IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice. CO S.342(2A)

Sisram Medical Ltd

(Incorporated in Israel with limited liability) A1A1 LR8.02 A1A5 RL19.05(1)(b)

Global Offering

Number of Offer Shares under the Global Offering	:	**110,000,000 Shares (comprising 88,000,000 New Shares and 22,000,000 Sale Shares, and subject to the Over-allotment Option)**	A1A15(1)
Number of Hong Kong Offer Shares	:	**11,000,000 New Shares (subject to reallocation)**	A1A15(2)(a)
Number of International Offer Shares	:	**99,000,000 Shares (comprising 77,000,000 New Shares and 22,000,000 Sale Shares, and subject to reallocation and the Over-allotment Option)**	
Maximum Offer Price	:	**HK$12.35 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**	CO Sch 3 para 9 A1A15(2)(c)
Nominal value	:	**NIS0.01 per Share**	A1A23(1)
Stock code	:	**1696**	

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

CICC 中金香港证券 Jefferies

Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

FOSUN HANI 复星恒利

Joint Bookrunners and Joint Lead Managers

海通國際 HAITONG 華泰金融控股(香港)有限公司 HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. LR11.20

A copy of this prospectus, having attached thereto the documents specified in "Appendix VI—Documents Delivered to the Registrar of Companies and Available for Inspection", has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above. CO S.342C

The Offer Price is expected to be fixed by agreement among the Joint Global Coordinators (on behalf of the Underwriters), the Selling Shareholder and us on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, September 11, 2017 and, in any event, not later than Monday, September 18, 2017. The Offer Price will not be more than HK$12.35 and is currently expected to be not less than HK$8.88, unless otherwise announced. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters), the Selling Shareholder and us by Monday, September 18, 2017, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators, on behalf of the Underwriters, may, with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available at the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.sisram-medical.com**. Further details are set out in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus and the related Application Forms, including the risk factors set out in "Risk Factors" in this prospectus.

Prospective investors of the Hong Kong Offer Shares should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) if certain events shall occur prior to 8:00 a.m. on the day on which trading in the Shares commences on the Stock Exchange. Such grounds are set out in "Underwriting" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirement under the U.S. Securities Act. The Offer Shares are being offered and sold (1) to qualified institutional buyers in reliance on Rule 144A or another exemption from registration under the U.S. Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

September 5, 2017 CO S.342 CO S.37

IMPORTANT

The Company will be relying on Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing (a) the **WHITE** and **YELLOW** Application Forms without them being accompanied by a printed prospectus and (b) the **BLUE** Application Forms to the relevant Qualifying Fosun International Shareholders without them being accompanied by a printed prospectus, unless the relevant Qualifying Fosun International Shareholders have elected to receive corporate communications in printed form under Fosun International's corporate communications policy or have not been asked to elect the means of receiving Fosun International's corporate communications, in which case the printed prospectus will be despatched to them separately. The contents of the printed prospectus are identical to the electronic version of the prospectus which can be accessed and downloaded from the websites of the Company at **www.sisram-medical.com** and the Stock Exchange at **www.hkexnews.hk** under the "*HKExnews* > *Listed Company Information* > *Latest Listed Company Information*" section, respectively.

Members of the public and Qualifying Fosun International Shareholders may obtain a copy of the printed prospectus, free of charge, upon request during normal business hours from 9:00 a.m. on Tuesday, September 5, 2017 until 12:00 noon on Friday, September 8, 2017 at the following locations:

1. any of the following branches of the receiving bank for the Hong Kong Public Offering:

   (a) Standard Chartered Bank (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
Kowloon	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan

2. any of the following offices of the Hong Kong Underwriters:

   (a) China International Corporation Hong Kong Securities Limited, at 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong; and

   (b) Jefferies Hong Kong Limited, at Suite 2201, 22/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong; and

   (c) Fosun Hani Securities Limited, at Suite 2101-2105, 21/F, Champion Tower, 3 Garden Road, Central, Hong Kong; and

(d) Haitong International Securities Company Limited, 22/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong; and

(e) Huatai Financial Holdings (Hong Kong) Limited, Room 5801-05 & 08-12, 58/F, The Center, 99 Queen's Road Central, Hong Kong.

3. the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

Details of where printed prospectuses may be obtained will be displayed prominently at every designated branch of Standard Chartered Bank (Hong Kong) Limited where WHITE Application Forms are distributed.

During normal business hours from 9:00 a.m. on Tuesday, September 5, 2017 until 12:00 noon on Friday, September 8, 2017, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** and **YELLOW** Application Forms are distributed as set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

EXPECTED TIMETABLE(1)

If there is any change in the following expected timetable of the Hong Kong Public Offering and the Preferential Offering, we will issue an announcement in Hong Kong to be published in the South China Morning Post (in English), and in the Hong Kong Economic Times (in Chinese).

Despatch of **BLUE** Application Forms to Qualifying Fosun International Shareholders on or before	Tuesday, September 5, 2017
Hong Kong Public Offering and Preferential Offering commence and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Tuesday, September 5, 2017
Latest time to complete electronic applications under (a) **White Form eIPO** service and (b) the **Blue Form eIPO** service through the designated website **www.eipo.com.hk**(2)	11:30 a.m. on Friday, September 8, 2017
Application lists open (3)	11:45 a.m. on Friday, September 8, 2017
Latest time for (a) lodging **WHITE**, **YELLOW** and **BLUE** Application Forms, (b) giving electronic application instructions to HKSCC (4) and (c) completing payment for (i) **White Form eIPO** applications and (ii) **Blue Form eIPO** applications by effecting Internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, September 8, 2017
Application lists close (3)	12:00 noon on Friday, September 8, 2017
Expected Price Determination Date (5)	Monday, September 11, 2017

CO Sch 3 para 8

(1) Announcement of:

- the Offer Price;
- the level of indications of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering and the Preferential Offering; and
- the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares

to be published in the South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese) on or before Monday, September 18, 2017

EXPECTED TIMETABLE[1]

(2) Results of allocations in the Hong Kong Public Offering and the Preferential Offering to be available through a variety of channels (see "How to Apply for Hong Kong Offer Shares and Reserved Shares — E. Publication of Results" in this prospectus) from ..... Monday, September 18, 2017

(3) A full announcement containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.sisram-medical.com** from ..... Monday, September 18, 2017

A1A15(2)(g)

Results of allocations in the Hong Kong Public Offering and the Preferential Offering will be available at **www.iporesults.com.hk** with a "search by ID" function from ..... Monday, September 18, 2017

Despatch of Share certificates[6] and White Form and Blue Form e-Refund payment instructions/refund checks (if applicable) on or before ..... Monday, September 18, 2017

A1A22

Dealings in Shares on the Stock Exchange to commence on ..... Tuesday, September 19, 2017

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates. Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" in this prospectus.

(2) You will not be permitted to submit your application under the **White Form eIPO** service or the **Blue Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, September 8, 2017, the application lists will not open or close on that day. Further information is set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares—D. Effect of Bad Weather on the Opening of the Applications Lists" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to "How to Apply for Hong Kong Offer Shares and Reserved Shares—A. Applications for Hong Kong Offer Shares—6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date is expected to be on or about Monday, September 11, 2017, and in any event, not later than Monday, September 18, 2017. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters), the Selling Shareholder and us on or before Monday, September 18, 2017, the Global Offering will not proceed and will lapse.

(6) Share certificates will only become valid certificates of title provided that the Global Offering has become unconditional in all respects. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

EXPECTED TIMETABLE[1]

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares and Reserved Shares, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus, respectively.

The **BLUE** Application Forms have been despatched to all Qualifying Fosun International Shareholders. In addition, Qualifying Fosun International Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under Fosun International's corporate communications policy.

If a Qualifying Fosun International Shareholder has elected to receive corporate communications from Fosun International in printed form under Fosun International's corporate communications policy or has not been asked to elect the means of receiving Fosun International's corporate communications, a printed copy of this prospectus in the elected language version(s) will be despatched to such Qualifying Fosun International Shareholder.

If a Qualifying Fosun International Shareholder has (a) elected to receive an electronic version of corporate communications or (b) is deemed to have consented to receiving the electronic version of corporate communications from Fosun International, an electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of the Company at **www.sisram-medical.com** and the Stock Exchange at **www.hkexnews.hk** under the section headed *"HKEXnews > Listed Company Information > Latest Listed Company Information"*. A Qualifying Fosun International Shareholder who has elected to receive or is deemed to have consented to receiving the electronic version of this prospectus may at any time request for a printed copy of this prospectus, free of charge, by sending a request in writing to Fosun International c/o Computershare Hong Kong Investor Services Limited or by email to Fosun International at fosun.ecom@computershare.com.hk. Fosun International will promptly, upon request, send by ordinary post a printed copy of this prospectus to such Qualifying Fosun International Shareholder, free of charge, although such Qualifying Fosun International Shareholder may not receive that printed copy of this prospectus before the close of the Hong Kong Public Offering and the Preferential Offering.

Qualifying Fosun International Shareholders may also obtain a printed copy of this prospectus, free of charge, during normal business hours from any of the designated branches of the receiving banks and the designated offices of each of the Joint Global Coordinators as set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

Distribution of this prospectus and/or the **BLUE** Application Forms into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this prospectus and/or the **BLUE** Application Forms come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this prospectus should not be distributed, forwarded or transmitted in, into or from any of the Specified Territories with or without the **BLUE** Application Forms, except to Qualifying Fosun International Shareholders as specified in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by the Company solely in connection with the Hong Kong Public Offering and the Preferential Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares and the Reserved Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not made in this prospectus or the Application Forms must not be relied on by you as having been authorized by the Company, the Selling Shareholder, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, any of our or their respective directors or any other person or party involved in the Global Offering. Information contained in our website, located at www.sisram-medical.com, does not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks associated with an investment in the Offer Shares are set out in the "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined in "Definitions" and "Glossary" in this prospectus.

