited by such subpoena, order or law);

(c) to any Governmental Authority having jurisdiction over such Person upon its demand; and

(d) to any participant or proposed participant in or assignee or proposed assignee of all or any part of such Person's interests herein, each of which shall be informed by such Person of the confidential nature of the Information, shall have been approved by the Borrower and iFresh, such approval not to be unreasonably withheld, and shall have executed and delivered to the Borrower and iFresh a confidentiality agreement containing substantially the same terms as this Section (with appropriate changes to reflect the parties and Information involved and excluding this paragraph (d)).

10.3 Public Information. The restrictions contained in this Section shall not apply to Information which (a) is or becomes generally available to the public other than as a result of a disclosure by the Lender or its representatives; or (b) becomes available to any such Person on a non-confidential basis from a source other than the Borrower or one of its agents; or (c) was known to any such Person on a non-confidential basis prior to its disclosure to such Person by the Borrower or one of its agents, provided, that in the case of subsections (b) and (c) hereof, such restrictions shall continue to apply if such Person knows that such Information was disclosed to it by a party in breach of a similar confidentiality agreement.

10.4 Terms of Loan Documents. The Borrower covenants and agrees to keep the terms of this Agreement and the other Loan Documents confidential and agrees not to disclose the same to any Person (other than its representatives and iFresh) without the prior written consent of the Lender provided that the Borrower and iFresh shall have the right to (i) describe the terms hereof to the extent required by its auditors so to do in its financial statements and distribute its financial statements to third Persons in the ordinary course of its business and (ii) disclose the same under the same circumstances and to the same Persons as are set forth in subparagraphs 10.3(a) through (c) above.

11. GENERAL.

11.1 Lender's Expenses.

(a) Any and all costs and expenses incurred by the Lender in connection with (i) making, performing, protecting or collecting the Obligations including, without limitation, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, including any modification, waiver or amendment thereof, (ii) the Indebtedness evidenced by the Loan Accounts, (iii) any Guaranty of any Guarantor, and (iv) the Lender's exercise of the rights, remedies and elections provided in this Agreement and the Loan Documents, including, without limitation, reasonable attorneys' fees, shall be paid by the Borrower on the demand of the Lender.

(b) If the Lender is made a party defendant to any litigation concerning this Agreement or any other Loan Document, other than as a result of litigation brought by the Borrower, then the Borrower shall indemnify, defend and hold the Lender harmless from and against all claims, liabilities, judgments, costs and expenses by reason of said litigation, including reasonable attorneys' fees and expenses incurred by the Lender in any such litigation, whether or not any such litigation is prosecuted to judgment; provided, however, that the Borrower shall not have any obligation to the Lender hereunder with respect to any matter finally adjudged by a court of competent jurisdiction to have been directly caused by or primarily resulting from the willful misconduct or gross negligence of the Lender. If the Lender commences an action to enforce any of the terms of this Agreement or any of the Loan Documents or any Guarantor under or because of the breach by the Borrower or any Guarantor of any of the terms hereof or thereof, or for the recovery of all or any portion of the Obligations, the Borrower shall pay to the Lender all costs and expenses of such action, including reasonable attorneys' fees, and the right to such expenses and attorneys' fees shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment.

(c) All amounts due to the Lender pursuant to this Section, if not paid within ten (10) Business Days after written request, shall accrue and bear interest at the Default Rate until paid.

11.2 Defeasance. When all Obligations have been indefeasibly paid and performed in full (other than contingent indemnification obligations for which no claim has been asserted) and no further obligation on the part of the Borrower shall exist and the obligation of the Lender to make Advances and the Delayed Draw Term Loan has been irrevocably terminated, this Agreement shall cease and terminate, and thereupon on the Borrower's written request and at the Borrower's cost and expense, the Lender shall execute proper instruments, acknowledging satisfaction of and discharging this Agreement and each other Loan Document and the Lender shall return any assets of the Borrower in the possession of the Lender as security for the Obligations.

11.3 Other Representations and Warranties. All statements contained in any loan application, report, certificate or other instrument or document delivered by or on behalf of the Borrower or any Affiliate or any Guarantor to the Lender or the Lender's representatives in connection herewith shall constitute representations and warranties made by the Borrower hereunder.

11.4 Survival. All covenants, agreements, representations and warranties made herein or in any other Loan Document and in certificates delivered pursuant hereto or thereto shall be deemed to have been material and relied upon by the Lender, notwithstanding any investigation made by the Lender or on the Lender's behalf, and shall survive the execution and delivery to the Lender hereof and thereof.

11.5 Notices. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be effective when mailed, postage prepaid, by registered or certified mail (return receipt requested), or when delivered to Federal Express or other overnight courier, delivery charges prepaid, addressed in the case of the Borrower to it at 2-39 54th Ave., Long Island City, NY 11101, Attention: Long Deng, and in the case of the Lender to it at 660 White Plains Road, 2nd Floor, Tarrytown, NY 10591, Attention: John J. Sullivan with a copy to Nixon Peabody LLP, 437 Madison Avenue, New York, NY 10022, Attention: Alex Yim, Esq., or to such other address as either party may from time to time specify by like notice.

11.6 Amendments. This Agreement may not be waived, changed or discharged orally, but only by an agreement in writing and signed by the parties hereto, and any oral waiver, change or discharge of any provision of this Agreement shall be without authority and of no force and effect.

11.7 Successors and Assigns. The covenants, representations, warranties and agreements herein set forth shall be binding upon the Borrower, its successors and assigns and shall inure to the benefit of the Lender, its successors and permitted assigns. The purchaser, assignee, transferee or pledgee of any of the Obligations shall forthwith become vested with and entitled to exercise all the powers and rights given by this Agreement and the other Loan Documents to the Lender, as if said purchaser, assignee, transferee or pledgee were originally named herein. The Lender reserves the right to sell a participation interest in the Loan Documents to one or more third parties. The prior written consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required for any assignment or transfer of any of the Lender's rights hereunder or any other Loan Document (other than to a purchaser, assignee, transferee or pledgee in connection with any business combination, sale transaction or other change of ownership of the Lender or any affiliate of the Lender), unless an Event of Default has occurred and is continuing at the time of such assignment; provided, that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Lender within five (5) Business Days after having received notice thereof.

11.8 Governing Law. This Agreement shall be interpreted in accordance with and governed by the laws of the State of New York without regard to choice of law principles.

11.9 Litigation. Any action or suit in connection with this Agreement or any other Loan Document or the transactions contemplated hereby or thereby may be brought in a court of record in New York, the parties hereto irrevocably submitting and consenting to the non-exclusive jurisdiction of each thereof, and each party irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may have or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and claim that the same has been brought in an inconvenient forum. Service of process may be made on the other party by mailing a copy of the summons to such party, by registered mail, at its address to be used for the giving of notices under this Agreement or any other Loan Document. IN THE EVENT OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE, THE BORROWER AND THE LENDER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ALL RIGHTS TO A TRIAL BY JURY AND AGREE THAT SUCH LITIGATION SHALL BE DECIDED BY COURT TRIAL AND THAT THE BORROWER OR THE LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE FOREGOING WAIVER.

11.10 Entire Agreement; Severability. This Agreement, any Schedules or Exhibits hereto and any riders or other attachments and the other Loan Documents constitute the entire agreement between the parties with respect to the subject matter hereof. No course of dealing, course of performance or trade usage, and no parol evidence of any nature, shall be used to supplement or modify the terms of the foregoing documents. If at any time one or more provisions of this Agreement or any other Loan Document, any amendment or supplement thereto or any related writing is or becomes invalid, illegal or unenforceable in whole or in part in any jurisdiction, the validity, legality and enforceability of such provision in any other jurisdiction or of the remaining provisions shall not in any way be affected or impaired thereby.

11.11 Counterparts. This Agreement may be executed in as many counterparts as may be deemed necessary and convenient, and by the different parties hereto on separate counterparts, each of which when so executed shall be deemed an original, but all such counterparts shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

11.12 Headings. The headings to Sections appearing in this Agreement and in any Loan Document have been inserted for the purpose of convenience and ready reference. They do not purport to, and shall not be deemed to, define, limit or extend the scope or intent of the Sections to which they appertain.

11.13 USA PATRIOT Act. The Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Patriot Act*"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Patriot Act.

[Signature Page to Follow]

IN WITNESS WHEREOF, these presents have been executed under seal as of the day and year first above written.

WITNESS:

BORROWER:

NYM HOLDING, INC.

By: /s/ Mei Deng

Name: Mei Deng

Title: Authorized Signatory

LENDER:

KEYBANK NATIONAL ASSOCIATION

By: /s/ John J. Sullivan

Name: John J. Sullivan

Title: Senior Vice President

[Signature page to Credit Agreement]

LIST OF SCHEDULES AND EXHIBITS

Schedules

Schedule 4.1	Equity Interests and Ownership
Schedule 4.3	Legal Proceedings
Schedule 5.6	Bank Accounts
Schedule 5.13(e)	Effective Date Leases
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Exhibit A-1	Form of Revolving Note
Exhibit A-2	Form of Effective Date Term Note
Exhibit A-3	Form of Delayed Draw Term Note
Exhibit B	[Reserved]
Exhibit C	Form of Compliance Certificate
Exhibit D	Form of Effective Date Certificate
Exhibit E	Form of Guaranty Agreement
Exhibit F	Form of Landlord Waiver and Consent Agreement
Exhibit G	Form of Pledge Agreement
Exhibit H	Form of Security Agreement

SCHEDULE 4.1

Equity Interests and Ownership

Loan Party	Jurisdiction of Organization	Owner(s)	Ownership %
NYM Holding, Inc.	Delaware	Long Deng	88.960%
		Cloud Best Limited	4.00%
		Faming Lin	1.72%
		Haiquan Chen	1.12%
		Shengbao Zhang	1.12%
		Shunwah Gee	1.12%
		Yongguang Li	0.60%
		Tongrui Huang	0.56%
		Xin Wu	0.16%
		Mei Deng	0.16%
		Mingzhe Zhang	0.16%
		Yi Fei Ling	0.08%
		Xiaodan Wu	0.08%
		Sheng Feng Song	0.06%
		Shizhen Wu	0.06%
Shunyu She	0.03%		
New York Mart 8 Ave, Inc.	New York	NYM Holding, Inc.	100%
New York Mart Ave U 2nd Inc.	New York	NYM Holding, Inc.	100%
New York Mart East Broadway Inc.	New York	NYM Holding, Inc.	100%
New York Supermarket East Broadway Inc.	New York	NYM Holding, Inc.	100%
New York Mart Group Inc.	New York	NYM Holding, Inc.	100%
Ming's Supermarket, Inc.	Massachusetts	NYM Holding, Inc.	100%
New York Mart Mott St., Inc.	New York	NYM Holding, Inc.	100%
New York Mart Roosevelt, Inc.	New York	NYM Holding, Inc.	100%
New York Mart Sunrise, Inc.	Florida	NYM Holding, Inc.	100%
Zen Mkt Quincy, Inc.	Massachusetts	NYM Holding, Inc.	100%
Strong America Limited	New York	NYM Holding, Inc.	100%

SCHEDULE 4.3

Legal Proceedings

None.

SCHEDULE 5.6

Bank Accounts

Name and Address of Depository Bank	Account Number	Account Type	Account Holder
TD Bank 21-31 46th Ave, Long Island City, NY 11101	433-2619894	Main Checking	New York Mart 8 Ave, Inc.
TD Bank 21-31 46th Ave, Long Island City, NY 11102	433-2618416	Payroll	
TD Bank 21-31 46th Ave, Long Island City, NY 11103	433-2620156	Lottery	
TD Bank 1602 Avenue U, Brooklyn, NY 11229	4311107688	Main Checking	New York Mart Ave U 2nd Inc.
N/A	N/A	N/A	New York Mart East Broadway Inc.
TD Bank 21-31 46th Ave, Long Island City, NY 11106	4332620049	Main Checking	New York Supermarket East Broadway Inc.
TD Bank 21-31 46th Ave, Long Island City, NY 11107	4332618458	Payroll	
TD Bank 21-31 46th Ave, Long Island City, NY 11108	4332618276	Lottery	

Name and Address of Depository Bank	Account Number	Account Type	Account Holder
TD Bank 21-31 46th Ave, Long Island City, NY 11109	4332617187	Main Checking	New York Mart Group Inc
TD Bank 21-31 46th Ave, Long Island City, NY 11110	4332620198	Payroll	
TD Bank 21-31 46th Ave, Long Island City, NY 11111	4332620205	Online	
TD Bank 21-31 46th Ave, Long Island City, NY 11112	4332619878	Main Checking	Ming's Supermarket, Inc.
TD Bank 21-31 46th Ave, Long Island City, NY 11113	4332620106	Payroll	
TD Bank 21-31 46th Ave, Long Island City, NY 11114	4332620114	Lottery	
TD Bank 21-31 46th Ave, Long Island City, NY 11115	4332620057	Main Checking	New York Mart Mott St., Inc.
TD Bank 21-31 46th Ave, Long Island City, NY 11116	4332617822	Payroll	
TD Bank 21-31 46th Ave, Long Island City, NY 11117	4332618507	Lottery	

