

CONNECTED TRANSACTIONS

Following the Listing, the following transaction will be continued between our Group and the relevant connected person (as defined in the Listing Rules), which will constitute continuing connected transaction under the Listing Rules.



EXEMPTED CONTINUING CONNECTED TRANSACTIONS


On 21 March 2009, Mr. Li and Shandong Ishine entered into a trademark license agreement (the “**Original Trademark License Agreement**”) pursuant to which, among other matters, Mr. Li granted to Shandong Ishine the license to use the registered trademark  on its product packaging, corporate brand and promotion materials at nil consideration for an unspecified term.


The transactions under the Original Trademark License Agreement had been carried out by our Group and Mr. Li during the Track Record Period and if continued after the Listing, will constitute continuing connected transactions of our Company which are exempt from all reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules upon Listing.

Trademark License Agreement

Major terms

Pursuant to a trademark license agreement entered into between Mr. Li and Shandong Ishine dated 14 February 2012 to replace the Original Trademark Licence Agreement (the “**Trademark License Agreement**”), Mr. Li agreed to grant a license to Shandong Ishine to use the registered trademark  on an exclusive, sole and royalty-free basis for a term of 10 years commencing from the date of signing of the Trademark License Agreement at nil consideration. Upon expiry of the Trademark License Agreement, Shandong Ishine has the pre-emption to require Mr. Li to renew the Trademark License Agreement. According to the Trademark License Agreement, Shandong Ishine has options to acquire the registered trademark  and all the relevant rights attached thereto from Mr. Li at any time during the term of the Trademark License Agreement for a nominal consideration of RMB10.

Pursuant to the Trademarks License Agreement, Shandong Ishine may use the registered trademark  in the PRC. Our Directors are of the view that the duration of the Trademark License Agreement is beneficial to our business operations and secures long-term rights for us to use the trademark.

Save for Shandong Ishine or with the written consent by Shandong Ishine, Mr. Li cannot use, assign, sub-license, or allow the use of the registered trademark  by himself or by any of his subsidiaries and associated companies or any other third parties in any region.

CONNECTED TRANSACTIONS

Listing Rules Implications

As Mr. Li is one of our Controlling Shareholders and an executive Director, the transactions under the Trademark License Agreement constitute continuing connected transactions of our Company after the Listing. As no consideration is payable by Shandong Ishine to Mr. Li under the Trademark License Agreement, the transactions under the Trademark License Agreement constitute de minimis continuing connected transactions of our Company, which are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.