OVERVIEW

A1A28(1)(a)

We are a leading global provider of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which often feature our innovative and proprietary technologies. We believe that our "Alma" brand, as well as the brands of many of our products such as "Soprano", "Harmony", "Accent" and "FemiLift", are widely recognized and well regarded among treatment providers and treatment recipients internationally. We acquired Alma Lasers, our principal operating subsidiary, in 2013. We have also been the largest provider of energy-based medical aesthetic treatment systems in the PRC market and one of the leaders in the medical aesthetic treatment system market globally, in terms of revenue in 2016, according to the Medical Insight Report. We sell our treatment systems in approximately 80 countries and jurisdictions worldwide.

We develop and produce treatment systems, which can be used for a broad range of energy-based non-invasive medical aesthetic and minimally invasive treatments. We have a comprehensive portfolio of treatment systems, including our Core product line and Beauty product line, which can be utilized to perform non-invasive medical aesthetic treatments such as hair removal, skin rejuvenation, skin resurfacing, treatment of vascular and pigmented lesions, tattoo removal, acne treatment, cellulite reduction, body contouring and skin tightening. Our treatment systems can also be utilized to perform minimally invasive treatments such as vaginal rejuvenation, laser-based liposuction, treatment of varicose veins and treatment of hyperhidrosis. Our flagship offerings include (i) the Soprano family, primarily used for hair removal, (ii) the Harmony family, a versatile multi-application platform that can be used to treat up to 65 different FDA-cleared indications, and (iii) the Accent family, primarily used for body contouring and skin tightening, all of which belong to our Core product line, and (iv) FemiLift, a minimally invasive treatment system for treating feminine conditions (such as vaginal rejuvenation). In addition, we offer Beauty product line treatment systems such as Rejuve and Reform.

We primarily sell our treatment systems either (i) by direct sales to treatment providers or (ii) to distributors, that on-sell to treatment providers who use our treatment systems to perform medical aesthetic procedures. These treatment providers primarily include core physicians (plastic surgeons and dermatologists), non-core physicians (including primary care physicians, obstetricians, gynecologists, and ear, nose and throat specialists) and aestheticians. Since Alma Lasers, our principal operating subsidiary, which we acquired in 2013, launched its first commercial product in 2002 and up to the Latest Practicable Date, it has sold cumulatively over 27,400 main consoles and 118,100 applicators for treatment systems.

In the United States, Canada, Germany, Austria and India, we sell primarily to treatment providers directly, and in rest of the world, we sell primarily to distributors, who acquire title to our treatment systems and on-sell them to treatment providers who are their customers. We have a global sales and distribution network, with 26.2%, 27.7%, 21.8%, 11.4%, 7.6% and 5.3% of our total revenue in the year ended December 31, 2016 attributable to North America, Europe, PRC, Asia Pacific (excluding PRC), Latin America and Middle East and Africa geographic segments, respectively.

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, revenue from distributors with which we had entered into written distribution agreements represented 66.1%, 64.4%, 61.1% and 62.0% of our total revenue, respectively. For the same periods, revenue from direct sales customers represented 30.1%, 33.3%, 35.9% and 34.6% of our total revenue, respectively. Our largest customer is our PRC Distributor, which is our sole and exclusive distributor

in the PRC. During the Track Record Period, a small percentage of our revenue for each period was attributable to distributors, on-sellers and other dealers with which we have not entered into written distribution agreements, which purchase products from us on an *ad hoc* basis and on-sell them to treatment providers.

We are a leading company in the innovation of energy-based medical aesthetic technology. Driven by our focus on research and development, we have developed numerous proprietary technologies. As at the Latest Practicable Date, we had 38 registered patents and 10 patent applications in various jurisdictions which are material to our business. Furthermore, since our inception, we have successfully focused on organic growth, having developed most of our products and technologies internally. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, 91.8%, 93.0%, 93.7% and 93.9% of our revenue from sales of products was derived from products that we developed in-house. Moreover, we believe that the safety, reliability and quality of our products underlie our strong brand image. A majority of our production procedures are performed in-house in our facilities. In particular, in accordance with our stringent quality control procedure, each of our final products is quality tested in-house.

For the years ended December 31, 2014, 2015 and 2016, our total revenue was US$101.3 million, US$110.4 million and US$118.2 million, respectively, representing a CAGR of 8.0%. For the three months ended March 31, 2017, our total revenue was US$32.6 million. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our profit for the year/period (under IFRS) was US$6.7 million, US$8.6 million, US$8.5 million and US$5.1 million, respectively, representing 6.6%, 7.8%, 7.2% and 15.5% of our revenue. Please see "—Summary financial information—Consolidated statements of profit or loss" for our consolidated statements of profit or loss for the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017. Our profit for the year/period (under IFRS) experienced an overall increase during the Track Record Period, primarily driven by an overall increase in revenue from the sales of our products, caused by, among other things, an increase in customer demand. Our net profit margin (equals to our profit for the year/period divided by our revenue for the same period, each, under IFRS) fluctuated during the Track Record Period, primarily due to shifts in our product mix and our one-time listing expense incurred in 2016. Please also see "Financial Information—Period to period comparisons of results of operations" and "Financial Information—Key financial ratio—Net profit margin" in this prospectus for further details on the reasons of such fluctuations.

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our adjusted net profit, which is not a financial measure defined under IFRS, was US$14.5 million, US$16.6 million, US$20.4 million and US$7.1 million, respectively, representing 14.3%, 15.0%, 17.2% and 21.9% of our revenue for the same periods[(1)]. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our adjusted EBITDA, which is not a financial measure defined under IFRS, was US$22.1 million, US$23.8 million, US$28.0 million and US$9.5 million, respectively, representing 21.8%, 21.5%, 23.7% and 29.0% of our revenue for the same periods.[(2)]

We believe that we are well positioned to benefit from the expected growth in the markets in which we operate. The total global consumer expenditure for medical aesthetic treatments was US$25.9 billion in 2016, and is expected to increase to US$34.1 billion in 2021, representing a CAGR of 5.7%. The global revenue from the direct sales of energy-based medical aesthetic treatment systems amounted to US$2.7 billion in 2016, and is expected to reach US$4.4 billion in 2021, representing a CAGR of 10.4%. In the PRC, revenue generated from the sale of energy-based medical aesthetic treatment systems is expected to increase from US$158.9 million in 2016 to US$326.8 million in 2021, representing a CAGR of 15.5%, in each case according to the Medical Insight Report.

Notes:

(1) The term adjusted net profit is not a financial measure defined under IFRS. Please see "Financial Information—Non-IFRS measures—Adjusted net profit and adjusted net profit margin" in this prospectus for the definition of this non-IFRS measure and the important limitations of using it as an analytical tool.

(2) The term adjusted EBITDA is not a financial measure defined under IFRS, and adjusted EBITDA is not a measure of profit for the year/period, operating profit or liquidity presented in accordance with IFRS. Please see "Financial Information—Non-IFRS measures—Adjusted EBITDA and adjusted EBITDA margin" in this prospectus for the definition of this non-IFRS measure and the important limitations of using it as an analytical tool.

SUMMARY

OUR STRENGTHS

We believe that the following strengths contribute to our continued success and distinguish us from our competitors:

- The largest provider of energy-based medical aesthetic treatment systems in the PRC and one of the leaders in the energy-based medical aesthetic treatment system market globally, well-positioned to take advantage of the expected global growth in demand for energy-based medical aesthetic treatment systems;
- Broad technology platform and comprehensive product offerings with a wide range of applications, enabling us to meet the diverse and specific needs of various treatment providers and their treatment recipients;
- A proven track record of delivering innovative products that keep pace with evolving market demands, enabled by our commitment to research and development based on a systematic and user-oriented approach which promotes organic growth;
- Premium brand name associated with quality and reliable products, as well as high level of customer service, enabling us to attract and retain customers;
- Efficient mix of global sales and distribution channels adapting to different market dynamics, allowing access to multiple customer segments and resulting in high profitability; and
- Highly qualified, experienced and dedicated management team with a proven track record and a Controlling Shareholder, Fosun Pharma, which is a leading healthcare company in the PRC.

OUR STRATEGIES

Our goal is to become the largest global provider of energy-based medical aesthetic treatment systems. The key elements of our business strategy are to:

- Continue to promote our brands and increase market awareness and sales of our products, as well as grow our sales and distribution channels;
- Continue to meet the evolving demands and varying needs of treatment providers and treatment recipients by launching a broad range of innovative products driven by our research and development strength;
- Continue to increase our market share in the global energy-based minimally invasive treatment system market;
- Continue to strengthen our position as the largest provider of energy-based medical aesthetic treatment systems in the PRC; and
- Capture growth opportunities and add new revenue streams through acquisitions or strategic partnerships globally.

OUR BUSINESS MODEL

A1A28(1)(a)

We are a leading global provider of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which often feature our innovative and proprietary technologies. Since our inception, we have focused on developing our own technologies and product offerings. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, 91.8%, 93.0%, 93.7% and 93.9% of our revenue from sales of products was derived from products that we developed in-house. During the Track Record Period, we sold our products worldwide in approximately 80 countries and jurisdictions primarily to our direct sales customers and to our distributors. During the Track Record Period, over 90% of our total revenue was generated from the sales of our treatment systems, with a small portion generated from our

rendering of services in relation to our treatment systems. We primarily sell energy-based (i) non-invasive and (ii) minimally invasive treatment systems. In addition, we derive a small portion of our revenue from sales of consumables, primarily one-off items associated with using our minimally invasive treatment systems, such as accessories for our FemiLift treatment systems.

We primarily sell our products either (i) directly to treatment providers or (ii) to distributors who on-sell to treatment providers, who use our treatment systems to perform procedures on their treatment recipients. These treatment providers primarily include core physicians (plastic surgeons and dermatologists), non-core physicians (including primary care physicians, obstetricians, gynecologists, and ear, nose and throat specialists) and aestheticians.