Name and Address of Depository Bank	Account Number	Account Type	Account Holder
TD Bank 21-31 46th Ave, Long Island City, NY 11118	4332617848	Main Checking	New York Mart Roosevelt, Inc.
TD Bank 21-31 46th Ave, Long Island City, NY 11119	4442620164	Payroll	
TD Bank 21-31 46th Ave, Long Island City, NY 11120	4332620172	Lottery	
TD Bank 7345 W Oakland Park Boulevard, Fort Lauderdale FL 33319	4331092744	Main Checking	New York Mart Sunrise, Inc.
TD Bank 1800 N Pine Island Road, Plantation, FL 33322	4273681770	Lottery	
Amerasia 501 NE 167th St, Miami, FL 33162	31100607	Other	
TD Bank 21-31 46th Ave, Long Island City, NY 11120	4332619860	Main Checking	Zen Mkt Quincy, Inc.
TD Bank 21-31 46th Ave, Long Island City, NY 11121	4332620099	Payroll	
TD Bank 21-31 46th Ave, Long Island City, NY 11122	4332620081	Lottery	
Bank Of America	4830 4358 6030	Main Checking	Strong America Limited
ChinaTrust Bank	031 600 2893	Payroll	

SCHEDULE 5.13(e)

Effective Date Leases

Name of Loan Party	Leased Premises
Ming's Supermarket, Inc.	1102 Washington St., Boston, MA 02118
New York Mart 8 Ave, Inc.	6023 8th Ave., Brooklyn, NY 11120
New York Mart East Broadway Inc.	75 East Broadway, New York, NY 10002
New York Mart Roosevelt, Inc.	142-41 Roosevelt Ave., Flushing, NY 11354
New York Mart Sunrise, Inc.	10101 Sunset Strip, Sunrise, FL 33322
Zen Mkt Quincy, Inc.	733 Hancock St., Quincy, MA 02170

SCHEDULE 6.2

Certain Indebtedness

Loan Party	Date Of Note	Maturity Date of Note	Principal amount of Note	Principal Bal as of 11/2016	Name of Obligor	Are Note Obligations Secured
New York Mart 8 Ave, Inc.	8/8/2013	7/8/2018	28,767	10,245	NMAC	Yes
New York Mart East Broadway Inc.	N/A					
New York Supermarket East Broadway Inc.	N/A					
New York Mart Group Inc	1/4/2016	1/1/2021	33,161	28,090	Koeppel Nissan	Yes
	2/29/2016	3/1/2020	34,826	29,110	Koeppel Nissan	Yes
	8/20/2014	8/1/2017	4,354	1,151	Crown	Yes
	6/7/2014	7/1/2019	199,012	116,447	Volve	Yes
	11/7/2012	11/1/2017	111,113	25,592	Hitachi Financial Service	Yes
	2/3/2016	2/1/2018	6,993	4,442	Key Material	Yes
	6/13/2016	6/1/2021	49,455	45,720	Mercedes Benz	Yes
	5/31/2016	6/1/2022	43,381	40,982	Koeppel Nissan	Yes
	10/17/2013	10/1/2018	111,113	47,221	Isuzu Financial of America	Yes
	2/20/2013	2/1/2016	29,621	1,045	Isuzu Financial of America	Yes
Ming's Supermarket, Inc.	4/9/2014	4/1/2019	23,392	14,206	Toyota Financial Service	Yes
	2/19/2016	1/1/2021	32,965	28,333	Bank of America	Yes
	5/24/2014	4/24/2019	30,921	14,945	Toyota Financial Service	Yes
	1/17/2012	12/1/2016	29,621	1,045	Wells Fargo Equipment Finance	Yes
New York Mart Mott St., Inc.	N/A					
New York Mart Roosevelt, Inc.	N/A					
New York Mart Sunrise, Inc.	9/18/2014	9/18/2019	106,640	64,920	Hitachi Capital America Corp.	Yes
	1/14/2016	1/28/2021	48,191	40,827	Southeast Toyota Finance	Yes
Zen Mkt Quincy, Inc.	1/21/2014	1/1/2019	29,621	13,148	HYG Finance Service	Yes
	1/4/2015	2/1/2020	35,648	24,902	Ally	Yes
Strong America Limited	3/28/2013	3/28/2018	105,492	31,875	Hitachi Capital America Corp.	Yes
	3/10/2014	3/10/2019	109,629	55,921	Toyota Financial Service	Yes
	7/21/2012	7/22/2017	48,787	6,632	Toyota Financial Service	Yes
	3/26/2013	3/1/2018	67,938	19,579	Wells Fargo Equipment Finance	Yes
	10/9/2014	9/9/2017	10,888	3,157	NMAC	Yes

EXHIBIT A-1

Revolving Note

[Attached on the following page.]

REVOLVING NOTE

\$5,000,000.00

New York, New York

December 23, 2016

FOR VALUE RECEIVED, the undersigned hereby promises to pay to the order of **KEYBANK NATIONAL ASSOCIATION** or its registered assigns (the "**Lender**"), in lawful money of the United States of America in immediately available funds, at 660 White Plains Road, 2nd Floor, Tarrytown, NY 10591, the principal amount of all unpaid and outstanding Advances with respect to the Revolving Loans (as such term and each other capitalized term used herein are defined in the Agreement hereinafter referred to) with interest on the unpaid principal balance hereof from time to time outstanding at said office until paid at the rates and at the times provided in the Agreement.

This Revolving Note (as amended, restated, supplemented or otherwise modified from time to time, this "**Note**") is the Revolving Note referred to in the Credit Agreement, dated as of December 23, 2016, between, the undersigned and the Lender (as amended, restated, modified and/or supplemented from time to time, the "**Agreement**") and is entitled to the benefits thereof and of the other Loan Documents. This Note is secured by and entitled to the benefits of the Security Agreement. As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment prior to the Termination Date, in whole or in part.

Requests for Advances hereunder may be made in accordance with the terms and conditions of the Agreement. The Lender may enter in its business records and/or on the grid attached hereto (the "**Grid**") the amount of each Advance made hereunder. The Lender's records of each such Advance shall, in the absence of manifest error, be conclusively binding upon the Borrower. In the event the Lender provides confirmation of the terms of any Advance to the Borrower, the Borrower agrees that unless the Lender receives a written notification of exceptions to such confirmatory statement or notice within three (3) Business Days after such confirmatory statement or notice is mailed or otherwise provided in writing to the Borrower, the confirmation shall be deemed an account stated, correct, acceptable and conclusively binding upon the Borrower.

In case an Event of Default shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The liability of the Borrower shall be unconditional without regard to the liability of any other party and shall not be in any manner affected by any indulgence whatsoever granted or consented to by the Lender, including, without limitation, any release of any other party, extension of time, renewal, waiver or other modification. Any forbearance, failure, or delay by the Lender in exercising any right, power or remedy under this Note or under applicable law shall not be deemed to be a waiver of such right, power or remedy, nor shall any single or partial exercise of any right, power or remedy preclude the further exercise thereof.

The undersigned hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES).

[Signature Page to Follow]

NYM HOLDING, INC.

By: _____
Name: _____
Title: _____

[Signature Page to Revolver Note]

GRID

Advance No.	Date of Advance	Principal Advance Amount
1		
2		
3		
4		

EXHIBIT A-2

Effective Date Term Note

[Attached on the following page.]

EFFECTIVE DATE TERM NOTE

\$15,000,000.00

New York, New York

December 23, 2016

FOR VALUE RECEIVED, the undersigned hereby promises to pay to the order of **KEYBANK NATIONAL ASSOCIATION** or its registered assigns (the "**Lender**"), in lawful money of the United States of America in immediately available funds, at 660 White Plains Road, 2nd Floor, Tarrytown, NY 10591, the principal sum of FIFTEEN MILLION DOLLARS (\$15,000,000.00), or if less, the aggregate principal amount of the Effective Date Term Loan payable at such times and in such amounts as are specified in the Agreement as defined below.

The undersigned also promises to pay interest in like funds on the unpaid principal amount hereof from time to time outstanding at said office from the date hereof until paid at the rates and at the times provided in the Agreement.

This Effective Date Term Note (as amended, restated, supplemented or otherwise modified from time to time, this "**Note**") is the Effective Date Term Note referred to in the Credit Agreement, dated as of December 23, 2016, between, the undersigned and the Lender (as amended, restated, modified and/or supplemented from time to time, the "**Agreement**") and is entitled to the benefits thereof and of the other Loan Documents (as such term and each other capitalized term used herein are defined in the Agreement hereinafter referred to). This Note is secured by and entitled to the benefits of the Security Agreement. As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment prior to the Maturity Date, in whole or in part.

In case an Event of Default shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The liability of the Borrower shall be unconditional without regard to the liability of any other party and shall not be in any manner affected by any indulgence whatsoever granted or consented to by the Lender, including, without limitation, any release of any other party, extension of time, renewal, waiver or other modification. Any forbearance, failure, or delay by the Lender in exercising any right, power or remedy under this Note or under applicable law shall not be deemed to be a waiver of such right, power or remedy, nor shall any single or partial exercise of any right, power or remedy preclude the further exercise thereof.

The undersigned hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES).

NYM HOLDING, INC.

By: _____

Name:

Title:

[Signature Page to Effective Date Term Note]

EXHIBIT A-3

Delayed Draw Term Note

[Attached on the following page.]

DELAYED DRAW TERM NOTE

\$5,000,000.00

New York, New York

[_____] [____], 201_

FOR VALUE RECEIVED, the undersigned hereby promises to pay to the order of **KEYBANK NATIONAL ASSOCIATION** or its registered assigns (the "**Lender**"), in lawful money of the United States of America in immediately available funds, at 660 White Plains Road, 2nd Floor, Tarrytown, NY 10591, the principal sum of FIVE MILLION DOLLARS (\$5,000,000.00), or if less, the aggregate principal amount of the Delayed Draw Term Loan payable at such times and in such amounts as are specified in the Agreement as defined below.

The undersigned also promises to pay interest in like funds on the unpaid principal amount hereof from time to time outstanding at said office from the date hereof until paid at the rates and at the times provided in the Agreement.

This Delayed Draw Term Note (as amended, restated, supplemented or otherwise modified from time to time, this "**Note**") is the Delayed Draw Term Note referred to in the Credit Agreement, dated as of December 23, 2016, between, the undersigned and the Lender (as amended, restated, modified and/or supplemented from time to time, the "**Agreement**") and is entitled to the benefits thereof and of the other Loan Documents (as such term and each other capitalized term used herein are defined in the Agreement hereinafter referred to). This Note is secured by and entitled to the benefits of the Security Agreement. As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment prior to the Delayed Draw Maturity Date, in whole or in part.

In case an Event of Default shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The liability of the Borrower shall be unconditional without regard to the liability of any other party and shall not be in any manner affected by any indulgence whatsoever granted or consented to by the Lender, including, without limitation, any release of any other party, extension of time, renewal, waiver or other modification. Any forbearance, failure, or delay by the Lender in exercising any right, power or remedy under this Note or under applicable law shall not be deemed to be a waiver of such right, power or remedy, nor shall any single or partial exercise of any right, power or remedy preclude the further exercise thereof.

The undersigned hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES).

[Signature Page to Follow]

NYM HOLDING, INC.

By: _____
Name: _____
Title: _____

[Signature Page to Delayed Draw Term Note]

EXHIBIT C

Form of Compliance Certificate

KeyBank National Association
660 White Plains Road, 2nd Floor
Tarrytown, NY 10591
Attention: _____

Ladies and Gentlemen:

The undersigned is an authorized officer of NYM HOLDING, INC. (the "**Borrower**") and is authorized to make and deliver this Compliance Certificate pursuant to that certain Credit Agreement dated as of December 23, 2016, between the Borrower and you (as amended, restated, supplemented or otherwise modified from time to time, the "**Agreement**"). All terms used but not defined herein shall have the meanings ascribed to them in the Agreement.

Pursuant to the terms and provisions of the Agreement, the undersigned (in my capacity as the [_____] of the Borrower, and not in my individual capacity), on behalf of the Borrower, hereby certify that:

(i) The representations and warranties contained in Section 4 of the Agreement are true and correct in all material respects on and as of the date hereof unless such representations and warranties relate to an earlier date, in which case such representations shall be true and correct in all material respects as of such earlier date.

(iii) No Event of Default exists under the Agreement.

(iv) The calculations of the financial covenants attached hereto have been prepared in accordance and in compliance with the terms and provisions of the Agreement.

(v) No material adverse change has occurred in the business, assets, condition, financial or otherwise, or results of operations of the Loan Parties (taken as a whole) since the date of the most recent financial statements delivered to the Lender.

IN WITNESS WHEREOF, this certificate has been executed as an instrument under seal as of the date set forth below.

(signature page follows)

WITNESS:

BORROWER:

NYM HOLDING, INC.

By: _____
Name: _____
Title: _____

Calculation of Financial Covenants in Section 7 of the Agreement

[See Spreadsheet Attached]

EXHIBIT D

Form of Effective Date Certificate

[Attached on the following page.]

EFFECTIVE DATE CERTIFICATE

December 23, 2016

Reference is made to the Credit Agreement, dated as of December 23, 2016 (the "*Credit Agreement*"), by and among NYM Holding, Inc., a Delaware corporation (the "*Borrower*"), and KeyBank National Association (the "*Lender*"). Terms which are capitalized herein and not otherwise defined shall have the same meanings as in the Credit Agreement. This Certificate is being delivered pursuant to Section 3.1(d) of the Credit Agreement.

The undersigned, of the Borrower, does hereby certify, solely in such capacity and not individually, that as of the date hereof:

- (a) The representations and warranties contained in the Credit Agreement and in each of the other Loan Documents are true and correct.
- (b) The Senior Funded Debt to EBITDA Ratio does not exceed 3.00 to 1.00 on a pro forma basis.
- (c) Attached hereto as Annex A is a true, complete and correct copy of each of the SPAC Merger Documents and any documents executed in connection therewith, together with copies of each opinion of counsel, if any, delivered to the parties under the SPAC Merger Documents.
- (d) Attached hereto as Annex B is a true, complete and correct copy of the Escrow Agreement.
- (e) Each of the conditions set forth in Sections 3.1 and 3.2 of the Credit Agreement has been satisfied.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Borrower has caused this Certificate to be duly executed and delivered as of the date first written above.

NYM HOLDING, INC.

By: _____
Name:
Title:

[Signature Page to Effective Date Certificate]

EXHIBIT A

SPAC Merger Documents

[Attached on the following page.]

EXHIBIT B

Escrow Agreement

[Attached on the following page.]

EXHIBIT E

Form of Guaranty Agreement

[Attached on the following page.]

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "**Guaranty**"), dated as of December 23, 2016, is entered into by and among the Guarantors identified as such on the signature page hereof (each, a "**Guarantor**" and collectively, "**Guarantors**"), and KEYBANK NATIONAL ASSOCIATION (the "**Lender**").

RECITALS:

WHEREAS, NYM Holding, Inc., a Delaware corporation (the "**Borrower**"), and the Lender are parties to that certain Credit Agreement dated as of December 23, 2016 (as the same may be amended, restated, modified, supplemented or replaced from time to time, the "**Credit Agreement**"), pursuant to which the Lender has agreed to (i) make available to the Borrower a \$5,000,000 revolving credit facility for the making, from time to time, of revolving loans and the issuance, from time to time, of letters of credit, (ii) make a term loan to the Borrower in an aggregate principal amount of \$15,000,000 on the date hereof, and (iii) make a delayed draw term loan to the Borrower in an aggregate principal amount of up to \$5,000,000 on or within 365 days following the date hereof, in each case on the terms and subject to the conditions set forth in the Credit Agreement; and

WHEREAS, each Guarantor will derive direct and indirect economic benefits from the making of the Loans and other financial accommodations provided to the Borrower pursuant to the Credit Agreement; and

WHEREAS, in order to induce the Lender to enter into the Credit Agreement and other Loan Documents and to induce the Lender to make the Loans and to issue Letters of Credit as provided for in the Credit Agreement, each Guarantor has agreed to guarantee payment of the Obligations;

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained, and to induce Lenders to provide the Loans and other financial accommodations under the Credit Agreement, it is agreed as follows:

1. DEFINITIONS.

Capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement, unless otherwise defined herein.

References herein to this "Guaranty" shall mean this Guaranty, including all amendments, modifications and supplements and any annexes, exhibits and schedules to any of the foregoing, and shall refer to this Guaranty as the same may be in effect at the time such reference becomes operative.

2. THE GUARANTY.

2.1 Guaranty of Guaranteed Obligations of Borrower. Each Guarantor hereby jointly and severally unconditionally guarantees to the Lender and its successors, transferees and assigns, the prompt payment (whether at stated maturity, by acceleration or otherwise) and performance of the Obligations (hereinafter the "**Guaranteed Obligations**"). Each Guarantor agrees that this Guaranty is a guaranty of payment and performance and not of collection, and that its obligations under this Guaranty shall be primary, absolute and unconditional, irrespective of, and, to the extent permitted by law, unaffected by:

(a) the genuineness, validity, regularity, enforceability or any future amendment of, or change in any other Loan Document or any other agreement, document or instrument to which any Loan Party and/or any Guarantor is or may become a party;

(b) the absence of any action to enforce this Guaranty or any other Loan Document or the waiver or consent by the Lender with respect to any of the provisions thereof (other than with respect to any waiver by the Lender of any Guarantor's obligations hereunder pursuant to Section 6.6);

(c) the existence, value or condition of, or failure to perfect the Lender's Lien against, any Collateral for the Guaranteed Obligations or any action, or the absence of any action, by the Lender in respect thereof (including, without limitation, the release of any such security);

(d) the insolvency of any Loan Party;

(e) the Lender's election, in any proceeding instituted under the Bankruptcy Code of the application of Section 1111(b)(2) of the Bankruptcy Code;

(f) any borrowing or grant of a Lien by any Loan Party of all or part of the Guaranteed Obligations, as debtor-in-possession, under Section 364 of the Bankruptcy Code;

(g) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of the Lender's claims for repayment of the Guaranteed Obligations;

(h) the Lender's inability to enforce the Guaranteed Obligations as a result of the automatic stay provisions under Section 362 of the Bankruptcy Code; or

(i) any other action or circumstances which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor other than payment and performance in full of the Guaranteed Obligations,

it being agreed by each Guarantor that its obligations under this Guaranty shall not be discharged until the latest to occur of (i) the Termination Date, (ii) the Maturity Date and (iii) the Delayed Draw Maturity Date; provided, that its obligations may be reinstated as set forth in Section 2.7 hereof. Each Guarantor shall be regarded, and shall be in the same position, as principal debtor with respect to the Guaranteed Obligations. Each Guarantor agrees that any notice or directive given at any time to the Lender which is inconsistent with the waiver in the immediately preceding sentence shall be null and void and may be ignored by the Lender, and, in addition, may not be pleaded or introduced as evidence in any litigation relating to this Guaranty for the reason that such pleading or introduction would be at variance with the written terms of this Guaranty, unless the Lender have specifically agreed otherwise in writing. It is agreed among each Guarantor and the Lender that the foregoing waivers are of the essence of the transaction contemplated by the Loan Documents and that, but for this Guaranty and such waivers, the Lender would decline to enter into the Credit Agreement.

2.2 Demand by the Lender. In addition to the terms of the Guaranty set forth in Section 2.1 hereof, and in no manner imposing any limitation on such terms, it is expressly understood and agreed that, if, at any time, the outstanding principal amount of the Guaranteed Obligations under the Credit Agreement (including all accrued interest thereon) is declared to be immediately due and payable, then the Guarantors shall, subject to Section 6.10, upon notice of such acceleration, without further demand, pay to the holders of the Guaranteed Obligations the entire outstanding Guaranteed Obligations due and owing to such holders. Payment by each Guarantor shall be made to the Lender in immediately available funds to an account designated by the Lender, and shall be credited and applied to the Guaranteed Obligations.

2.3 Enforcement of Guaranty. In no event shall the Lender have any obligation (although it is entitled, at its option) to proceed against the Borrower or any other Loan Party or any Collateral pledged to secure the Guaranteed Obligations before seeking satisfaction from any or all of the Guarantors, and the Lender may proceed, prior or subsequent to, or simultaneously with, the enforcement of the Lender's rights hereunder, to exercise any right or remedy which it may have against any Collateral, as a result of any Lien it may have as security for all or any portion of the Guaranteed Obligations.

2.4 Waiver. In addition to the waivers contained in Section 2.1 hereof, to the extent permitted by law, each Guarantor waives and agrees that it shall not at any time insist upon, plead or in any manner whatever claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshaling of assets or redemption laws, or exemption, whether now or at any time hereafter in force, which may delay, prevent or otherwise affect the performance by such Guarantor of its Guaranteed Obligations under, or the enforcement by the Lender of, this Guaranty. Guarantors hereby waive diligence, presentment and demand (whether for nonpayment or protest or of acceptance, maturity, extension of time, change in nature or form of the Guaranteed Obligations, acceptance of further security, release of further security, composition or agreement arrived at as to the amount of, or the terms of, the Guaranteed Obligations, notice of adverse change in the Borrower's financial condition or any other fact which might increase the risk to Guarantors) with respect to any of the Guaranteed Obligations or all other demands whatsoever and waives the benefit of all provisions of law which are in conflict with the terms of this Guaranty. Each Guarantor represents, warrants and jointly and severally agrees that, as of the date of this Guaranty, its obligations under this Guaranty are not subject to any offsets or defenses against the Lender or any Loan Party of any kind. Guarantors further jointly and severally agree that their obligations under this Guaranty shall not be subject to any counterclaims, offsets or defenses against the Lender or against any Loan Party of any kind which may arise in the future.

2.5 Benefit of Guaranty. The provisions of this Guaranty are for the benefit of the Lender and its successors, transferees, endorsees and permitted assigns, and nothing herein contained shall impair, as between any Loan Party and the Lender, the obligations of any Loan Party under the Loan Documents. In the event all or any part of the Guaranteed Obligations are transferred, endorsed or assigned by the Lender or any Lender to any Person or Persons, any reference to the "Lender" herein shall be deemed to refer equally to such Person or Persons.

2.6 Modification of Guaranteed Obligations, Etc. Each Guarantor hereby acknowledges and agrees that the Lender may at any time or from time to time, with or without the consent of, or notice to, Guarantors or any of them:

- (a) change or extend the manner, place or terms of payment of, or renew or alter all or any portion of, the Guaranteed Obligations;
- (b) take any action under or in respect of the Loan Documents in the exercise of any remedy, power or privilege contained therein or available to it at law, equity or otherwise, or waive or refrain from exercising any such remedies, powers or privileges;
- (c) amend or modify, in any manner whatsoever, the Loan Documents (except this Guaranty);
- (d) extend or waive the time for any Loan Party's performance of, or compliance with, any term, covenant or agreement on its part to be performed or observed under the Loan Documents, or waive such performance or compliance or consent to a failure of, or departure from, such performance or compliance;
- (e) take and hold Collateral for the payment of the Guaranteed Obligations guaranteed hereby or sell, exchange, release, dispose of, or otherwise deal with, any property pledged, mortgaged or conveyed, or in which the Lender has been granted a Lien, to secure any Obligations;
- (f) release anyone who may be liable in any manner for the payment of any amounts owed by Guarantors or any Loan Party to the Lender;
- (g) modify or terminate the terms of any intercreditor or subordination agreement pursuant to which claims of other creditors of any Guarantor or any Loan Party are subordinated to the claims of the Lender; and/or
- (h) apply any sums by whomever paid or however realized to any amounts owing by any Guarantor or any Loan Party to the Lender in such manner as the Lender shall determine in its discretion;

and the Lender shall not incur any liability to Guarantors as a result thereof, and no such action shall impair or release the Guaranteed Obligations of Guarantors or any of them under this Guaranty.

2.7 Reinstatement. Notwithstanding any provision in this Guaranty to the contrary, this Guaranty shall remain in full force and effect and continue to be effective should any petition be filed by or against any Loan Party for liquidation or reorganization, should any Loan Party become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of such Loan Party's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Guaranteed Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by the Lender, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Guaranteed Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

2.8 Waiver of Subrogation, Etc. Notwithstanding anything to the contrary in this Guaranty, or in any other Loan Document, each Guarantor hereby:

(a) to the extent permitted by law, until the indefeasible payment in full in cash of the Guaranteed Obligations and termination of the Lender's commitment to make any Loans or issue any Letters of Credit under the Credit Agreement, expressly and irrevocably waives, on behalf of itself and its successors and assigns (including any surety), any and all rights at law or in equity to subrogation, to reimbursement, to exoneration, to contribution, to indemnification, to set off or to any other rights that could accrue to a surety against a principal, to a guarantor against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, to a holder or transferee against a maker, or to the holder of any claim against any Person, and which such Guarantor may have or hereafter acquire against any Loan Party in connection with or as a result of such Guarantor's execution, delivery and/or performance of this Guaranty, or any other documents to which such Guarantor is a party or otherwise; and

(b) acknowledges and agrees (i) that this Section 2.8 is intended to benefit the Lender and shall not limit or otherwise effect any Guarantor's liability hereunder or the enforceability of this Guaranty, and (ii) that the Lender and its successors and permitted assigns are intended third party beneficiaries of the waivers and agreements set forth in this Section 2.8.

In addition, until the indefeasible payment in full in cash of the Guaranteed Obligations and termination of the Lender's commitment to make any Loans or issue any Letters of Credit under the Credit Agreement, each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations, including any such right of contribution as contemplated by Section 6.11.

2.9 Election of Remedies. If the Lender may, under applicable law, proceed to realize benefits under any of the Loan Documents giving the Lender a Lien upon any Collateral owned by any Loan Party, either by judicial foreclosure or by non-judicial sale or enforcement, the Lender may, at its sole option, determine which of such remedies or rights it may pursue without affecting any of such rights and remedies under this Guaranty. If, in the exercise of any of its rights and remedies, the Lender shall forfeit any of its rights or remedies, including its right to enter a deficiency judgment against any Loan Party, whether because of any applicable laws pertaining to "election of remedies" or the like, each Guarantor hereby consents to such action by the Lender and waives any claim based upon such action, even if such action by the Lender shall result in a full or partial loss of any rights of subrogation which such Guarantor might otherwise have had but for such action by the Lender. Any election of remedies which results in the denial or impairment of the right of the Lender to seek a deficiency judgment against any Loan Party shall not impair any Guarantor's obligation to pay the full amount of the Guaranteed Obligations. In the event the Lender shall bid at any foreclosure or trustee's sale or at any private sale permitted by law or the Loan Documents, the Lender may bid all or less than the amount of the Guaranteed Obligations and the amount of such bid need not be paid by the Lender but shall be credited against the Guaranteed Obligations. The amount of the successful bid at any such sale shall be presumptively deemed to be the fair market value of the collateral and the difference between such bid amount and the remaining balance of the Guaranteed Obligations shall be presumptively deemed to be the amount of the Guaranteed Obligations guaranteed under this Guaranty, notwithstanding that any present or future law or court decision or ruling may have the effect of reducing the amount of any deficiency claim to which the Lender might otherwise be entitled but for such bidding at any such sale.