THE SPIN-OFF AND THE PREFERENTIAL OFFERING

The Spin-off

The listing of the Group constitutes a spin-off of the Group from Fosun International and Fosun Pharma (the "**Spin-off**").

Reasons and benefits of the Spin-off

Each of Fosun International and Fosun Pharma believes that the Spin-Off will better position the Group, the Remaining Fosun International Group and the Remaining Fosun Pharma Group for growth in their respective businesses and deliver benefits to each of their respective groups. The Spin-off will provide investors with a clear indicator of the standalone market valuation of the Company, which may enhance the overall value of each of Fosun International and Fosun Pharma.

Through the Spin-off, the Group is expected to enhance its brand and business development in the PRC, to improve its operational and financial transparency and resource allocation efficiency, and to further accelerate its development due to its enlarged capital base and its ability to raise additional funds through the Hong Kong equity capital markets. The revenues and profits of the Company will continue to be consolidated in the financial statements of Fosun International and Fosun Pharma following the Spin-off, which will benefit the overall financial performance, respectively, of Fosun International and Fosun Pharma. In addition, the Spin-off will further consolidate the core competitiveness of Fosun International and Fosun Pharma. Finally, the Spin-off will create a new investor base for the Company as it will be able to attract new investors who are seeking investments specifically in the medical devices sector.

The Preferential Offering

Qualifying Fosun International Shareholders will be entitled to participate in the Global Offering on a preferential basis as to allocation only by way of the Preferential Offering. Please see "Structure of the Global Offering — The Preferential Offering" in this prospectus for further details.

The Preferential Offering is not being extended to the Fosun Pharma H shareholders as this was not approved by the Fosun Pharma A shareholders at the shareholders' meeting held on August 31, 2016. Due to the provisions of certain PRC laws and regulations, Fosun Pharma A shareholders are restricted from participating in the Preferential Offering. Please see "History and Corporate Structure — Spin-off of the Group from Fosun International and Fosun Pharma" in this prospectus for further details.

SHAREHOLDER PROTECTION MATTERS AND VOTING ARRANGEMENTS

The Company is an Israeli incorporated company, and is primarily governed by the laws of Israel. The laws and regulations of Israel differ in some respects from comparable laws and regulations in Hong Kong and there are certain differences between the shareholder protection regimes in Israel and Hong Kong.

While the Israeli shareholder protection standards are not materially different to the shareholder protection standards in Hong Kong, some matters relating to, among other things, approval of certain resolutions by a super-majority vote, material interest in transactions and notice of general meetings are different in some respects. The Company has adopted certain measures to address these differences in the shareholder protection standards.

As a company incorporated in Israel, the Company is required to comply with the Israeli corporate governance requirements relating to such matters as external directors, audit committee, remuneration or compensation committee and internal auditor, in addition to the corporate governance requirements imposed by the Listing Rules to which the Company will become subject upon the Listing.

There are also differences between the requirements for takeover procedures under Hong Kong and Israeli laws in relation to a mandatory general offer. Potential Shareholders and investors in the Company should be aware that following the Listing, any person contemplating an offer for the Shares will need to comply with both the requirements relating to offers under the Takeovers Code and the requirements relating to full tender offers under the Israeli Companies Law.

For certain transactions, the Israeli Companies Law requires a shareholder voting on the proposed resolution at a general meeting to declare whether or not he has a personal interest in the proposed resolution and failure to make such declaration means that the votes of such shareholder would not be counted.

See "Appendix IV—Summary of the Israeli Companies Law, Shareholder Protection Matters and Voting Arrangements" in this prospectus for further details.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, (i) Mr. Guo Guangchang was interested in approximately 64.45% of the shares in FIHL, which in turn through FHL was interested in approximately 71.83% of the shares in Fosun International, and (ii) Fosun International, through its wholly owned subsidiary, Fosun High Tech, was indirectly interested in approximately 37.94% of the issued ordinary share capital (comprising A shares and H shares) of Fosun Pharma[(1)], which in turn indirectly held approximately 66.20% of the Shares in issue.

Immediately following the completion of the Capitalization Issue and the Global Offering, (a) Fosun Pharma will have an indirect interest (through its interests in its wholly-owned subsidiaries, Fosun Industrial, Ample Up and CML) in approximately 51.77% of the Shares in issue (assuming the Maximum Offer Price and before any exercise of the Over-allotment Option) or 52.96% of the Shares in issue (assuming the Minimum Offer Price and before any exercise of the Over-allotment Option), (b) the Company will remain as an indirect non-wholly owned subsidiary of Fosun International and Fosun Pharma, and (c) Mr. Guo Guangchang, FIHL, FHL, Fosun International, Fosun High Tech, Fosun Pharma, Fosun Industrial, Ample Up and CML will be the Controlling Shareholders of the Company.

As at the Latest Practicable Date, Magnificent View held approximately 33.80% of the Shares in issue. Magnificent View is a wholly owned subsidiary of Pramerica-Fosun Fund, whose general partner is Fosun Equity Investment Ltd. (a wholly owned subsidiary of Fosun International) and whose limited partners (namely Prudential Insurance Company of America and Prudential Legacy Insurance Company of New Jersey) are Independent Third Parties. Magnificent View will sell the Sale Shares pursuant to the Global Offering and immediately following the completion of the Capitalization Issue and the Global Offering, Magnificent View will have an interest in approximately 20.98% of the Shares in issue (assuming the Maximum Offer Price and before any exercise of the Over-allotment Option) or 22.04% of the Shares in issue (assuming the Minimum Offer Price and before any exercise of the Over-allotment Option).

Note:

(1) Fosun International controls Fosun Pharma as it controls the board of directors of Fosun Pharma. It is the single largest shareholder of Fosun Pharma and it holds relatively larger voting rights in Fosun Pharma than other dispersed public shareholders in Fosun Pharma.

Ample Up, CML and Magnificent View have entered into the Voting Agreement pursuant to which Magnificent View has agreed that, for so long as (a) any principal amount or accrued interest remains outstanding under the Facility Agreement and (b) Fosun Pharma's direct or indirect interest in the Company is less than 50% of the issued Shares, it will vote on any resolutions at any general meeting of Shareholders in accordance with the voting instructions provided by Ample Up and CML. In view of this Voting Agreement, Ample Up, CML and Magnificent View are considered to be parties acting in concert (for the purpose of the Takeovers Code in Hong Kong) in relation to the Company and in addition, Magnificent View will be regarded as a Controlling Shareholder of the Company. As stated above, immediately following the completion of the Capitalization Issue and the Global Offering, Fosun Pharma will have an indirect interest in more than 50% of the issued Shares and accordingly, the voting arrangements set out in the Voting Agreement will not apply immediately after the Listing.

Please see "Relationship with Our Controlling Shareholders" in this prospectus for further details.

PROPOSED CASH BONUS PLAN

On August 30, 2017, the Board resolved to adopt the Cash Bonus Plan, subject to the Global Offering becoming unconditional. The Cash Bonus Plan comprises the IPO Bonus and the Performance Bonus. The Cash Bonus will be funded using our cash flow generated from operating activities. A total of 111 existing management personnel and employees will receive a cash bonus based on the criteria set forth in the Cash Bonus Plan. Based on the terms of the Cash Bonus Plan and assuming that the relevant conditions have been fulfilled, (i) the total amount of IPO Bonus to be paid by the Company will be between US$7.47 million (assuming the Minimum Offer Price) and US$15.63 million (assuming the Maximum Offer Price) and (ii) the total amount of Performance Bonus to be paid by the Company will be between US$0.93 million (assuming the Minimum Offer Price) and US$1.95 million (assuming the Maximum Offer Price). Of the total amount of cash bonus to be paid by the Company under the Cash Bonus Plan, the total amount to be paid in 2017 will be between US$3.74 million (assuming the Minimum Offer Price) and US$7.82 million (assuming the Maximum Offer Price), and the total amount to be paid in 2018 will be between US$4.67 million (assuming the Minimum Offer Price) and US$9.77 million (assuming the Maximum Offer Price). For details of the terms of the Cash Bonus Plan, please refer to "Business—Proposed Cash Bonus Plan" in this prospectus.

The Cash Bonus Plan is governed by the laws of Israel and is in compliance with applicable laws and regulations of Israel.

RECENT DEVELOPMENTS

Since December 31, 2016 and up to the Latest Practicable Date, we have witnessed several mergers and consolidations taking place in our industry. Please see "Industry—Global energy-based medical aesthetic treatment systems market—competitive landscape" for further details. Under this market climate, we believe that we can continue to distinguish ourselves through our commitment to research and development as evidenced by the launch of four new applicators up to the Latest Practicable Date. These include (i) a new applicator for our Harmony XL treatment system, Zero, (ii) a new applicator for our Lipolife treatment system, Liposense, (iii) a new generation of our SINON Q treatment system, SINON II and (iv) an additional Alma Q handpiece, HomoGenius. Please see "Business—Our products and services—Recently launched products and product pipeline" in this prospectus for further details. In March 2017, we renewed our distribution agreement with our distributor in Hong Kong, which we believe to be a well-known industry player in the market. In July 2017, we entered into a letter of intent with a European company in respect of distribution of derma fillers. Please see "Business—Our solutions and products—Potential strategic cooperation" in this prospectus for further details.