3. DELIVERIES.

In a form reasonably satisfactory to the Lender, each Guarantor shall deliver to the Lender, concurrently with the execution of this Guaranty and the Credit Agreement, the Loan Documents and other instruments, certificates and documents as are required to be delivered by each of the Guarantors to the Lender under the Credit Agreement.

4. FURTHER ASSURANCES.

Each Guarantor agrees, upon the reasonable written request of the Lender, to execute and deliver to the Lender, from time to time, any additional instruments or documents reasonably considered necessary by the Lender to cause this Guaranty to be, become or remain valid and effective in accordance with its terms.

5. PAYMENTS FREE AND CLEAR OF TAXES.

All payments required to be made by each Guarantor hereunder shall be made to the Lender free and clear of, and without deduction for, any and all present and future taxes. If any Guarantor shall be required by law to deduct any taxes from or in respect of any sum payable hereunder, (a) the sum payable shall be increased as much as shall be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 5) the Lender receive an amount equal to the sum they would have received had no such deductions been made, (b) such Guarantor shall make such deductions, and (c) such Guarantor shall pay the full amount deducted to the relevant taxing or other authority in accordance with applicable law. Within thirty (30) days after the date of any payment of taxes, each applicable Guarantor shall furnish to the Lender the original or a certified copy of a receipt evidencing payment thereof. Each Guarantor shall jointly and severally indemnify and, within ten (10) days of demand therefor, pay the Lender for the full amount of taxes (including any taxes imposed by any jurisdiction on amounts payable under this Section 5) paid by the Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such taxes were correctly or legally asserted.

6. OTHER TERMS.

6.1 Entire Agreement. This Guaranty, together with the other Loan Documents, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements relating to a guaranty of the loans and advances under the Loan Documents and/or the Guaranteed Obligations.

6.2 Headings. The headings in this Guaranty are for convenience of reference only and are not part of the substance of this Guaranty.

6.3 Severability. Whenever possible, each provision of this Guaranty shall be interpreted in such a manner to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

6.4 Notices. Whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give or serve upon another any such communication with respect to this Guaranty, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be addressed to the party to be notified as follows:

If to the Lender: KeyBank National Association
660 White Plains Road, 2nd Floor
Tarrytown, NY 10591
Attention: John J. Sullivan

With a copy to: Nixon Peabody LLP
437 Madison Avenue
New York, NY 10022
Attention: Alex Yim

If to any Guarantor: 2-39 54th Ave.
Long Island City, NY 11101
Attention: Long Deng

or at such other address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration or other communication hereunder shall be deemed to have been validly served, given or delivered (i) upon the earlier of actual receipt and five (5) Business Days after the same shall have been deposited with the United States mail, registered or certified mail, return receipt requested, with proper postage prepaid, (ii) one (1) Business Day after deposit with a reputable overnight carrier with all charges prepaid, or (iii) when delivered, if hand-delivered by messenger.

6.5 Successors and Assigns. This Guaranty and all obligations of each Guarantor hereunder shall be binding upon the successors and assigns of each Guarantor (including a debtor-in-possession on behalf of such Guarantor) and shall, together with the rights and remedies of the Lender hereunder, inure to the benefit of the Lender, all future holders of any instrument evidencing any of the Obligations and their respective successors and permitted assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Obligations or any portion thereof or interest therein shall in any manner affect the rights of the Lender hereunder. No Guarantor may assign, sell, hypothecate or otherwise transfer any interest in or obligation under this Guaranty.

6.6 No Waiver; Cumulative Remedies; Amendments. The Lender shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by the Lender and then only to the extent therein set forth. A waiver by the Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Lender would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of the Lender, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this Guaranty may be waived, altered, modified, supplemented or amended except by an instrument in writing, duly executed by the Lender and each of the Guarantors.

6.7 Termination. Subject to Section 2.7 hereof, this Guaranty is a continuing guaranty and shall remain in full force and effect until the latest to occur of (i) the Termination Date, (ii) the Maturity Date and (iii) the Delayed Draw Maturity Date. Upon payment and performance in full of the Guaranteed Obligations (other than contingent indemnification obligations as to which no claim has been asserted), the Lender shall deliver to Guarantors such documents as Guarantors may reasonably request to evidence such termination.

6.8 Counterparts. This Guaranty may be executed in any number of counterparts, each of which shall collectively and separately constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Guaranty in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Guaranty.

6.9 GOVERNING LAW; LITIGATION.

THIS GUARANTY SHALL BE INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CHOICE OF LAW PRINCIPLES. ANY ACTION OR SUIT IN CONNECTION WITH THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE BROUGHT IN A COURT OF RECORD IN NEW YORK, THE PARTIES HERETO IRREVOCABLY SUBMITTING AND CONSENTING TO THE NON EXCLUSIVE JURISDICTION OF EACH THEREOF, AND EACH PARTY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, ANY OBJECTION IT MAY HAVE OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND CLAIM THAT THE SAME HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. SERVICE OF PROCESS MAY BE MADE ON THE OTHER PARTY BY MAILING A COPY OF THE SUMMONS TO SUCH PARTY, BY REGISTERED MAIL, AT ITS ADDRESS TO BE USED FOR THE GIVING OF NOTICES UNDER THIS GUARANTY OR ANY OTHER LOAN DOCUMENT. IN THE EVENT OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IN CONNECTION WITH THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREIN, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE, EACH GUARANTOR AND THE LENDER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ALL RIGHTS TO A TRIAL BY JURY AND AGREE THAT SUCH LITIGATION SHALL BE DECIDED BY COURT TRIAL AND THAT ANY GUARANTOR OR THE LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE FOREGOING WAIVER.

6.10 Limitation on Guaranteed Obligations. Notwithstanding any provision herein contained to the contrary, each Guarantor's liability hereunder shall be limited to an amount not to exceed as of any date of determination the greater of:

(a) the net amount of all Loans and other extensions of credit (including Letters of Credit) advanced under the Credit Agreement and directly or indirectly re-loaned or otherwise transferred to, or incurred for the benefit of, such Guarantor, plus interest thereon at the applicable rate specified in the Credit Agreement; or

(b) the amount which could be claimed by the Lender from such Guarantor under this Guaranty without rendering such claim voidable or avoidable under Section 548 of Chapter 11 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law after taking into account, among other things, such Guarantor's right of contribution and indemnification from each other Guarantor under Section 6.11.

6.11 Contribution with Respect to Guaranteed Obligations.

(a) To the extent that any Guarantor shall make a payment under this Guaranty of all or any of the Guaranteed Obligations (a "***Guarantor Payment***") which, taking into account all other Guarantor Payments then previously or concurrently made by the other Guarantors, exceeds the amount which such Guarantor would otherwise have paid if each Guarantor had paid the aggregate Guaranteed Obligations satisfied by such Guarantor Payment in the same proportion that such Guarantor's "Allocable Amount" (as defined below) (in effect immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of all of Guarantors in effect immediately prior to the making of such Guarantor Payment, then, following indefeasible payment in full in cash of the Obligations and termination of the Commitments, such Guarantor shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each of the other Guarantors for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.

(b) As of any date of determination, the “Allocable Amount” of any Guarantor shall be equal to the maximum amount of the claim which could then be recovered from such Guarantor under this Guaranty without rendering such claim voidable or avoidable under Section 548 of Chapter 11 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law.

(c) This Section 6.11 is intended only to define the relative rights of Guarantors and nothing set forth in this Section 6.11 is intended to or shall impair the obligations of Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Guaranty.

(d) The rights of the parties under this Section 6.11 shall be exercisable upon the full and indefeasible payment of the Guaranteed Obligations and the termination of the Credit Agreement and the other Loan Documents.

(e) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of any Guarantor to which such contribution and indemnification is owing.

7. SECURITY.

To secure payment of each Guarantor’s obligations under this Guaranty, concurrently with the execution of this Guaranty, each Guarantor has entered into a Security Agreement and/or a Pledge Agreement pursuant to which such Guarantor, has granted to the Lender a Lien on all its personal property including, without limitation, all of the stock in its subsidiaries, for the benefit of the Lender.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guaranty as of the date first above written.

GUARANTORS:

NEW YORK MART 8 AVE, INC.

By: _____
Name: _____
Title: _____

NEW YORK MART EAST BROADWAY INC.

By: _____
Name: _____
Title: _____

NEW YORK SUPERMARKET EAST BROADWAY INC.

By: _____
Name: _____
Title: _____

NEW YORK MART GROUP INC.

By: _____
Name: _____
Title: _____

MING'S SUPERMARKET, INC.

By: _____
Name: _____
Title: _____

[Signature Page to Guaranty Agreement]

NEW YORK MART MOTT ST., INC.

By: _____
Name: _____
Title: _____

NEW YORK MART ROOSEVELT, INC.

By: _____
Name: _____
Title: _____

NEW YORK MART SUNRISE, INC.

By: _____
Name: _____
Title: _____

ZEN MKT QUINCY, INC.

By: _____
Name: _____
Title: _____

STRONG AMERICA LIMITED

By: _____
Name: _____
Title: _____

[Signature Page to Guaranty Agreement]

LENDER:

KEYBANK NATIONAL ASSOCIATION

By: _____
Name: John J. Sullivan
Title: Senior Vice President

[Signature Page to Guaranty Agreement]

EXHIBIT F

Form of Landlord Waiver and Consent Agreement

[Attached on the following page.]

LANDLORD WAIVER AND CONSENT AGREEMENT

THIS LANDLORD WAIVER AND CONSENT AGREEMENT (this "*Agreement*") is dated as of [_____] and entered into by [NAME OF LANDLORD] ("*Landlord*"), to and for the benefit of KEYBANK NATIONAL ASSOCIATION, as Lender (in such capacity, the "*Lender*").

RECITALS:

WHEREAS, [NAME OF GRANTOR], a [Type of Person] ("*Tenant*"), has possession of and occupies all or a portion of the property described on Exhibit A annexed hereto (the "*Premises*");

WHEREAS, Tenant's interest in the Premises arises under the lease agreement (the "*Lease*") attached as Exhibit B hereto, pursuant to which Landlord has rights, upon the terms and conditions set forth therein, to take possession of, and otherwise assert control over, the Premises;

WHEREAS, reference is made to that certain Credit Agreement, dated as of December 23, 2016 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"; the terms defined therein and not otherwise defined herein being used herein as therein defined), by and between NYM Holding, Inc., a Delaware corporation (the "*Borrower*"), and the Lender, pursuant to which Tenant has executed the Security Agreement and other collateral documents in relation to the Credit Agreement;

WHEREAS, the Borrower's repayment of the extensions of credit made by the Lender under the Credit Agreement will be secured, in part, by the assets of Tenant located on the Premises (the "*Collateral*"); and

WHEREAS, the Lender has requested that Landlord execute this Agreement as a condition to the extension of credit to the Borrower under the Credit Agreement.

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord hereby represents and warrants to, and covenants and agrees with, the Lender as follows:

1. Landlord hereby (a) waives and releases unto the Lender and its successors and assigns any and all rights granted by or under any present or future laws to levy or distraint for rent or any other charges which may be due to Landlord against the Collateral, and any and all other claims, liens and demands of every kind which it now has or may hereafter have against the Collateral, and (b) agrees that any rights it may have in or to the Collateral, no matter how arising (to the extent not effectively waived pursuant to clause (a) of this paragraph 1), shall be second and subordinate to the rights of the Lender in respect thereof. Landlord acknowledges that the Collateral is and will remain personal property and not fixtures even though it may be affixed to or placed on the Premises.

2. Landlord certifies that (a) Landlord is the landlord under the Lease, (b) the Lease is in full force and effect and has not been amended, modified, or supplemented except as set forth on Exhibit B annexed hereto, (c) to the knowledge of Landlord, there is no defense, offset, claim or counterclaim by or in favor of Landlord against Tenant under the Lease or against the obligations of Landlord under the Lease, (d) no notice of default has been given under or in connection with the Lease which has not been cured, and Landlord has no knowledge of the occurrence of any other default under or in connection with the Lease, and (e) except as disclosed to the Lender, no portion of the Premises is encumbered in any way by any deed of trust or mortgage lien or ground or superior lease.

3. Landlord consents to the installation or placement of the Collateral on the Premises, and Landlord grants to the Lender a license to enter upon and into the Premises to do any or all of the following with respect to the Collateral: assemble, have appraised, display, remove, maintain, prepare for sale or lease, repair, transfer, or sell (at public or private sale). In entering upon or into the Premises, the Lender hereby agrees to indemnify, defend and hold Landlord harmless from and against any and all claims, judgments, liabilities, costs and expenses incurred by Landlord caused solely by the Lender's entering upon or into the Premises and taking any of the foregoing actions with respect to the Collateral. Such costs shall include any damage to the Premises made by the Lender in severing and/or removing the Collateral therefrom.

4. Landlord agrees that it will not prevent the Lender or its designee from entering upon the Premises at all reasonable times to inspect or remove the Collateral. In the event that Landlord has the right to, and desires to, obtain possession of the Premises (either through expiration of the Lease or termination thereof due to the default of Tenant thereunder), Landlord will deliver notice (the "**Landlord's Notice**") to the Lender to that effect. Within the forty-five (45) day period after the Lender receives the Landlord's Notice, the Lender shall have the right, but not the obligation, to cause the Collateral to be removed from the Premises. During such forty-five (45) day period, Landlord will not remove the Collateral from the Premises nor interfere with the Lender's actions in removing the Collateral from the Premises or the Lender's actions in otherwise enforcing its security interest in the Collateral. Notwithstanding anything to the contrary in this paragraph, the Lender shall at no time have any obligation to remove the Collateral from the Premises.

5. Landlord shall send to the Lender a copy of any notice of default under the Lease sent by Landlord to Tenant. In addition, Landlord shall send to the Lender a copy of any notice received by Landlord of a breach or default under any other lease, mortgage, deed of trust, security agreement or other instrument to which Landlord is a party which may affect Landlord's rights in, or possession of, the Premises.

6. All notices to the Lender under this Agreement shall be in writing and sent to the Lender at its address set forth on the signature page hereof by United States mail, or by overnight delivery service.

7. The provisions of this Agreement shall continue in effect until Landlord shall have received the Lender's written certification that all amounts advanced under the Credit Agreement have been paid in full.

8. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

9. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and delivered as of the day and year first set forth above.

[NAME OF LANDLORD],
as Landlord

By: _____
Name: _____
Title: _____

Attention: _____

[Signature Page to Landlord Waiver and Consent Agreement]

By its acceptance hereof, as of the day and year first set forth above, the Lender agrees to be bound by the provisions hereof.

KEYBANK NATIONAL ASSOCIATION,
as Lender

By: _____

Name:

Title:

660 White Plains Road, 2nd Floor

Tarrytown, NY 10591

Attention: John J. Sullivan

[Signature Page to Landlord Waiver and Consent Agreement]

Legal Description of Premises:

LEASE

[Attached on the following page.]

EXHIBIT G

Form of Pledge Agreement

[Attached on the following page.]

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT, dated as of December 23, 2016 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "*Agreement*"), is made by NYM HOLDING, INC., a Delaware corporation (the "*Pledgor*"), in favor of KEYBANK NATIONAL ASSOCIATION (the "*Secured Party*").

RECITALS:

WHEREAS, the Pledgor and the Secured Party are parties to that certain Credit Agreement dated as of December 23, 2016 (as the same may be amended, restated, modified, supplemented or replaced from time to time, the "*Credit Agreement*"), pursuant to which the Secured Party has agreed to (i) make available to the Pledgor a \$5,000,000 revolving credit facility for the making, from time to time, of Advances (as defined therein) and the issuance, from time to time, of Letters of Credit (as defined therein), (ii) make the Effective Date Term Loan (as defined therein) in an aggregate principal amount of \$15,000,000 on the Effective Date (as defined therein), and (iii) make the Delayed Draw Term Loan (as defined therein) in an aggregate principal amount of up to \$5,000,000 on or within 365 days following the Effective Date, in each case on the terms and subject to the conditions set forth in the Credit Agreement; and

WHEREAS, it is a condition to entering into the Credit Agreement that the Pledgor grant to Secured Party a first-priority security interest in the Collateral (as such term is hereinafter defined) to secure full and timely payment and performance of all of the Secured Obligations (as such term is hereinafter defined); and

WHEREAS, it is a condition to the obligations of the Secured Party to make the Loans under the Loan Agreement that the Pledgor execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. All capitalized terms used herein shall, unless otherwise defined herein, have the same meanings given to such terms in the Credit Agreement. Notwithstanding the foregoing, for purposes of this Agreement, the following capitalized terms have the meanings set forth below or otherwise as set forth when first used herein.

"*Collateral*" has the meaning set forth in Section 2.

"*Pledged Equity*" means the shares of stock and/or limited liability company interests described in Schedule 1 hereto and issued by the issuers named therein, and the certificates, instruments and agreements, if any, representing the Pledged Equity and includes any securities or other interests, howsoever evidenced or denominated, received by the Pledgor in exchange for or as a dividend or distribution on or otherwise received in respect of the Pledged Equity.

“**Proceeds**” means “proceeds” as such term is defined in Section 9-102 of the UCC and, in any event, shall include, without limitation, all dividends or other income from the Pledged Equity, collections thereon or distributions with respect thereto.

“**Requirement of Law**” means, as to any Person, any statute, law, rule, treaty, regulation, ordinance, protocol, code, guideline, order, writ, judgment, injunction, decree, award or, determination of an arbitrator or court, or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or assets or to which any such Person or any of its property or assets may be bound or affected.

“**Secured Obligations**” means the Obligations and all indebtedness, liabilities, obligations, covenants, indemnifications, and duties of, and all terms and conditions to be observed by, the Pledgor and the other Loan Parties now or hereafter due or owing to, or in favor or for the benefit of the Secured Party, of every kind, nature and description, direct or indirect, absolute or contingent, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, in each case in connection with the Credit Agreement and the other Loan Documents, whether now existing or hereafter arising, and whether or not for the payment of money or the performance or non-performance of any act.

“**UCC**” means the Uniform Commercial Code as in effect from time to time in the State of New York, or, when the laws of any other state govern the method or manner of the perfection or enforcement of any security interest in any of the Collateral, the Uniform Commercial Code as in effect from time to time in such state.

2. Pledge. To secure the payment, observance and performance of the Secured Obligations, the Pledgor hereby pledges, collaterally assigns and grants to the Secured Party, and hereby creates a continuing first priority Lien in favor of the Secured Party in and to all of its right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the “**Collateral**”): (a) the Pledged Equity; and (b) all Proceeds and products of the foregoing.

3. Perfection of Pledge. The Pledgor shall, from time to time, as may be required by the Secured Party with respect to all Collateral, promptly take all actions as may be reasonably requested by the Secured Party to perfect the security interest of the Secured Party in the Collateral, including, without limitation, with respect to all Collateral over which control may be obtained within the meaning of Section 8-106 of the UCC, the Pledgor shall promptly take all actions as may be reasonably requested from time to time by the Secured Party so that control of such Collateral is obtained and at all times held by the Secured Party, in each case, to the extent the Pledged Equity are securities. All of the foregoing shall be at the sole cost and expense of the Pledgor. The Pledgor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Article 9 of the UCC of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral.

4. Representations and Warranties. The Pledgor represents and warrants as follows:

(a) The Pledged Equity has been duly authorized and validly issued, and are fully paid and non-assessable and subject to no options to purchase or similar rights. All information set forth in Schedule 1 relating to the Pledged Equity is accurate and complete as of the date hereof;

(b) At the time the Collateral becomes subject to the Lien created by this Agreement, the Pledgor will be the sole, direct, legal and beneficial owner thereof, free and clear of any Lien, claim, option or right of others except for the security interest created by this Agreement and the other Loan Documents;

(c) The pledge of the Collateral pursuant to this Agreement creates a valid and perfected first priority security interest in the Collateral, securing the payment and performance when due of the Secured Obligations;

(d) It has full power, authority and legal right to pledge the Collateral pursuant to this Agreement;

(e) This Agreement has been duly authorized, executed and delivered by the Pledgor and constitutes a legal, valid and binding obligation of the Pledgor enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability; and

(f) All certificates, agreements or instruments representing or evidencing the Pledged Equity, if any, in existence on the date hereof have been delivered to the Secured Party in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank.

5. Dividends and Voting Rights. The Secured Party agrees that unless an Event of Default shall have occurred and be continuing, the Pledgor may, to the extent the Pledgor has such right as a holder of the Pledged Equity, vote and give consents, ratifications and waivers with respect thereto, except to the extent that, any such vote, consent, ratification or waiver would materially detract from the value thereof as Collateral or which would be inconsistent with or result in any violation of any provision of the Credit Agreement or this Agreement. The Secured Party agrees that the Pledgor may, unless an Event of Default shall have occurred and be continuing, receive and retain all dividends and other distributions with respect to the Pledged Equity.

6. Further Assurances. The Pledgor shall, at its own cost and expense, defend title to the Collateral and the first priority Lien of the Secured Party therein against the claim of any person claiming against or through the Pledgor and shall maintain and preserve such perfected first priority security interest for so long as this Agreement and the other Loan Documents shall remain in effect. The Pledgor agrees that at any time and from time to time, at the expense of the Pledgor, the Pledgor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or reasonably desirable, or that the Secured Party may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder or under any other agreement with respect to any Collateral.

7. Transfers and Other Liens. The Pledgor agrees that it will not sell, offer to sell, dispose of, convey, assign or otherwise transfer, grant any option with respect to, restrict, or grant, create, permit or suffer to exist any Lien, option, right of first offer or other restriction or limitation of any nature whatsoever on, any of the Collateral or any interest therein except as expressly provided for herein, in the Credit Agreement, or with the prior written consent of the Secured Party.

8. Reasonable Care. The Secured Party shall have no duty with respect to the care and preservation of the Collateral beyond the exercise of reasonable care. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Secured Party accords its own property.

9. Various Rights and Remedies. If any Event of Default shall occur and be continuing, then and in each such case (except as prohibited by applicable Requirements of Law):

(a) the Secured Party shall have, in addition to any other rights and remedies contained in this Agreement or any of the other Loan Documents, all of the rights and remedies of a secured party under the UCC or other applicable law, all of which rights and remedies shall be cumulative and none exclusive. In addition, the Secured Party may, with or without judicial process or the aid and assistance of others, and to the fullest extent permitted in compliance with all Requirements of Law, without demand and without advertisement, notice, hearing or process of law, all of which the Pledgor hereby waives to the fullest extent permitted by applicable Requirements of Law, at any place and time or times, sell and deliver any or all Collateral held by or for it at public or private sale, at any exchange or broker's board or elsewhere, by one or more contracts, in one or more parts, for cash, upon credit or otherwise, at such prices and upon such terms as the Secured Party deems advisable, in its sole discretion (subject to any and all mandatory Requirements of Law). Moreover, the Secured Party may purchase all or any part of the Collateral - at public or, if permitted by applicable Requirements of Law, private sale, and in lieu of actual payment of all or any of such purchase price, may set-off the amount of such price against the Secured Obligations then owing.

(b) any notice required (and not validly waived in accordance with all applicable Requirements of Law) to be given by the Secured Party of a sale or other disposition or other intended action by the Secured Party with respect to any of the Collateral may be delivered to the Pledgor as provided in Section 12, at least ten (10) days prior to such proposed action, and such notice shall constitute fair and reasonable notice to the Pledgor of any such action. The net proceeds realized by the Secured Party upon any sale or other disposition, after deduction for the expense or retaking, holding, preparing for sale, selling or the like and the reasonable out-of-pocket attorneys' fees, legal expenses and court costs actually paid or incurred by the Secured Party shall be applied toward satisfaction of the Secured Obligations in such order and in such amounts as the Secured Party shall determine in its sole discretion. The Secured Party will account to the Pledgor for any surplus (after full (other than contingent indemnification obligations for which no claim has been asserted) and final payment and satisfaction of all Secured Obligations) realized upon such sale or other disposition. If, on the other hand, the net proceeds as aforesaid are insufficient to fully and finally satisfy all of the Secured Obligations, the Pledgor will remain liable for any deficiency. The commencement of any action, legal or equitable, or the rendition of any judgment or decree for any deficiency shall not affect the Secured Party's security interest in the Collateral until all of the Secured Obligations fully and finally paid and satisfied in full (other than contingent indemnification obligations for which no claim has been asserted).

(c) the Secured Party may, without notice to the Pledgor, and at such time or times as the Secured Party in its sole discretion may determine after the occurrence and during the continuance of an Event of Default, exercise any and all of the Pledgor's rights in, to and under, or in any way connected with or related to, any or all of the Collateral. The Pledgor hereby irrevocably designates, constitutes and appoints the Secured Party as the Pledgor's true and lawful attorney and agent-in-fact for the purpose of taking any such action in the name and on behalf of the Pledgor during the existence of such Event of Default.

(d) the Secured Party shall also have the right to apply for and have a receiver appointed by a court of competent jurisdiction in any action taken by the Secured Party to enforce its rights and remedies hereunder in order to manage, protect and preserve the Collateral and to collect all revenues and profits thereof and apply the same to the payment of all expenses and other charges of such receivership, including the compensation of the receiver, and to the payment of the Secured Obligations until a sale or other disposition of the Collateral shall be finally made and consummated.

10. No Waiver and Cumulative Remedies. The Secured Party shall not by any act (except by a written instrument), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

11. Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Pledgor therefrom shall be effective unless the same shall be in writing and signed by the Secured Party and the Pledgor, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

12. Notices. Whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give or serve upon another any such communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be addressed to the party to be notified as follows:

If to the Secured Party:	KeyBank National Association 660 White Plains Road, 2nd Floor Tarrytown, NY 10591 Attention: John J. Sullivan
With a copy to:	Nixon Peabody LLP 437 Madison Avenue New York, NY 10022 Attention: Alex Yim
If to the Pledgor:	NYM Holding, Inc. 2-39 54 th Ave. Long Island City, NY 11101 Attention: Long Deng

or at such other address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration or other communication hereunder shall be deemed to have been validly served, given or delivered (i) upon the earlier of actual receipt and five (5) Business Days after the same shall have been deposited with the United States mail, registered or certified mail, return receipt requested, with proper postage prepaid, (ii) one (1) Business Day after deposit with a reputable overnight carrier with all charges prepaid, or (iii) when delivered, if hand-delivered by messenger.