SUMMARY

SUMMARY FINANCIAL INFORMATION

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Consolidated Statements of Profit or Loss

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ in thousands, except for percentages)									
	Amount	*% of revenue*	*Amount*	*% of revenue*	*Amount*	*% of revenue*	*Amount*	*% of revenue*	*Amount*	*% of revenue*
REVENUE	101,321	100.0%	110,406	100.0%	118,156	100.0%	27,605	100.0%	32,647	100.0%
Cost of sales	(49,459)	48.8%	(53,043)	48.0%	(55,933)	47.3%	(13,571)	49.2%	(15,174)	46.5%
Gross profit	51,862	51.2%	57,363	52.0%	62,223	52.7%	14,034	50.8%	17,473	53.5%
Other income and gains	281	0.3%	450	0.4%	719	0.6%	365	1.3%	971	3.0%
Selling and distribution expenses	(16,646)	16.4%	(18,590)	16.8%	(21,380)	18.1%	(5,096)	18.5%	(5,379)	16.5%
Administrative expenses	(10,166)	10.0%	(11,121)	10.1%	(12,989)	11.0%	(2,331)	8.4%	(2,370)	7.3%
Research and development expenses	(6,869)	6.8%	(7,069)	6.4%	(7,307)	6.2%	(1,848)	6.7%	(2,387)	7.3%
Other expenses	(1,803)	1.9%	(2,798)	2.6%	(2,438)	2.1%	(365)	1.3%	(259)	0.8%
Finance costs	(7,336)	7.2%	(7,308)	6.6%	(6,968)	5.9%	(1,775)	6.4%	(1,711)	5.2%
PROFIT BEFORE TAX	9,323	9.2%	10,927	9.9%	11,860	10.0%	2,984	10.8%	6,338	19.4%
Income tax expense	(2,618)	2.6%	(2,334)	2.1%	(3,359)	2.8%	(752)	2.7%	(1,288)	3.9%
PROFIT FOR THE YEAR/PERIOD	**6,705**	**6.6%**	**8,593**	**7.8%**	**8,501**	**7.2%**	**2,232**	**8.1%**	**5,050**	**15.5%**
Attributable to: Owners of the parent [(1)]	5,943	5.8%	7,814	7.1%	8,055	6.8%	2,046	7.4%	5,050	15.5%
Attributable to: Non-controlling interests [(1)]	762	0.8%	779	0.7%	446	0.4%	186	0.7%	—	—

Note:

(1) Upon completion of the Company Buy-out in June 2016, Alma Lasers became a wholly-owned subsidiary of the Company. Please see "History and Corporate Structure—The Reorganization—(a) Company Buy-out" in this prospectus for further details.

Revenue by Product Line

The following table sets forth our revenue breakdown by revenue streams and main product lines and as a percentage of our total revenue for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ in thousands, except for percentages)									
Sale of Goods:										
Non-invasive medical aesthetic										
Core	75,975	75.0%	84,719	76.7%	88,249	74.7%	20,315	73.6%	25,309	77.5%
Beauty	7,937	7.8%	10,045	9.1%	7,412	6.3%	2,525	9.1%	1,673	5.1%
Minimally invasive	8,214	8.1%	7,707	7.0%	14,165	12.0%	2,400	8.7%	3,361	10.3%
Services and others:	9,195	9.1%	7,935	7.2%	8,330	7.0%	2,365	8.6%	2,304	7.1%
Total	**101,321**	**100.0%**	**110,406**	**100.0%**	**118,156**	**100.0%**	**27,605**	**100.0%**	**32,647**	**100.0%**

The following tables further breaks down our revenue by main product lines and by geographic segments for the periods indicated:

	For the three months ended March 31, 2017						
	Europe	North America	PRC	Asia Pacific (excluding PRC)	Latin America	Middle East and Africa	Total
	(US$ in thousands)						
Sale of Goods:							
Non-invasive medical aesthetic							
Core	7,562	4,728	6,273	2,335	3,205	1,206	25,309
Beauty	611	131	202	422	95	212	1,673
Minimally invasive	630	1,219	652	428	109	323	3,361
Services and others:	251	1,288	60	509	49	147	2,304
Total	**9,054**	**7,366**	**7,187**	**3,694**	**3,458**	**1,888**	**32,647**

	For the year ended December 31, 2016						
	Europe	North America	PRC	Asia Pacific (excluding PRC)	Latin America	Middle East and Africa	Total
	(US$ in thousands)						
Sale of Goods:							
Non-invasive medical aesthetic							
Core	26,551	17,060	23,619	9,096	8,166	3,757	88,249
Beauty	2,344	1,451	382	1,872	320	1,043	7,412
Minimally invasive	2,692	7,519	1,458	1,352	312	832	14,165
Services and others:	1,142	4,971	274	1,196	191	556	8,330
Total	**32,729**	**31,001**	**25,733**	**13,516**	**8,989**	**6,188**	**118,156**

	For the year ended December 31, 2015						
	Europe	North America	PRC	Asia Pacific (excluding PRC)	Latin America	Middle East and Africa	Total
	(US$ in thousands)						
Sale of Goods:							
Non-invasive medical aesthetic							
Core	23,091	18,344	21,435	10,811	7,714	3,324	84,719
Beauty	1,687	1,237	3,688	1,819	385	1,229	10,045
Minimally invasive	1,300	4,179	516	1,087	314	311	7,707
Services and others:	414	4,623	206	1,114	654	924	7,935
Total	**26,492**	**28,383**	**25,845**	**14,831**	**9,067**	**5,788**	**110,406**

	For the year ended December 31, 2014						
	Europe	North America	PRC	Asia Pacific (excluding PRC)	Latin America	Middle East and Africa	Total
	(US$ in thousands)						
Sale of Goods:							
Non-invasive medical aesthetic							
Core	21,450	17,315	16,322	8,510	9,288	3,090	75,975
Beauty	1,572	867	1,787	2,389	242	1,080	7,937
Minimally invasive	1,615	2,417	1,862	1,208	227	885	8,214
Services and others:	1,718	4,593	125	1,713	646	400	9,195
Total	**26,355**	**25,192**	**20,096**	**13,820**	**10,403**	**5,455**	**101,321**

Our revenue from our Core product line increased by 11.5% from US$76.0 million for the year ended December 31, 2014 to US$84.7 million for the year ended December 31, 2015, and further increased by 4.2% to US$88.2 million for the year ended December 31, 2016, primarily as a result of the overall growth in sales volume in various regions including Europe and the PRC. In Europe, revenue from the sales of our Core product line experienced an overall growth from 2014 to 2016, primarily attributable to the increase in our sales volume in various European countries. In the PRC, revenue from the sales of our Core product line experienced an overall growth from 2014 to 2016, primarily attributable to an increase in our sales volume of various Core treatment systems, such as the Accent Ultra V, which we believe was partially due to the promotion efforts made by our PRC Distributor.

Our revenue from our Beauty product line increased by 26.6% from US$7.9 million for the year ended December 31, 2014 to US$10.1 million for the year ended December 31, 2015, followed by a decrease of 26.2% to US$7.5 million for the year ended December 31, 2016. Such fluctuation was primarily driven by fluctuations of the sales volume of our Beauty product line in the PRC during the relevant periods.

Our revenue from our minimally invasive product line decreased by 6.2% from US$8.2 million for the year ended December 31, 2014 to US$7.7 million for the year ended December 31, 2015, followed by an increase of 83.8% to US$14.1 million for the year ended December 31, 2016. The overall growth was driven primarily by continued growth in sales volume in the United States from 2014 to 2016, as well as increased sales volume in 2016 in Europe and the PRC after a relatively slow year in 2015.

Please see "Financial Information—Period to period comparison of results of operations" in this prospectus for further details.

Revenue by Customer Type

The following table sets forth our revenue by customer type for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ in thousands, except for percentages)									
Direct sales customers	30,466	30.1%	36,812	33.3%	42,391	35.9%	9,619	34.8%	11,285	34.6%
Distributors with agreements[1]	66,985	66.1%	71,052	64.4%	72,198	61.1%	17,374	62.9%	20,239	62.0%
Other customers[2]	3,870	3.8%	2,542	2.3%	3,567	3.0%	612	2.3%	1,123	3.4%
Total	**101,321**	**100.0%**	**110,406**	**100.0%**	**118,156**	**100.0%**	**27,605**	**100.0%**	**32,647**	**100.0%**

Notes:

(1) Include distributors with which (a) we entered into written distribution agreements as at the Latest Practicable Date or (b) we had written distribution agreements during the relevant year of the related sales.

(2) Includes distributors, on-sellers and dealers with which we have not entered into written distribution agreements, who purchase products from us on an *ad hoc* basis and in relatively small quantities and on-sell them to treatment providers.

Selected Consolidated Statements of Financial Position Items

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	(US$ in thousands)			
Cash and bank balances	36,793	39,306	41,653	46,546
Total current assets	79,594	85,645	94,968	105,892
Total current liabilities	29,330	41,438	46,972	50,461
Net current assets	50,264	44,207	47,996	55,431
Non-current assets	190,789	187,347	184,193	183,207
Non-current liabilities[1]	215,931	199,009	191,703	192,755
Total equity	25,122	32,545	40,486	45,883

Note:

(1) A substantial portion of our non-current liabilities was attributable to the Capital Notes issued against an interest-free loan from our existing Shareholders which will be capitalized by the issue of new Shares to our existing Shareholders on the Listing Date.

Summary Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
				(Unaudited)	
			(US$ in thousands)		
Net cash flows from operating activities	22,807	15,847	16,013	278	4,468
Net cash flows used in investing activities	(8,503)	(2,009)	(4,182)	(1,044)	(1,480)
Net cash flows from (used in) financing activities	(16,413)	(12,333)	(13,052)	48	425
Net increase/(decrease) in cash and cash equivalents	(2,109)	1,505	(1,221)	(718)	3,413
Effect of foreign exchange rate changes, net	1,306	4	70	(140)	78
Cash and cash equivalents at beginning of the period	18,550	17,747	19,256	19,256	18,105
Cash and cash equivalents at the end of the period	17,747	19,256	18,105	18,398	21,596

Non-IFRS Measures

The measures of financial performances described in this section are non-IFRS measures and accordingly are not audited, not included in the financial statements and not presented in accordance with IFRS. Although these measures of financial performance are reconcilable to line items on the financial statements, they may not be equivalent to similarly named measures used by other companies and should not be considered as measures comparable to income statement items in the financial statements. They have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, an analysis of our financial results, performance or liquidity presented under IFRS, such as our profit before income tax, profit for the year, cash flows from operating, investing and financing activities and others.