13. Continuing Security Interest. This Agreement shall create a continuing first priority Lien in the Collateral and shall (a) remain in full force and effect until payment and performance in full of the Secured Obligations (other than contingent indemnification obligations for which no claim has been asserted), (b) be binding upon the Pledgor, its successors and assigns, and (c) inure to the benefit of the Secured Party and its successors, transferees and permitted assigns; provided, that the Pledgor may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Secured Party.

14. Termination; Release. On the date on which all Loans and other Secured Obligations have been paid and performed in full (other than contingent indemnification obligations for which no claim has been asserted), the Secured Party will, at the sole expense of the Pledgor, (a) duly assign, transfer and deliver to or at the direction of the Pledgor (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Secured Party, together with any monies at the time held by the Secured Party hereunder, and (b) execute and deliver to the Pledgor a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement.

15. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of New York applicable to contracts fully executed, delivered and performed in the State of New York, regardless of where actually executed, delivered and performed and regardless of contrary rules or principles of conflicts or choice of laws; except to the extent that the validity or perfection of the security interest or the remedies hereunder in respect of the Collateral are governed by the laws of a jurisdiction other than New York.

16. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Agreement in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement. This Agreement and the Loan Documents constitute the entire contract among the parties with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

NYM HOLDING, INC.,
as Pledgor

By: _____
Name:
Title:

[Signature Page to Pledge Agreement]

KEYBANK NATIONAL ASSOCIATION,
as Secured Party

By: _____
Name: John J. Sullivan
Title: Senior Vice President

[Signature Page to Pledge Agreement]

SCHEDULE 1

Pledged Equity

Company	Owner Of Equity Interest	Certificate No.	No. Of Shares/Units	% Ownership
New York Mart 8 Ave, Inc.	NYM Holding, Inc.	[]	[]	100%
New York Mart Ave U 2nd, Inc.	NYM Holding, Inc.	[]	[]	100%
New York Mart East Broadway Inc.	NYM Holding, Inc.	[]	[]	100%
New York Supermarket East Broadway Inc.	NYM Holding, Inc.	[]	[]	100%
New York Mart Group Inc.	NYM Holding, Inc.	[]	[]	100%
Ming's Supermarket, Inc.	NYM Holding, Inc.	[]	[]	100%
New York Mart Mott St., Inc.	NYM Holding, Inc.	[]	[]	100%
New York Mart Roosevelt, Inc.	NYM Holding, Inc.	[]	[]	100%
New York Mart Sunrise, Inc.	NYM Holding, Inc.	[]	[]	100%
Zen Mkt Quincy, Inc.	NYM Holding, Inc.	[]	[]	100%
Strong America Limited	NYM Holding, Inc.	[]	[]	100%

EXHIBIT H

Form of Security Agreement

[Attached on the following page.]

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "*Agreement*") is made as of December 23, 2016 by and among between NYM HOLDING, INC., a Delaware corporation (the "*Borrower*"), CERTAIN SUBSIDIARIES OF THE BORROWER PARTY HERETO, as Grantors (collectively, the "*Grantors*", and each a "*Grantor*"), and KEY BANK NATIONAL ASSOCIATION, a national banking association having an office at 660 White Plains Road, 2nd Floor, Tarrytown, NY 10591 (the "*Secured Party*").

RECITALS:

WHEREAS, the Borrower and the Secured Party are parties to that certain Credit Agreement dated as of even date herewith (as the same may be amended, restated, modified, supplemented or replaced from time to time, the "*Credit Agreement*"), make available to the Borrower a \$5,000,000 revolving credit facility for the making, from time to time, of Advances (as defined therein) and the issuance, from time to time, of Letters of Credit (as defined therein), (ii) make the Effective Date Term Loan (as defined therein) in an aggregate principal amount of \$15,000,000 on the Effective Date (as defined therein), and (iii) make the Delayed Draw Term Loan (as defined therein) in an aggregate principal amount of up to \$5,000,000 on or within 365 days following the Effective Date, in each case on the terms and subject to the conditions set forth in the Credit Agreement; and

WHEREAS, it is a condition to entering into the Credit Agreement that the Borrower and the other Grantors grant to the Secured Party a first-priority security interest in the Collateral (as such term is hereinafter defined) to secure full and timely payment and performance of all of the Secured Obligations (as such term is hereinafter defined).

NOW, THEREFORE, in consideration of premises and the covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party hereto, the parties, intending to be bound, hereby agree as follows (with certain capitalized terms used herein being defined in Article 1):

ARTICLE I: DEFINED TERMS

Section 1.1. **Definitions:** All capitalized terms used herein shall, unless otherwise defined herein, have the same meanings given to such terms in the Credit Agreement. Notwithstanding the foregoing, for purposes of this Agreement, the following capitalized terms have the meanings set forth below or otherwise as set forth when first used herein.

"*Agreement*" has the meaning set forth in the preamble hereto.

“Collateral” means all of the following, whether currently or hereafter existing or created or arising: (a) all assets of the Grantors, whether now owned or hereafter acquired, and all proceeds of the same, including but not limited to, Equipment (including machinery, vehicles and furniture), Fixtures, Accounts, Deposit Accounts, Inventory, Investment Property, Instruments (including promissory notes), Chattel Paper (including electronic chattel paper), Documents (including documents of title), and General Intangibles (including payment intangibles, trademarks, service marks, trade names, patents, copyrights, licenses and franchises), Money and Supporting Obligations, together with any and all replacements thereof and accessions and additions thereto and including, without limitation: (a) all gross receipts of the Grantors including, but not limited to, all funds, receipts, reimbursements, revenues, income, grants, gifts, bequests and all other monies received or receivable by the Grantors; (b) (i) all rights of the Grantors in, to and under all licenses, permits, agreements, documents, contracts, instruments, plans, approvals, applications, trade names, insurance policies, equipment leases, purchase and sale agreements, environmental indemnification agreements, property management agreements, asset management agreements, development agreements and other instruments described or existing with respect to any Grantor, and any amendments or modifications thereto, any replacements thereof and any other similar documents or instruments, now in existence or hereafter executed by any Grantor or now in the possession of any Grantor or hereafter obtained by any Grantor (collectively, the **“Documents”**) and (ii) all rights, powers, privileges, claims, remedies and causes of action of every kind which any Grantor now has or may in the future have with respect to or by reason of its interest in the Documents. The terms **“Equipment”**, **“Fixtures”**, **“Accounts”**, **“Deposit Accounts”**, **“Inventory”**, **“Investment Property”**, **“Instruments”**, **“Chattel Paper”**, **“General Intangibles”**, **“Money”** and **“Supporting Obligations”** shall have the meanings assigned to such terms under the Uniform Commercial Code.

“Indemnitee” has the meaning ascribed to such term in Section 3.9 below.

“Requirement of Law” means, as to any Person, any statute, law, rule, treaty, regulation, ordinance, protocol, code, guideline, order, writ, judgment, injunction, decree, award or, determination of an arbitrator or court, or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or assets or to which any such Person or any of its property or assets may be bound or affected.

“Secured Obligations” means the Obligations and all indebtedness, liabilities, obligations, covenants, indemnifications, and duties of, and all terms and conditions to be observed by, the Grantors now or hereafter due or owing to, or in favor or for the benefit of the Secured Party, of every kind, nature and description, direct or indirect, absolute or contingent, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, in each case in connection with the Credit Agreement, the Notes, the Secured Hedge Agreement and the other Loan Documents, whether now existing or hereafter arising, and whether or not for the payment of money or the performance or non-performance of any act, including, without limitation, any arising out of or under this Agreement.

“Security Interest” means the mortgages, pledges and assignments to the Secured Party of, the continuing security interest of the Secured Party in, and the continuing lien of the Secured Party upon, the Collateral intended to be effected by the terms of this Agreement.

“Uniform Commercial Code” means the Uniform Commercial Code as in effect from time to time in the State of New York.

Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Agreement may be used interchangeably in the singular or plural form. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limiting the generality of the foregoing". The word "will" is to be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in this Agreement or in any other Loan Document, shall be construed to refer to this Agreement or such other Loan Document in its entirety and not to any particular provision thereof, (iv) all references in this Agreement or in any other Loan Document to Articles, Sections, Paragraphs, clauses, Exhibits and Schedules shall be construed to refer to Articles, Sections Paragraphs, and clauses of, and Exhibits and Schedules to, this Agreement or the other Loan Document in which such references appear, (v) any reference to any Requirement of Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any Requirement of Law shall, unless otherwise specified, refer to such Requirement of Law as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all real and personal property and tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

ARTICLE II.: SECURITY INTEREST

Section 2.1. **Grant of Security Interest.** To secure the payment, observance and performance of the Secured Obligations, each Grantor hereby mortgages, pledges and assigns all of the Collateral to the Secured Party, and grants to the Secured Party a continuing security interest in, and a continuing lien upon, all of the Collateral.

Section 2.2. **Validity and Priority of Security Interest.** The Security Interest shall at all times be valid, perfected and enforceable against the Grantors and all third parties, in accordance with the terms hereof, as security for the Secured Obligations, and the Collateral shall not at any time be subject to any Lien that is prior to, on a parity with or junior to such Security Interest other than Permitted Encumbrances.

Section 2.3. **Release of Security Interest.** If all of the Secured Obligations for the payment of money (other than contingent indemnification obligations for which no claim has been asserted) shall have been fully paid and satisfied, then, the Secured Party shall release the Security Interest and at the request and at the cost and expense of the Grantors following such payment and satisfaction, and the Secured Party shall execute and deliver UCC termination statements and such other instruments as shall be necessary to evidence the termination of the Security Interest.

Section 2.4. **Grantors Remain Obligated; Secured Party Not Obligated.** The grant by the Grantors to the Secured Party of the Security Interest shall not relieve any Grantor from the performance of any term, covenant, condition or agreement on its part to be performed or observed, or from any liability to any person, under or in respect of any of the Collateral or impose any obligation on the Secured Party to perform or observe any such term, covenant, condition or agreement on any Grantor's part to be so performed or observed or impose any liability on the Secured Party for any act or omission on the part of such Grantor relative thereto.

Section 2.5. **Grantors' Warranties and Representations.** Each Grantor warrants and represents to the Secured Party on the date hereof and on each date that any of the Secured Obligations is outstanding that:

(a) the execution, delivery and performance of this Agreement, and any instrument or other agreement or writing relating to this Agreement, have been duly and validly authorized by such Grantor and do not and will not conflict with any provision of any material agreement, instrument or writing to which such Grantor is now or hereafter becomes a party or by which such Grantor is now or hereafter becomes bound which might have a Material Adverse Effect on such Grantor;

(b) such Grantor has and shall have full power and authority to enter into this Agreement and all other instruments contemplated hereby and to consummate the transactions contemplated hereby;

(c) such Grantor is and shall be justly indebted to the Secured Party for the full amount of the Secured Obligations;

(d) except for Liens in favor of the Secured Party and the Permitted Encumbrances, the Collateral is free from all Liens, and no financing statement covering the Collateral or any proceeds thereof is on file in favor of anyone other than the Secured Party;

(e) this Agreement creates a valid security interest in favor of the Secured Party in the Collateral, and, upon the Secured Party taking the actions required by the Uniform Commercial Code or such other applicable law to perfect the security interest granted to it hereunder, such security interest will constitute a valid and perfected, first-priority security interest in the Collateral (subject to Permitted Encumbrances);

(f) such Grantor's principal place of business and chief executive office (or, if it has, and has had, only one place of business, the place of business) for the five (5) years preceding the date of this Agreement, the office where it keeps its records concerning the Collateral, and each of its other places of business, are located at such address or at such other addresses set forth in Schedule 2.5(g) hereto; and

(g) such Grantor is in compliance with all Requirements of Law applicable to it, its business and operations, the Collateral and its other property to the extent such violation would not reasonably be expected to result in a Material Adverse Effect.

ARTICLE III.: ADDITIONAL COVENANTS OF GRANTORS

Section 3.1. **Required Action.** Each Grantor shall take all action that may be reasonably necessary or desirable, or that the Secured Party may reasonably request, so as at all times to maintain the validity, perfection, enforceability and priority of the Security Interest in the Collateral in conformity with the requirements of this Agreement, or to enable the Secured Party to protect or preserve the Collateral or to protect, preserve, exercise or enforce its rights therein and hereunder, including but not limited to (a) immediately discharging all Liens other than Permitted Encumbrances, (b) compliance with all requirements set forth in this Agreement as to the receipt, holding and/or deposit of payments, distributions and/or proceeds in respect of the Collateral, and (c) executing and delivering agreements, financing statements, instruments of pledge, notices, instructions and assignments, in each case in form and substance reasonably satisfactory to the Secured Party, relating to the creation, validity, perfection, maintenance or continuation of the Security Interest under the Uniform Commercial Code or other applicable law and/or for the purpose of obtaining and maintaining control with respect to any Collateral. The Secured Party is hereby authorized to file one or more financing or continuation statements or amendments thereto without the signature of or in the name of any Grantor to effect the Security Interest granted hereunder in accordance with the terms of the Loan Documents.

Section 3.2. **Defense of Collateral.** The Grantors shall at all times (a) own or have the right to use all of the Collateral free from any right, title or interest of any third person and (b) defend the Collateral against the claims and demands of all third persons, in each case, other than the holders of the Permitted Encumbrances to the extent of their rights as holders of the Permitted Encumbrances.