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted EBITDA, adjusted EBITDA margin, adjusted net profit and adjusted net profit margin as additional financial measures. We present these financial measures because we use them internally to establish forecasts, budgets and operational goals to manage and monitor our business. Our management also uses these measures to evaluate our financial performance and identify underlying trends in our business that could otherwise be distorted by eliminating the impact of items that we do not consider indicative of the performance of our business and/or which we do not expect to be outstanding subsequent to the Listing. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing our financial results across accounting periods and to those of our peer companies.

Adjusted EBITDA and Adjusted EBITDA Margin

The following table reconciles our profit for the year/period to our definition of adjusted EBITDA for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
				(Unaudited)	
			(US$ in thousands)		
Profit for the year/period	6,705	8,593	8,501	2,232	5,050
Adjusted for:					
Income tax expenses	2,618	2,334	3,359	752	1,288
Finance costs	7,336	7,308	6,968	1,775	1,711
Depreciation and amortization	5,418	5,526	5,605	1,400	1,413
Listing expenses	—	—	3,559	—	—
Adjusted EBITDA	**22,077**	**23,761**	**27,992**	**6,159**	**9,462**
Adjusted EBITDA margin	21.8%	21.5%	23.7%	22.3%	29.0%

Adjusted Net Profit and Adjusted Net Profit Margin

The following table reconciles our adjusted net profit for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit for the year/period:

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
				(Unaudited)	
			(US$ in thousands)		
Profit for the year/period	6,705	8,593	8,501	2,232	5,050
Adjusted for:					
Amortization of other intangible assets arising from the Alma Acquisition	4,828	4,882	4,885	1,225	1,192
Shareholder Capital Notes imputed interest expenses	3,922	4,040	4,176	1,027	1,046
Listing expenses	—	—	3,559	—	—
Interest expense from a related party loan—Fosun Industrial	—	—	155	—	84
Deduct: deferred tax arising from other intangible assets	(923)	(923)	(923)	(231)	(231)
Adjusted net profit [(1)]	**14,532**	**16,592**	**20,353**	**4,253**	**7,141**
Adjusted net profit margin	14.3%	15.0%	17.2%	15.4%	21.9%

Note:

(1) Includes adjusted net profit attributable to non-controlling interests. Upon completion of the Company Buy-out in June 2016, Alma Lasers became a wholly-owned subsidiary of the Company. Please see "History and Corporate Structure—The reorganization—(a) Company Buy-out" in this prospectus for further details.

Please see "Financial Information—Non-IFRS measures" in this prospectus for further details.

Key Financial Ratios

The following table sets forth certain of our key financial ratios as at the dates and for the periods indicated:

	As at and for the year ended December 31,			As at and for the three months ended March 31,
	2014	2015	2016	2017
Net profit margin[1]	6.6%	7.8%	7.2%	15.5%
Current ratio[2]	2.71x	2.07x	2.02x	2.10x
Quick ratio[3]	2.09x	1.55x	1.55x	1.61x
Return on equity[4]	26.7%	26.4%	21.0%	11.0%
Return on total assets[5]	2.5%	3.1%	3.0%	1.7%
Gearing ratio[6]	7.96x	6.01x	4.93x	4.38x

Notes:

(1) Net profit margin equals our profit for the financial period divided by our revenue for the financial period.

(2) Current ratio equals current assets divided by current liabilities as at end of the financial period.

(3) Quick ratio equals our current assets less inventories divided by current liabilities as at end of the financial period.

(4) Return on equity equals our profit for the year/period divided by total equity amounts as at the end of the financial period.

(5) Return on total assets equals net profit for the year/period divided by total assets as at the end of the financial period.

(6) Gearing ratio equals total debt divided by total equity as at end of the financial period. Total debt is the sum of current and non-current portion of bank and other borrowings.

During the Track Record Period, our gearing ratio was mainly attributable to our indebtedness that included, as at March 31, 2017, (i) a loan amounting to US$49.0 million under the Facility Agreement we entered into in 2014, (ii) the balance of the Buy-out Loan amounting to US$9.9 million, which is expected to be repaid out of the proceeds from, and upon the completion of the Global Offering and (iii) the carrying amount of Capital Notes amounting to US$142.0 million, which will be capitalized upon the completion of the Global Offering. The only outstanding borrowing of the Group after the Listing will be the principal amount of the loan under the Facility Agreement, which, net of arrangement fee balance, as at July 31, 2017, was US$43.0 million. We expect our gearing ratio to decrease following the completion of the Global Offering in light of the reduction in indebtedness described above.

SELECTED OPERATING DATA

During the Track Record Period, our revenue was materially affected by the number of main consoles of treatment systems we sold. The following table sets forth the volume of main consoles we sold by major product lines for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
			(units sold)		
Non-invasive medical aesthetic:					
Core	1,946	2,418	2,386	575	656
Beauty	431	567	310	112	76
Minimally invasive	244	172	298	52	81
Total	**2,621**	**3,157**	**2,994**	**739**	**813**

Please see "Business—Our business model—Operating metrics" in this prospectus for further details.

NO MATERIAL ADVERSE CHANGE

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After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since March 31, 2017 being the date on which our latest audited consolidated financial statements were prepared, and there is no event since March 31, 2017 which would materially and adversely affect the information as set out in the Accountants' Report included in Appendix I to this prospectus.

LISTING EXPENSES

Our listing expenses mainly include underwriting commissions and professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the Listing and the Global Offering. The total listing expenses (based on the mid-point of the indicative Offer Price range for the Global Offering and assuming that the Over-allotment Option is not exercised, including underwriting commissions and excluding any discretionary incentive fee which may be payable by us) for the Global Offering to be borne by the Group are estimated to be approximately US$12.9 million. During the Track Record Period, we incurred listing expenses of approximately US$4.4 million, of which US$3.6 million was recognized as administrative expenses for the year ended December 31, 2016, and approximately US$0.8 million was capitalized as deferred expense for the year ended December 31, 2016, which is expected to be charged against equity upon the Listing. For the remaining US$8.5 million of estimated listing expenses, US$3.2 million is expected to be recorded in our statement of profit or loss, while the other US$5.3 million is expected to be recorded in equity.

GLOBAL OFFERING STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option is not exercised:

	Based on an Offer Price of HK$8.88	Based on an Offer Price of HK$12.35
Market capitalization[(1)]	HK$3,907.2 million	HK$4,986.2 million
Unaudited pro forma adjusted net tangible assets per Share[(2)]	HK$(0.795)	HK$0.153

Notes:

(1) The calculation of market capitalization is based on 403,740,227 Shares (if the Offer Price is set at HK$12.35) to 440,000,000 Shares (if the Offer Price is set at HK$8.88) expected to be in issue immediately upon completion of the Capitalization Issue (including the effect on the Shares expected to be in issue as a result of the capitalization of the Capital Notes) and the Global Offering, but takes no account of the Over-allotment Option. Please see "Share Capital" in this Prospectus for further details.

(2) The unaudited pro forma adjusted net tangible asset per Share has been arrived at after adjustments referred to in "Appendix II—Unaudited Pro Forma Financial Information—A. Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets" and on the basis of 310,948,648 Shares in issue at the Offer Price immediately upon the completion of the Capitalization Issue and Global Offering, but takes no account of the Over-allotment Option and capitalization of the Capital Notes.

Please see "Financial Information—Unaudited Pro forma statement of adjusted net tangible assets" and "Appendix II—Unaudited Pro Forma Financial Information—A. Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets" in this prospectus for further details.

DIVIDENDS

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Under our Articles of Association, our Board of Directors may, subject to the Israeli Companies Law, declare, and cause to be distributed, such dividends as the Board of Directors determines is justified. Under the Israeli Companies Law, dividends may only be paid out of profits legally available for distribution, which are defined as the greater of retained earnings or earnings accumulated during the preceding two years (the "**Profits Criteria**"), and provided that our Board of Directors is satisfied that there is no reasonable concern that such payment will prevent a company from satisfying its existing and foreseeable obligations as they become due. In addition, a competent court may approve,

as per a motion to be filed by a company in accordance with the Israeli Companies Law requirements, a payment which does not meet the Profits Criteria, provided that the court was convinced that there is no reasonable concern that such payment will prevent the company from satisfying its existing and foreseeable obligations as they become due.

Under our Articles of Association, our Board of Directors is authorized to determine the amount of dividends, subject to the Israeli Companies Law, and the record date for determining the Shareholders entitled to such dividends. The Shareholders entitled to receive dividends shall be the Shareholders on the date upon which it was resolved to distribute the dividends or at such later date as shall be determined by our Board of Directors. The declaration of dividends is subject to the absolute discretion of our Board of Directors. Any dividends will be paid in Hong Kong dollars.

In addition, under the Facility Agreement (the amounts due under which are repayable in 2020), we are restricted from paying any dividends unless we satisfy certain financial tests, such as interest coverage, net profit, net leverage and cash flow ratios. Historically, we have been in compliance with such ratios. Please see "Financial Information—Indebtedness—Interest-bearing bank borrowing" in this prospectus for further details. The Company neither declared nor paid any dividends during the Track Record Period. We do not presently intend to declare any dividends following Listing. Please see "Financial Information—Dividends" in this prospectus for further information.

USE OF PROCEEDS

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We estimate that we will receive net proceeds from the Global Offering of approximately HK$836.5 million, after deducting underwriting fees and commissions and estimated total expenses paid and payable by us in connection thereto, assuming an Offer Price of HK$10.62 per Share, being the approximate midpoint of the indicative Offer Price range of HK$8.88 to HK$12.35 per Share. We intend to use such net proceeds as follows:

(a) Approximately HK$156.0 million or approximately 18.6% of our total estimated net proceeds for expanding our sales channels and distribution network and intensifying our marketing efforts. Specifically:

- We intend to use approximately HK$93.6 million or approximately 11.2% in expanding our sales channels in the United States, Germany and India and distribution network globally. Specifically, we intend to use approximately HK$70.2 million or approximately 8.4% for expanding our direct sales channels, and approximately HK$23.4 million or approximately 2.8% for expanding our distribution network:

  - To expand our direct sales channels, we intend to increase the number of sales representatives focusing on the sales of minimally invasive and beauty treatment systems, and to double the total headcount of our sales representatives in the next few years.

  - To expand our distribution network, we intend to (i) provide our distributors with additional support and marketing resources (e.g., funding their advertising campaigns and offering them greater degree of assistance in handling local regulatory matters); as well as (ii) increase the total headcount of our country managers as the number of our distributors increases.

  - To support the expansion of our sales team (both country managers and sales representatives), we intend to provide them with more on-the-ground infrastructure such as additional offices (for additional space or in additional locations if suitable) and vehicles (to transport sample products), according to our actual needs as we expand.

- We intend to use approximately HK$31.2 million or approximately 3.7% to invest in global digital marketing, such as producing webinars or webcasts, as well as purchasing advertisements and maintaining accounts on various popular internet websites, mobile phone applications, and social media platforms, in order to enhance our direct-to-consumer marketing efforts.

- We intend to use approximately HK$31.2 million or approximately 3.7% in developing analytics capabilities using cloud technology (in our treatment systems and which link to our information technology system). We expect such technology to assist us in:

  - allowing more effective and accurate data collection concerning marketing activities (e.g., tracking the effectiveness of specific marketing campaigns), treatment recipients (e.g., anonymous basic demographic information of treatment recipients), treatment providers (e.g., how often they use the treatment systems and which function is used more often) and distributors (e.g., more detailed data on sales performance and behavior), which is expected to assist us in developing more responsive business strategies;

  - providing treatment providers which operate chain stores with the possibility of having a linked network of treatment systems featuring a friendly and easy-to-use interface such that they can better manage their businesses; and

  - working with treatment providers so that we could charge them fees based on a payment-per-treatment pricing model (i.e., instead of paying for the purchase price of the treatment system upfront, the treatment provider is charged a fee each time it uses the treatment system, which we monitor remotely by using the cloud technology); we expect such pricing model to contribute to a relatively insubstantial portion of our total revenue in the near future.

(b) Approximately HK$156.0 million or approximately 18.6% of our total estimated net proceeds for capital investments. Specifically:

- We intend to use approximately HK$78.0 million or approximately 9.3% in upgrading existing or establishing new service centers in our direct sales markets (i.e., India and Germany). We intend to use approximately HK$39.0 million or 4.7% to upgrade our existing service facility in Germany and we intend to use approximately HK$39.0 million or 4.7% to establish a new service center in India, to achieve, among other things, the following objectives:

  - enhance our subsidiaries' refurbishment capabilities, since most of our refurbishment capabilities are currently based in our Israel production facilities only. Our concept of refurbishment involves the ability to collect from customers used treatment systems, and to service such treatment systems as part of our trade-in projects, so that they can be sold again, while customers trading-in would be offered discounts on purchasing new units from us; and

  - enhance the range and depth of our subsidiaries' after-sale and maintenance services such that our local service teams can solve more complex issues.

We expect such capital investment to boost our service quality and responsiveness to market demand, as more and higher quality services can be provided locally to treatment providers across our geographical segments instead of only in Israel.

- We intend to use approximately HK$39.0 million or approximately 4.7% in upgrading and remapping our production lines to, among other things, enhance efficiency and increase throughput, as well as to strengthen our capability in developing and producing more advanced products as technologies evolve.

- We intend to use approximately HK$39.0 million or approximately 4.7% in optimizing and updating our information technology system and infrastructure.

(c) Approximately HK$117.0 million or approximately 14.0% of our total estimated net proceeds for research and development activities. Specifically:

- We intend to use approximately HK$39.0 million or approximately 4.7% in developing and expanding our minimally invasive product line to treat additional non-medical aesthetic indications utilizing our current minimally invasive technologies, such as treatment systems for various out-patient indications (such as proctology). We intend to complete developing the relevant products in 2018.

- We intend to use approximately HK$39.0 million or approximately 4.7% in increasing the funding for our clinical studies in the United States.

- We also intend to use approximately HK$39.0 million, or approximately 4.7% to bolster our regulatory capabilities (with the objectives of complementing our efforts to expand our product offerings by shortening the time it takes for our newly developed products and technologies to obtain regulatory approval so as to sustain the regularity and frequency of our product launches), by increasing our budget for engaging third-party professionals to liaise with regulators in various jurisdictions, and by hiring additional staff for our regulatory and compliance functions in the PRC, Brazil and other countries in an effort to work more efficiently with the local regulators.

(d) Approximately HK$78.0 million or approximately 9.3% of our total estimated net proceeds for repaying the Buy-out Loan from a related party, Fosun Industrial. Please see "History and Corporate Structure—The Reorganization—(a) Company Buy-out" for further details.

(e) Approximately HK$245.8 million or approximately 29.5% of our total estimated net proceeds for strategic acquisitions, entering into strategic partnerships, and other business development. Specifically:

- We intend to identify opportunities for acquiring or entering into strategic partnerships with companies, typically medical device manufacturers (including medical aesthetic treatment system manufacturers) that:

  - offer innovative and potentially breakthrough products and technology in the energy-based medical aesthetic treatment systems market that are complementary to our current product lines and technology offerings (i.e. products that do not compete directly with our existing products or technologies), such as companies offering or developing additional minimally invasive treatment systems or treatment systems for treating urology indications (such as kidney stones and prostate issues), and companies that offer or develop devices/mechanisms that deliver lasers to the skin (e.g., fiber manufactures) which could lower our cost from having to purchase such delivery devices/mechanisms from suppliers;

  - could enable us to consolidate and expand our market shares in key geographic markets such as the PRC, North America and Europe, or provide us with better access to new geographic markets (for example, they may have a well-established customer base in a state in the United States or in a province in the PRC in which we have relatively less presence); and

  - are operating in complementary product areas which can be marketed through similar channels and to similar end users as ours, such as medical aesthetic service providers like treatment clinic chains.

- As at the Latest Practicable Date, we did not have any definitive acquisition targets or acquisition plans nor any definitive quantitative criteria for potential targets (such as revenue or the scale of business although the targets are likely to be businesses of relatively smaller scale than us). We will seek potential acquisition targets through internal market research and/or recommendations from our business partners. In evaluating acquisition targets, we will consider various factors including the level of synergy, the degree of innovation of the underlying technology, the target's current customer base, as well as the potential growth and profitability of the business. For example, our targets may include companies that have certain specific technologies that would complement the treatment systems that we have or are developing, or companies that have successfully penetrated certain geographic markets and therefore have an established customer base that we are trying to develop.

- In terms of partnerships and strategic cooperations, we intend to focus on opportunities to develop additional revenue streams (which we expect to remain a relatively small part of our business in terms of revenue as compared to energy-based medical aesthetic treatment systems). We intend to grow our partnership with a European company that produces injectable medical aesthetic products (including derma fillers) with which we entered into a letter of intent in July 2017. We also intend to seek strategic partnership opportunities with other reputable companies in the biotechnology industry with potential breakthrough technologies in areas such as orthopedic and dermatology, which may have synergies with us in terms of cross-selling or joint product development (i.e. utilizing our expertise in laser technologies). Other than the aforementioned letter of intent, as at the Latest Practicable Date, we were only in the exploratory phase of other potential strategic partnerships and did not have any definitive plans.

(f) The remaining amount of approximately HK$83.6 million or approximately 10.0% of our total estimated net proceeds for supplementing our working capital and for other general corporate purposes.

Please see "Future Plans and Use of Proceeds" in this prospectus for further details.

RISK FACTORS

Our business is subject to numerous risks, and there are uncertainties relating to an investment in the Shares. These risks and uncertainties can be categorized as (i) risks relating to our business, (ii) risks relating to our intellectual property, (iii) risks relating to our industry, (iv) risks relating to government regulations, (v) risks relating to our business and operations in Israel and (vi) risks relating to the Global Offering.

The following highlights some of the key risks that affect our business:

- We sell a substantial majority of our products to our distributors, who on-sell and market our products to their customers and service such products for their customers. We have limited control over our distributors, and if our distributors fail to fulfill their obligations under the relevant distribution agreements or to comply with applicable laws and regulations, or otherwise do not effectively sell, market, distribute or service our products, or if our relationships with any of our distributors are disrupted, our business, results of operations, financial condition and prospects may be materially and adversely affected;

- Our PRC Distributor has been our largest customer and largest distributor by revenue contribution over the Track Record Period, constituting over 20% of our total revenue in 2016. If our relationship with our PRC Distributor, which is our sole and exclusive distributor in the PRC, is disrupted or terminated, or if it fails to effectively perform its duties, to comply with applicable laws and regulations or to purchase products from us at anticipated levels, our business, results of operations, financial condition and prospects could be materially and adversely affected; and

- If the use of our technology or our products conflicts with the intellectual property rights of third parties, we may be subject to litigation and significant liability and disruption in our operations.

Please see "Risk Factors" in this prospectus for further details.

THE COMPANY'S LISTING ON THE STOCK EXCHANGE

We are seeking a primary listing of our Shares on the Main Board of the Stock Exchange. We have undertaken to the Stock Exchange that for so long as our Shares are listed on the Main Board of the Stock Exchange, we will not (a) obtain a listing of our Shares (whether on a primary or secondary basis) on the Tel Aviv Stock Exchange or other exchanges in Israel and (b) conduct any "public offer" of our Shares in Israel which would affect our ability to comply with the Listing Rules and General Rules of CCASS, without the prior written consent of the Stock Exchange. This is because the Stock Exchange's acceptance of Israel as an acceptable jurisdiction of incorporation of companies seeking a listing on the Stock Exchange is limited to a foreign listed Israeli public company and to an Israeli private company which will become a foreign listed Israeli public company subject to its listing on the Stock Exchange.