Section 3.3. **Power of Attorney.** To further effectuate the rights and remedies of the Secured Party hereunder upon or at any time after the occurrence and during the existence of an Event of Default (except to the extent prohibited by any applicable Requirement of Law), each Grantor hereby irrevocably appoints the Secured Party attorney-in-fact for such Grantor in the name of such Grantor or the Secured Party, with full power of substitution to sign, execute and deliver any and all instruments and documents and do all acts and things to the same extent as such Grantor could do, to sell, assign and transfer any Collateral including, but not limited to, taking all action necessary or desirable to obtain the approval of any governmental body to the transfer or issuance to the Secured Party or any other person, firm, or corporation of any Collateral. The Secured Party shall not exercise any such power of attorney unless there exists an Event of Default.

Section 3.4. **No Name Change.** No Grantor shall change its name or conduct its business under any other name, or otherwise take any action which might render any financing statement filed pursuant to this Agreement to be seriously misleading, unless, in each case, it shall have given the Secured Party prior written notice thereof and such action shall not otherwise be prohibited by this Agreement or the Credit Agreement.

Section 3.5. **Notice of Impairment or Event of Default.** The Grantors shall promptly notify the Secured Party of any material impairment in the value of or any occurrence materially adversely affecting the Collateral as a whole, and of the occurrence of any Event of Default.

Section 3.6. **Taxes; Compliance.** The Grantors shall fully and timely pay or cause to be paid all taxes, assessments and governmental charges levied or assessed or imposed upon or with respect to any of the Collateral (including, without limiting the generality of the foregoing, pay, deduct and withhold all taxes and other payroll deductions and withholdings in accordance with all Requirements of Law and in any event before the failure to pay the same shall result in any Lien upon any of the Collateral), comply with all applicable Requirements of Law relating to it, the Collateral and its other property, and its business and operations; provided, however, that, except to the extent otherwise provided in any other Loan Document, any such tax, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if the applicable Grantor shall have set aside on its books appropriate reserves with respect thereto; and provided, further, that, subject to the immediately preceding proviso, the Grantors will pay all such taxes, assessments, levies or other governmental charges forthwith upon the commencement of proceedings to foreclose any Lien which may have attached as security therefor.

Section 3.7. **Inspection.** Upon reasonable prior written notice to any Grantor, the Secured Party's authorized representatives shall have the right during normal business hours to examine the books and records of such Grantor, to make copies, notes and abstracts therefrom, and to make an independent examination or audit of its books and records for the purpose of verifying the accuracy of the reports delivered by the Borrower pursuant to Section 5.2 of the Credit Agreement or otherwise and ascertaining compliance with this Agreement and the other Loan Documents; provided, that unless an Event of Default has occurred and is continuing such Grantor shall not be responsible for the reasonable out-of-pocket costs and expenses of the Secured Party in connection with each such examination, inspection or audit more than three (3) times per Fiscal Year. Each Grantor hereby authorizes (x) the Secured Party to obtain all records and files relating to any of the Collateral from any entity (including any service bureau or the like) maintaining the same on behalf of such Grantor and (y) each such entity to deliver the same to the Secured Party.

Section 3.8. **Information.** In addition to such other information as shall be specifically provided for herein, each Grantor shall furnish to the Secured Party such other information with respect to itself and the Collateral as the Secured Party may reasonably request from time to time.

Section 3.9. **Indemnification.** Each Grantor agrees, on demand, to defend, protect, indemnify and hold harmless the Secured Party and each of its Affiliates, officers, directors, employees, agents and attorneys, and their respective successors, assigns, estates and representatives (each, an "**Indemnitee**") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the reasonable out-of-pocket fees and disbursements of counsel for such Indemnitee actually incurred in connection with any action or proceeding between any Grantor and any Indemnitee or between any Indemnitee and any third party or otherwise, whether or not relating to any investigative, administrative or judicial proceeding and whether or not such Indemnitee shall be designated a party thereto), imposed on, incurred by, or asserted against such Indemnitee (whether direct, indirect, special or consequential and whether based on any federal, state or local, or foreign, laws or other statutory regulations, including, without limitation, environmental laws, securities and commercial laws and regulations, under common law or at equitable cause, or on contract or otherwise) in any manner relating to or arising out of the grant or exercise of any right or remedy arising out of this Agreement, or the breach by any Grantor of any of its obligations, covenants, representations, or warranties pursuant to any Loan Document; provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. The covenants of the Grantors contained in this Section 3.9 shall survive the payment in full of all of the other Secured Obligations.

ARTICLE IV.: RIGHTS AND REMEDIES.

Section 4.1. **Various Rights and Remedies.** If any Event of Default shall occur and be continuing, then and in each such case (except as prohibited by applicable Requirements of Law):

(a) The Secured Party shall have, in addition to any other rights and remedies contained in this Agreement or any of the other Loan Documents, all of the rights and remedies of a secured party under the Uniform Commercial Code or other applicable law, all of which rights and remedies shall be cumulative and none exclusive. In addition, the Secured Party may, with or without judicial process or the aid and assistance of others, and to the fullest extent permitted in compliance with all Requirements of Law, without demand and without advertisement, notice, hearing or process of law, all of which each Grantor hereby waives to the fullest extent permitted by applicable Requirements of Law, at any place and time or times, sell and deliver any or all Collateral held by or for it at public or private sale, at any exchange or broker's board or elsewhere, by one or more contracts, in one or more parts, for cash, upon credit or otherwise, at such prices and upon such terms as the Secured Party deems advisable, in its sole discretion (subject to any and all mandatory Requirements of Law). Moreover, the Secured Party may purchase all or any part of the Collateral - at public or, if permitted by applicable Requirements of Law, private sale, and in lieu of actual payment of all or any of such purchase price, may set-off the amount of such price against the Secured Obligations then owing.

(b) Any notice required (and not validly waived in accordance with all applicable Requirements of Law) to be given by the Secured Party of a sale or other disposition or other intended action by the Secured Party with respect to any of the Collateral may be deposited in the United States mails and addressed to the Grantors as provided in Section 5.7 hereof, at least ten (10) days prior to such proposed action, and such notice shall constitute fair and reasonable notice to the Grantors of any such action. The net proceeds realized by the Secured Party upon any sale or other disposition, after deduction for the expense or retaking, holding, preparing for sale, selling or the like and the reasonable out-of-pocket attorneys' fees, legal expenses and court costs actually paid or incurred by the Secured Party shall be applied toward satisfaction of the Secured Obligations in such order and in such amounts as the Secured Party shall determine in its sole discretion. The Secured Party will account to the Grantors for any surplus (after full (other than contingent indemnification obligations for which no claim has been asserted) and final payment and satisfaction of all Secured Obligations) realized upon such sale or other disposition. If, on the other hand, the net proceeds as aforesaid are insufficient to fully and finally satisfy all of the Secured Obligations, the Grantors will remain liable for any deficiency. The commencement of any action, legal or equitable, or the rendition of any judgment or decree for any deficiency shall not affect the Secured Party's security interest in the Collateral until all of the Secured Obligations fully and finally paid and satisfied in full (other than contingent indemnification obligations for which no claim has been asserted).

(c) The Secured Party may, by notice to any Grantor, direct it to, and thereupon such Grantor shall, receive all monies, checks, notes, drafts and other payments relating to or constituting proceeds of Collateral in trust for the Secured Party, not commingle the same with any other property or funds of such Grantor and, unless the Secured Party shall have otherwise instructed such Grantor, deliver or cause to be delivered all such payments in the exact form received, together with any necessary endorsements, to the Secured Party. The Secured Party may notify, or require any Grantor to notify, in writing or otherwise, (i) each obligor with respect to any Collateral to make payment directly to, and (ii) each person maintaining a lockbox or similar arrangement to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to, the Secured Party. If, notwithstanding the giving of any notice, any such person shall make any payment to such Grantor, such Grantor shall hold all such payments it receives in trust for the Secured Party, without commingling the same with other funds or property of such person, and shall deliver the same to the Secured Party immediately upon receipt by such Grantor in the identical form received, together with any necessary endorsements. The Secured Party may, without notice to the Grantors, and at such time or times as the Secured Party in its sole discretion may determine after the occurrence and during the continuance of an Event of Default, exercise any and all of any Grantor's rights in, to and under, or in any way connected with or related to, any or all of the Collateral, including, but not limited to (w) demanding and enforcing payment and performance of, and exercising all of the Grantors' rights and remedies with respect to the collection or enforcement of, any or all of the Collateral, in each case by legal proceedings or otherwise, (x) settling, adjusting, compromising, extending or renewing and discharging and releasing any or all of, and any legal proceedings brought to collect or enforce any or all of, the Collateral, (y) preparing, filing and signing the name of any Grantor on (i) any proof of claim or similar document to be filed in any bankruptcy or similar proceeding involving any Grantor with respect to any Collateral to the extent such Grantor has not done so, and (ii) any notice of lien, assignment or satisfaction of lien, or similar document in connection with any Collateral, and (z) using the information recorded on or contained in any data processing equipment and computer hardware and software relating to the Collateral or any of them to which such Grantor has access, except that the Secured Party shall not have access to files relating to such Grantor's clients to the extent that such information is required to be kept private and confidential under New York State privacy laws. Each Grantor hereby irrevocably designates, constitutes and appoints the Secured Party as its true and lawful attorney and agent-in-fact for the purpose of taking any such action in the name and on behalf of such Grantor. The Secured Party may settle or adjust disputes and claims directly with obligors with respect to any Collateral for amounts and on terms which the Secured Party considers commercially reasonable under the circumstances and in all such cases only the net amounts received by the Secured Party in payment of such amounts, after deductions of out-of-pocket costs of collections and reasonable attorney's fees, actually incurred shall be applied to reduce the Secured Obligations.

(d) The Secured Party, to the extent permitted by applicable requirements of law, shall have the right to enter and remain upon the various premises of any Grantor and to use the same, together with materials, supplies, books and records of such Grantor all without cost or charge to the Secured Party, for purpose of liquidating or collecting the Collateral, or for conducting and preparing for sale of the Collateral, whether by foreclosure, auction or otherwise.

(e) The Secured Party shall also have the right to apply for and have a receiver appointed by a court of competent jurisdiction in any action taken by the Secured Party to enforce its rights and remedies hereunder in order to manage, protect and preserve the Collateral and to collect all revenues and profits thereof and apply the same to the payment of all expenses and other charges of such receivership, including the compensation of the receiver, and to the payment of the Secured Obligations until a sale or other disposition of the Collateral shall be finally made and consummated.

Section 4.2. **Effect of Failure to Enforce.** The Secured Party's failure at any time or times hereafter to require strict performance by any Grantor of any of the provisions, warranties, terms and conditions contained in this Agreement or in any other Loan Document shall not waive, affect or diminish any right of the Secured Party at any time or times hereafter to demand strict performance therewith and such right shall not be deemed to have been waived by any act or knowledge of the Secured Party, its agent or employees, unless such waiver is contained in an instrument in writing signed by the Secured Party and directed to the Grantors specifying such waiver, and in such case such waiver will only be effective to the extent expressly set forth therein. No waiver by the Secured Party of any Event of Default shall operate as a waiver of any other Event of Default or the same Event of Default on a future occasion.

Section 4.3. **Waiver of Bond Requirements.** If the Secured Party seeks to take possession of any or all of the Collateral by court process or seeks to take any other action pursuant to this Agreement, each Grantor hereby irrevocably waives to the maximum extent permitted by applicable Requirements of Law the necessity of obtaining or posting or providing any bond, surety or other security relating thereto otherwise required by applicable Requirements of Law or otherwise as an incident to such possession, and waives any demand for possession prior to the commencement of any suit or action to recover with respect thereto.

Section 4.4. **Liability for Costs.** The Grantors shall pay on demand all actual reasonable costs and out-of-pocket expenses of the Secured Party (including, without limitation, reasonable attorneys' fees and disbursements and money reasonably spent by the Secured Party to discharge any Liens against the Collateral) in any way relating to or arising out of any Grantor's failure to timely pay, discharge and perform all of the Secured Obligations and/or any other Event of Default, and/or the enforcement and exercise of the Secured Party's rights and remedies under this Agreement or arising out of the grant of the Security Interest, and, until all such sums are paid, the obligation to pay such sums shall be secured by the Collateral and be deemed costs of collection and part of the Secured Obligations.

ARTICLE V.: MISCELLANEOUS

Section 5.1. **Waivers.** Each Grantor hereby waives to the maximum extent permitted by applicable Requirements of Law notice of the acceptance of this Agreement and all other notices, demands or protests to which such Grantor might otherwise be entitled by applicable Requirements of Law with respect to this Agreement, the Secured Obligations or the Collateral. The Secured Party shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of any rights pertaining to the Collateral beyond reasonable care in the custody and the preservation thereof. The Secured Party may exercise its rights and remedies with respect to the Collateral without resorting to or regard to other security or sources for payment. All rights and remedies of the Secured Party hereunder or with respect to any Secured Obligations or the Collateral shall be cumulative, and not exclusive, and shall be in addition to all other rights and remedies of the Secured Party under any other Loan Document, applicable law, and equity, and may be exercised concurrently, or in any order and at any time, and nothing herein or in any other Loan Document, or under applicable law or equity shall be construed as limiting any such rights or remedies or requiring them to be exercised in any order or to be exhausted before exercising another right.