CERTAIN MATTERS IN RELATION TO TAX LAWS AND REGULATIONS IN ISRAEL

An investment in the Shares of the Company is subject to the relevant tax laws and regulations of Israel. For example, non-Israeli resident shareholders are generally subject to Israeli income tax on the receipt of dividends paid on our Shares at the rate of 25% (or 30%, if such holder is a Substantial Shareholder at the time when he or she receives the dividends or on any date in the 12 months preceding such date), which tax will be withheld at source by the Company, unless a shareholder applies to the Israel Tax Authority and obtains an approval that it is entitled to a reduced tax rate under an applicable tax treaty between Israel and the shareholder's country of residence. Non-Israeli resident shareholders are exempt from Israeli capital gains tax on any capital gains derived from the sale, exchange or disposition of our Shares, provided that certain conditions are met, including for example that the gains were not derived from a permanent establishment or business activity of such shareholders in Israel. Please see "Regulatory Overview—Israeli Regulatory Overview—Laws and Regulations relating to Taxation" in this prospectus for further details.

The summary of laws and regulations disclosed in this prospectus is for your reference only and does not discuss all the tax aspects that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under relevant laws and regulations. You are advised to consult your own tax advisor regarding Israeli, Hong Kong or other tax consequences of an investment in our Shares.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings. Certain other terms are defined in "Glossary."

"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Alma Acquisition"	the acquisition of Alma Lasers by the Company, which was completed on May 27, 2013, as further described in "History and Corporate Structure" in this prospectus
"Alma Lasers"	Alma Lasers Ltd., a company incorporated in Israel with limited liability and our main operating subsidiary, which we acquired in 2013 A1A29(1)
"Alma Shares"	ordinary shares of NIS0.01 each in the capital of Alma Lasers
"Ample Up"	Ample Up Limited (能悦有限公司), a company incorporated in Hong Kong with limited liability, and a wholly owned subsidiary of Fosun Pharma
"APAC"	Asia-Pacific
"Application Form(s)"	WHITE, YELLOW, GREEN and BLUE application form(s) or, where the context requires, any of them relating to the Global Offering
"Articles of Association" or "Articles"	our articles of association that were conditionally adopted on August 30, 2017, which will take effect upon the listing of the Shares on the Stock Exchange, as amended from time to time, a summary of which is contained in Appendix III to this prospectus
"associate"	has the meaning ascribed to it under the Listing Rules
"Assured Entitlement"	the assured entitlement to the Offer Shares by way of the Preferential Offering to the Qualifying Fosun International Shareholders
"Audit Committee"	the audit committee of the Board
"Beneficial Fosun International Shareholders"	any beneficial owner of shares of Fosun International whose shares of Fosun International are registered, as shown in the register of members of Fosun International, in the name of a registered shareholder of Fosun International on the Record Date

"BLUE Application Form(s)"	the application form(s) to be sent to Qualifying Fosun International Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offering
"Blue Form eIPO"	the application for the Reserved Shares to be issued in a Qualifying Fosun International Shareholder's own name by submitting applications online through the designed website of the Blue Form eIPO at www.eipo.com.hk
"Blue Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Board Lot"	means the board lot in which the Shares are traded on the Stock Exchange from time to time
"Board of Directors" or "Board" or "our Board"	our board of Directors
"Business Day"	any day (other than a Saturday, Sunday or public holiday) in Hong Kong on which banks in Hong Kong are open generally for normal banking business to the public
"Buy-out Loan"	the loan obtained by the Company from Fosun Industrial for the purpose of funding the Company Buy-out
"Buy-out Options"	the buy-out options granted by the Company to the Individual Alma Shareholders which entitled such shareholders to transfer, based on a pre-agreed price mechanism from May 27, 2016, their respective Alma Shares to the Company, as further described in "History and Corporate Structure"
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capital Notes"	the interest-free long-term capital notes with a term from May 2013 to May 2018 issued under two capital note instruments each dated May 23, 2013 in each case between the Company, Ample Up, Magnificent View and CML, as further described in "History and Corporate Structure"
"Capitalization Issue"	the issue of new Shares to Magnificent View, Ample Up and CML on a *pro rata* basis immediately prior to completion of the Global Offering by way of the capitalization of part of the share premium of the Company and by way of the capitalization of the Capital Notes issued by the Company, as further described in "History and Corporate Structure"

"Cash Bonus Plan"	has the meaning given to it under "Business — Proposed Cash Bonus Plan"
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CFDA"	the China Food and Drug Administration (中華人民共和國國家食品藥品監督管理總局)
"China" or "PRC"	the People's Republic of China, which for the purpose of this prospectus only, excluding Hong Kong, Macau and Taiwan
"CICC"	China International Capital Corporation Hong Kong Securities Limited
"close associate"	has the same meaning ascribed to it under the Listing Rules
"CML"	Chindex Medical Limited (美中互利醫療有限公司), a company incorporated in Hong Kong with limited liability, which during the Track Record Period was owned as to 70% by Ample Up and 30% by Chindex Medical Holdings (BVI) Limited and which since April 2017 is 100% owned by Ample Up
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) effective from March 3, 2014, as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) effective from March 3, 2014, as amended, supplemented or otherwise modified from time to time
"Company" or "Sisram"	Sisram Medical Ltd, a company incorporated in Israel with limited liability on April 25, 2013

"Company Buy-out"	the Company's acquisition of Alma Shares from the remaining nine Individual Alma Shareholders, comprising approximately 4.7% of the Alma Shares, as further described in "History and Corporate Structure" in this prospectus
"connected person"	has the meaning ascribed to it under the Listing Rules
"connected transaction"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to (i) Fosun International, (ii) Fosun Pharma, (iii) Ample Up, (iv) CML, (v) Fosun Industrial, (vi) Fosun High Tech, (vii) FHL, (viii) FIHL, (ix) Mr. Guo Guangchang and (x) Magnificent View
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"DACH"	Germany, Austria and Switzerland
"Director(s)" or "our Director(s)"	the director(s) of the Company or any one of them
"EEA"	European Economic Area
"EMEA"	Europe, the Middle East and Africa which, for the purpose of this prospectus, includes Western and Central European countries, Turkey, and African and Middle Eastern countries
"Euro" or "Euros" or "EUR"	the currency used by the Institutions of the European Union and the official currency of the Eurozone
"European Union" or "E.U."	the European Union
"Executive Director(s)"	the executive Director(s) of the Company
"Facility Agreement"	the facility agreement dated April 13, 2014 entered into between Sisram and three independent third party banks, as amended
"FDA"	Food and Drug Administration of the United States, an agency of the U.S. Department of Health and Human Services responsible for protecting and promoting public health through the regulation and supervision of food, drugs, material devices, cosmetics and tobacco products in the United States
"Fosun Hani"	Fosun Hani Securities Limited

"Fosun High Tech"	Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), a wholly owned subsidiary of Fosun International
"FHL"	Fosun Holdings Limited (復星控股有限公司), a company incorporated in Hong Kong with limited liability, which is wholly owned by FIHL, and a Controlling Shareholder
"FIHL"	Fosun International Holdings Ltd. (復星國際控股有限公司), a company incorporated in the British Virgin Islands with limited liability, and a Controlling Shareholder
"Fosun Industrial"	Fosun Industrial Company Limited (復星實業(香港)有限公司), a company incorporated in Hong Kong with limited liability, and a Controlling Shareholder
"Fosun International"	Fosun International Limited (復星國際有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and the controlling shareholder of Fosun Pharma
"Fosun International Group"	Fosun International and its subsidiaries from time to time
"Fosun International Shareholder(s)"	Holder(s) of ordinary share(s) of Fosun International
"Fosun Pharma"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed and traded on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, respectively
"Fosun Pharma Group"	Fosun Pharma and its subsidiaries from time to time
"Founders"	Dr. Ziv Karni, Mr. Nadav Bayer, Mr. Yoav Avni and Mr. Evgeni Kudritki
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Offering
"GREEN application form(s)"	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited

"Group", "we", "us" or "our"	the Company and its subsidiaries, or where the context so requires, in respect of the period before the Company became the holding company of its current subsidiaries, such subsidiaries as if they were the Company's subsidiaries at the relevant time
"Haitong International"	Haitong International Securities Company Limited
"HK$" or "Hong Kong dollars" or "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKICPA"	The Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 11,000,000 Shares (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus) initially being offered by the Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to reallocation as described in the section headed "Structure of the Global Offering") at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms relating thereto, as further described in "Structure of the Global Offering—The Hong Kong Public Offering" in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters for the Hong Kong Public Offering as listed in the sub-section headed "Underwriting—Underwriters—Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement dated September 4, 2017 relating to the Hong Kong Public Offering entered into among the Company, the Joint Global Coordinators, the Hong Kong Underwriters, Fosun Pharma, Fosun Industrial, Ample Up, CML and the Selling Shareholder as further described in "Underwriting—Hong Kong Public Offering—Hong Kong Underwriting Agreement" in this prospectus
"Huatai Financial"	Huatai Financial Holdings (Hong Kong) Limited
"IFRS"	International Financial Reporting Standards
"Independent Non-Executive Director(s)"	the independent non-executive Director(s) of the Company
"Independent Third Party(ies)"	any person or entity and any of their respective ultimate beneficial owner, who/which, as far as the Directors are aware after having made all reasonable enquiries, is not a connected person of the Company as defined under the Listing Rules
"Individual Alma Shareholders"	the remaining thirteen individual shareholders holding approximately 4.8% of the Alma Shares following completion of the Alma Acquisition and prior to the exercise of any Buy-out Option and completion of the Company Buy-out
"International Offer Shares"	the 77,000,000 New Shares initially being offered by the Company for subscription and the 22,000,000 Sale Shares initially being offered for sale by the Selling Shareholder, at the Offer Price under the International Offering, subject to reallocation together with, where relevant, any additional Shares which may be issued by the Company pursuant to the Over-allotment Option, as further described in "Underwriting—The International Offering" in this prospectus
"International Offering"	the offer of the International Offer Shares at the Offer Price to institutional, professional, corporate and other investors (other than to retail investors in Hong Kong), as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering who are expected to enter into the International Underwriting Agreement to underwrite the International Offering