Section 5.2. **Assignment.** If at any time or times by sale, assignment, negotiation, pledge or otherwise, the Secured Party transfers any of the Secured Obligations in accordance with the provisions of the Loan Documents, such transfer shall carry with it the Secured Party's rights and remedies under this Agreement with respect to the Secured Obligations transferred, and the transferee shall become vested with such rights and remedies whether or not they are specifically referred to in the transfer. If and to the extent the Secured Party retains any of the Secured Obligations, the Secured Party shall continue to have the rights and remedies herein set forth with respect thereto.

Section 5.3. **Reserved.**

Section 5.4. **Effect and Construction of this Agreement.** This Agreement and the other Loan Documents embody the entire agreement and understanding of the parties and supersedes any and all prior agreements, arrangements and understandings relating to the matters provided for herein. The parties have participated jointly in the negotiations and drafting of this Agreement and each of the other Loan Documents, and in the event of any ambiguity or question of intent or interpretation, no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement or any other Loan Document. In the event of any inconsistencies between the terms and conditions of this Agreement and the terms and conditions of the Credit Agreement, the terms and conditions of the Credit Agreement shall control and be binding. The captions used herein are for convenience only and shall not control or affect the meaning of construction of the provisions of this Agreement, and shall not be deemed to be a substantive part of this Agreement. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which, when taken together shall constitute one and the same agreement. Copies of signatures sent by electronic mail in PDF format shall constitute originals.

Section 5.5. **Cooperation - Further Assistance.** Subject to the terms and conditions herein provided, each Grantor shall use its commercially reasonable efforts to take, or cause to be taken, such action, to execute and deliver, or cause to be executed and delivered, such additional documents and instruments, and to do, or cause to be done, all things necessary, proper and advisable under the provisions of this Agreement and under applicable Requirements of Law to consummate and make effective the transactions contemplated by this Agreement.

Section 5.6. Jurisdiction; Waiver of Jury Trial. Any action or suit in connection with this Agreement or any other Loan Document or the transactions contemplated hereby or thereby may be brought in a court of record in New York, the parties hereto irrevocably submitting and consenting to the non-exclusive jurisdiction of each thereof, and each party irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may have or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and claim that the same has been brought in an inconvenient forum. Service of process may be made on the other party by mailing a copy of the summons to such party, by registered mail, at its address to be used for the giving of notices under this Agreement or any other Loan Document. IN THE EVENT OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE, EACH GRANTOR AND THE SECURED PARTY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ALL RIGHTS TO A TRIAL BY JURY AND AGREE THAT SUCH LITIGATION SHALL BE DECIDED BY COURT TRIAL AND THAT THE GRANTORS OR THE SECURED PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE FOREGOING WAIVER.

Section 5.7. Notices. All notices, consents, demands, and other communications required or permitted hereunder shall be in writing and shall be delivered in accordance with Section 11.5 of the Credit Agreement.

Section 5.8. Governing Law. This Agreement and the other Loan Documents shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts fully executed, delivered and performed in the State of New York, regardless of where actually executed, delivered and performed and regardless of contrary rules or principles of conflicts or choice of laws; except to the extent that the validity or perfection of the Security Interest or the remedies hereunder in respect of the Collateral are governed by the laws of a jurisdiction other than New York.

Section 5.9. No Oral Change. This Agreement, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of any Grantor or the Secured Party, but only by an agreement in writing signed by the party(ies) against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 5.10. Representation by Counsel. Each party hereto acknowledges that it has been advised by legal and any other counsel retained by such party in its sole discretion. Each party acknowledges that such party has had a full opportunity to review this Agreement and all of the other Loan Documents, and all related exhibits, schedules and ancillary agreements and to negotiate any and all such documents in its sole discretion, without any undue influence by any other party hereto or any third party.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be executed as of the day and year first written above.

GRANTORS:

NYM HOLDING, INC.

By: _____
Name:
Title:

NEW YORK MART 8 AVE, INC.

By: _____
Name:
Title:

NEW YORK MART EAST BROADWAY INC.

By: _____
Name:
Title:

NEW YORK SUPERMARKET EAST BROADWAY INC.

By: _____
Name:
Title:

NEW YORK MART GROUP INC.

By: _____
Name:
Title:

[Signature Page to Security Agreement]

MING'S SUPERMARKET, INC.

By: _____
Name: _____
Title: _____

NEW YORK MART MOTT ST., INC.

By: _____
Name: _____
Title: _____

NEW YORK MART ROOSEVELT, INC.

By: _____
Name: _____
Title: _____

NEW YORK MART SUNRISE, INC.

By: _____
Name: _____
Title: _____

ZEN MKT QUINCY, INC.

By: _____
Name: _____
Title: _____

STRONG AMERICA LIMITED

By: _____
Name: _____
Title: _____

[Signature Page to Security Agreement]

SECURED PARTY:

KEYBANK NATIONAL ASSOCIATION

By: _____

Name: John J. Sullivan

Title: Senior Vice President

[Signature Page to Security Agreement]

SCHEDULE 2.5(G)

Principal Place of Business and Chief Executive Office, Etc.

<u>Loan Party</u>	<u>Address of Chief Executive Office</u>
NYM Holding, Inc.	2-39 54th Ave, Long Island City, NY 11101
New York Mart 8 Ave, Inc.	6023 8th Ave., Brooklyn, NY 11220
New York Mart East Broadway Inc.	75 East Broadway, New York, NY 10002
New York Supermarket East Broadway Inc.	75 East Broadway, New York, NY 10002
New York Mart Group Inc.	2-39 54th Ave, Long Island City, NY 11101
Ming's Supermarket, Inc.	1102 Washington St, Boston, MA 02118
New York Mart Mott St., Inc.	128 Mott St. New York, NY 10013
New York Mart Roosevelt, Inc.	142-41 Roosevelt Ave, Flushing, NY 11354
New York Mart Sunrise, Inc.	10065 Sunset Strip, Sunrise, FL 33322
Zen Mkt Quincy, Inc.	733 Hancock St, Quincy, MA 02170
Strong America Limited	2-39 54th Ave, Long Island City, NY 11101

REVOLVING NOTE

\$5,000,000.00

New York, New York

December 23, 2016

FOR VALUE RECEIVED, the undersigned hereby promises to pay to the order of **KEYBANK NATIONAL ASSOCIATION** or its registered assigns (the "**Lender**"), in lawful money of the United States of America in immediately available funds, at 660 White Plains Road, 2nd Floor, Tarrytown, NY 10591, the principal amount of all unpaid and outstanding Advances with respect to the Revolving Loans (as such term and each other capitalized term used herein are defined in the Agreement hereinafter referred to) with interest on the unpaid principal balance hereof from time to time outstanding at said office until paid at the rates and at the times provided in the Agreement.

This Revolving Note (as amended, restated, supplemented or otherwise modified from time to time, this "**Note**") is the Revolving Note referred to in the Credit Agreement, dated as of December 23, 2016, between, the undersigned and the Lender (as amended, restated, modified and/or supplemented from time to time, the "**Agreement**") and is entitled to the benefits thereof and of the other Loan Documents. This Note is secured by and entitled to the benefits of the Security Agreement. As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment prior to the Termination Date, in whole or in part.

Requests for Advances hereunder may be made in accordance with the terms and conditions of the Agreement. The Lender may enter in its business records and/or on the grid attached hereto (the "**Grid**") the amount of each Advance made hereunder. The Lender's records of each such Advance shall, in the absence of manifest error, be conclusively binding upon the Borrower. In the event the Lender provides confirmation of the terms of any Advance to the Borrower, the Borrower agrees that unless the Lender receives a written notification of exceptions to such confirmatory statement or notice within three (3) Business Days after such confirmatory statement or notice is mailed or otherwise provided in writing to the Borrower, the confirmation shall be deemed an account stated, correct, acceptable and conclusively binding upon the Borrower.

In case an Event of Default shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The liability of the Borrower shall be unconditional without regard to the liability of any other party and shall not be in any manner affected by any indulgence whatsoever granted or consented to by the Lender, including, without limitation, any release of any other party, extension of time, renewal, waiver or other modification. Any forbearance, failure, or delay by the Lender in exercising any right, power or remedy under this Note or under applicable law shall not be deemed to be a waiver of such right, power or remedy, nor shall any single or partial exercise of any right, power or remedy preclude the further exercise thereof.

The undersigned hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES).

[Signature Page to Follow]

NYM HOLDING, INC.

By: /s/ Mei Deng
Name: Mei Deng
Title: Authorized Signatory

[Signature Page to Revolver Note]

GRID

Advance No.	Date of Advance	Principal Advance Amount
1		
2		
3		
4		

EFFECTIVE DATE TERM NOTE

\$15,000,000.00

New York, New York

December 23, 2016

FOR VALUE RECEIVED, the undersigned hereby promises to pay to the order of **KEYBANK NATIONAL ASSOCIATION** or its registered assigns (the "**Lender**"), in lawful money of the United States of America in immediately available funds, at 660 White Plains Road, 2nd Floor, Tarrytown, NY 10591, the principal sum of FIFTEEN MILLION DOLLARS (\$15,000,000.00), or if less, the aggregate principal amount of the Effective Date Term Loan payable at such times and in such amounts as are specified in the Agreement as defined below.

The undersigned also promises to pay interest in like funds on the unpaid principal amount hereof from time to time outstanding at said office from the date hereof until paid at the rates and at the times provided in the Agreement.

This Effective Date Term Note (as amended, restated, supplemented or otherwise modified from time to time, this "**Note**") is the Effective Date Term Note referred to in the Credit Agreement, dated as of December 23, 2016, between, the undersigned and the Lender (as amended, restated, modified and/or supplemented from time to time, the "**Agreement**") and is entitled to the benefits thereof and of the other Loan Documents (as such term and each other capitalized term used herein are defined in the Agreement hereinafter referred to). This Note is secured by and entitled to the benefits of the Security Agreement. As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment prior to the Maturity Date, in whole or in part.

In case an Event of Default shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The liability of the Borrower shall be unconditional without regard to the liability of any other party and shall not be in any manner affected by any indulgence whatsoever granted or consented to by the Lender, including, without limitation, any release of any other party, extension of time, renewal, waiver or other modification. Any forbearance, failure, or delay by the Lender in exercising any right, power or remedy under this Note or under applicable law shall not be deemed to be a waiver of such right, power or remedy, nor shall any single or partial exercise of any right, power or remedy preclude the further exercise thereof.

The undersigned hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES).

NYM HOLDING, INC.

By: /s/ Mei Deng
Name: Mei Deng
Title: Authorized Signatory

[Signature Page to Effective Date Term Note]

DELAYED DRAW TERM NOTE

\$3,950,000.00

New York, New York

May 9, 2018

FOR VALUE RECEIVED, the undersigned hereby promises to pay to the order of **KEYBANK NATIONAL ASSOCIATION** or its registered assigns (the "**Lender**"), in lawful money of the United States of America in immediately available funds, at 660 White Plains Road, 2nd Floor, Tarrytown, NY 10591, the principal sum of THREE MILLION NINE HUNDRED FIFTY THOUSAND DOLLARS (\$3,950,000.00), or if less, the aggregate principal amount of the Delayed Draw Term Loan payable at such times and in such amounts as are specified in the Agreement as defined below.

The undersigned also promises to pay interest in like funds on the unpaid principal amount hereof from time to time outstanding at said office from the date hereof until paid at the rates and at the times provided in the Agreement.

This Delayed Draw Term Note (as amended, restated, supplemented or otherwise modified from time to time, this "**Note**") is a Delayed Draw Term Note referred to in the Credit Agreement, dated as of December 23, 2016, between, the undersigned and the Lender (as amended, restated, modified and/or supplemented from time to time, the "**Agreement**") and is entitled to the benefits thereof and of the other Loan Documents (as such term and each other capitalized term used herein are defined in the Agreement hereinafter referred to). This Note is secured by and entitled to the benefits of the Security Agreement. As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment prior to the Delayed Draw Maturity Date, in whole or in part.

In case an Event of Default shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The liability of the Borrower shall be unconditional without regard to the liability of any other party and shall not be in any manner affected by any indulgence whatsoever granted or consented to by the Lender, including, without limitation, any release of any other party, extension of time, renewal, waiver or other modification. Any forbearance, failure, or delay by the Lender in exercising any right, power or remedy under this Note or under applicable law shall not be deemed to be a waiver of such right, power or remedy, nor shall any single or partial exercise of any right, power or remedy preclude the further exercise thereof.

The undersigned hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES).

[Signature Page to Follow]

NYM HOLDING, INC.

By: /s/ Long Deng

Name: Long Deng

Title: President

[Signature Page to Delayed Draw Term Note]

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Long Deng, certify that:

1. I have reviewed this Annual Report on Form 10-K of iFresh, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 29, 2018

/s/ Long Deng
Long Deng
Chief Executive Officer
(Principal executive officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Adam (Xin) He, certify that:

1. I have reviewed this Annual Report on Form 10-K of iFresh, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 29, 2018

/s/ Adam (Xin) He

Adam (Xin) He
Chief Financial Officer
(Principal financial and accounting officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of iFresh, Inc. (the "Company") on Form 10-K for the year ended March 31, 2018 as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: June 29, 2018

/s/ Long Deng
Long Deng
Chief Executive Officer
(Principal executive officer)

Date: June 29, 2018

/s/ Adam (Xin) He
Adam (Xin) He
Chief Financial Officer
(Principal financial and accounting officer)