"International Underwriting Agreement"	the underwriting agreement relating to the International Offering to be entered into on or about September 11, 2017 among the Company, the Selling Shareholder, Fosun Pharma, Fosun Industrial, Ample Up, CML, the Joint Global Coordinators and the International Underwriters, as further described in "Underwriting—The International Offering" in this prospectus
"Israel"	the State of Israel
"Israel Securities Authorities"	the national securities regulator of Israel
"Israel Tax Authority"	the tax authority of Israel
"Israeli Companies Law"	the Companies Law 5759-1999 of Israel, effective from February 1, 2000, as amended from time to time, and the regulations promulgated thereunder
"Jefferies"	Jefferies Hong Kong Limited
"Joint Bookrunners" and "Joint Lead Managers"	Joint Global Coordinators, Haitong International and Huatai Financial
"Joint Global Coordinators"	Joint Sponsors and Fosun Hani
"Joint Policy Statement"	the Joint Policy Statement Regarding Listing of Overseas Companies issued by the Stock Exchange and the SFC dated 27 September 2013
"Joint Sponsors" *(in alphabetical order)*	CICC and Jefferies
"Latest Practicable Date"	August 27, 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Latin America"	Central America and South America
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date expected to be on or about September 19, 2017, on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)

"Magnificent View"	Magnificent View Investments Limited, a company incorporated in Hong Kong with limited liability, and a Controlling Shareholder
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Maximum Offer Price"	HK$12.35 (being the high end of the indicative Offer Price range stated in this prospectus)
"Medical Insight"	Medical Insight, Inc., an independent market research and consulting company
"Medical Insight Report"	an industry report commissioned by us issued by Medical Insight
"Minimum Offer Price"	HK$8.88 (being the low end of the indicative Offer Price range stated in this prospectus)
"New Israeli Shekels" or "NIS"	the official currency of the State of Israel
"New Shares"	the 88,000,000 Shares initially being offered by the Company for subscription under the Global Offering together with, where relevant, up to an additional 16,500,000 Shares which may be issued by the Company pursuant to any exercise of the Over-allotment Option
"Nomination Committee"	the nomination committee of the Board
"Non-compete Deed"	a non-compete deed dated August 30, 2017 entered into between the Company and Fosun Pharma to ensure a clear delineation between the respective businesses of the Group and the Remaining Fosun Pharma Group with effect from the Listing Date, as further described in "Relationship with Our Controlling Shareholders"
"Non-executive Director(s)"	the non-executive Director(s) of the Company
"Non-Qualifying Fosun International Shareholders"	Fosun International Shareholders whose names appeared in the register of members of Fosun International on the Record Date and whose addresses as shown in such register are in any of the Specified Territories or Beneficial Fosun International Shareholders at that time who are otherwise known by Fosun International to be resident in any of the Specified Territories
"North America"	Canada and the United States (excluding Mexico)

"Ofek 2"	our leased property located at Halamish 14, Caesarea, Israel
"Ofek 3"	our leased property located at Tarshish 12, Caesarea, Israel
"Ofek 9"	our leased property located at Halamish 15, Caesarea, Israel
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$12.35 and expected to be not less than HK$8.88, at which Hong Kong Offer Shares are to be subscribed for and to be determined in the manner further described in "Structure of the Global Offering—Pricing and Allocation—Determining the Offer Price" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, where relevant, together with any additional Shares which may be issued by the Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by the Company to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, at any time from the date of International Underwriting Agreement until the 30th day following the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue up to 16,500,000 additional Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any, details of which are described in "Structure of the Global Offering" in this prospectus
"Pramerica-Fosun Fund"	Pramerica-Fosun China Opportunity Fund, L.P. (復星－保德信中國機會基金(有限合夥)), which wholly owns Magnificent View, whose general partner is a wholly owned subsidiary of Fosun International and whose limited partners are Independent Third Parties
"PRC Distributor"	Photon Medical Inc., our sole and exclusive distributor in the PRC
"PRC Government"	the government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them

"PRC Laws"	the publicly available laws, governmental rules and regulations of the PRC
"Preferential Offering"	the preferential offering to the Qualifying Fosun International Shareholders of 5,500,000 Offer Shares (representing approximately 5% of the Offer Shares initially being offered under the Global Offering) as an Assured Entitlement out of the Shares being offered under the International Offering at the Offer Price, on and subject to the terms and conditions set out in this prospectus and in the **BLUE** Application Form, as further described in "Structure of the Global Offering—The Preferential Offering"
"Price Determination Agreement"	the agreement to be entered into among the Company, the Selling Shareholder and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around September 11, 2017 (Hong Kong time) on which the Offer Price is to be determined and fixed for the purpose of the Global Offering, or such later time as the Company, the Selling Shareholder and the Joint Global Coordinators (for themselves and on behalf the Hong Kong Underwriters) may agree, but in any event no later than September 18, 2017
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering and the Preferential Offering
"QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Qualifying Fosun International Shareholders"	Fosun International Shareholders whose names appeared in the register of members of Fosun International on the Record Date, other than Non-Qualifying Fosun International Shareholders
"Quantel Group Companies"	Quantel Derma GmbH, Quantel medical S.A.S., Quantel S.A. and Quantel USA Inc.
"Record Date"	August 31, 2017, being the record date for determining the Assured Entitlement of the Qualifying Fosun International Shareholders to the Reserved Shares
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Controlling Shareholders"	Fosun Pharma, Fosun Industrial, Ample Up, CML and Magnificent View

"Remaining Fosun International Group"	Fosun International Group after completion of the Global Offering and the spin-off of the Group
"Remaining Fosun Pharma Group"	Fosun Pharma Group after completion of the Global Offering and the spin-off of the Group
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reorganization"	the reorganization arrangements we have undertaken in preparation for the Listing as described in "History and Corporate Structure" in this prospectus
"Reserved Shares"	the 5,500,000 Offer Shares being offered by the Company to Qualifying Fosun International Shareholders pursuant to the Preferential Offering as the Assured Entitlement, which are to be allocated out of the Shares being offered under the International Offering
"Rule 144A"	Rule 144A under the U.S. Securities Act
"Sale Shares"	the 22,000,000 Shares initially being offered by the Selling Shareholder for purchase under the Global Offering
"Selling Shareholder"	Magnificent View
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share Option Scheme"	the existing share option scheme of the Company adopted on June 29, 2015 and operating under the name "Sisram Medical Plan"
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary share(s) in the share capital of the Company
"Specified Territories"	Malaysia, Singapore, Thailand, Australia, Switzerland, Israel, the United Kingdom, the United States and the PRC
"sq.ft."	square feet
"sq.m."	square meter

"Stabilizing Manager"	China International Capital Corporation Hong Kong Securities Limited
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement to be entered into between Ample Up and CICC on or around the Price Determination Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 2 of the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Repurchases issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the three years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017
"Underwriters"	the International Underwriters and the Hong Kong Underwriters
"Underwriting Agreements"	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
"United Nations" or "U.N."	the United Nations
"United States" or "U.S."	the United States of America, as defined in Regulation S
"U.S. Securities Act"	the United States Securities Act of 1933 (as amended, supplemented or otherwise modified from time to time), and the rules and regulations promulgated thereunder
"US$", "U.S. dollars" or "USD"	United States dollars, the lawful currency of the United States
"VAT"	value-added tax; all amounts are exclusive of VAT in this prospectus except indicated otherwise
"Voting Agreement"	the voting agreement dated August 30, 2017 entered between CML, Ample Up and Magnificent View regarding the exercise of voting rights and dealings in their Shares, as further described in "Relationship with Our Controlling Shareholders" in this prospectus

"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO at **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"%"	per cent

In this prospectus:

- *The English translation of the PRC nationals, entities, enterprises, government authorities, departments, facilities, certificates, titles, laws and regulations in Chinese, or another language included in this prospectus is included for identification purposes only. In the event of any inconsistency, the Chinese name or the names in their original languages prevails.*

- *Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as of the Latest Practicable Date.*

- *Unless otherwise specified, all references to any shareholdings in the Company assume that the Over-allotment Option has not been exercised. Please see "Underwriting" in this prospectus.*

- *Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

- *Unless otherwise specified, all references to "2014", "2015" and "2016" are to the years ended December 31, 2014, 2015 and 2016, respectively.*

GLOSSARY

This glossary contains explanations of certain terms used in this prospectus in connection with our business. The terms and theirs meanings may not correspond to standard industry meaning or usage of these terms.

"ablative"	a general term describing medical aesthetic treatments (or treatment equipment/technology) involving removal of top layer of the skin (and therefore relatively more invasive than non-ablative treatments)
"acne reduction"	alleviating the skin disease of acne vulgaris by targeting of bacteria and cessation of oil production
"Aesthetic Precision"	a product series under our Core product line, which focuses on the needs of specialist physicians
"aesthetician(s)"	a general term referring to service provider(s) of beauty and/or medical aesthetic treatments who are not medically licensed in accordance with the relevant local jurisdictions
"AFT"	Advanced Fluorescence Technology, an advanced and proprietary form of IPL technology developed by us
"applicator(s)"	handpiece(s) or accessories for treatment system(s)
"Beauty product line"	our product line as described in "Business—Our products—Beauty product line" in this prospectus
"beauty spas/medical spas"	commercial establishments where treatment recipients receive beauty and/or medical aesthetic treatments
"BOTOX"	a brand of Botulinum Toxin Type A medicine marketed by Allergan
"Botulinum Toxin Type A"	a natural protein produced by the bacterium—clostridium botulinum. Botulinum toxin results in less wrinkling of the skin in the areas treated by blocking the signals from nerves to muscles, ensuring weaker muscle contraction or complete cessation of muscle movement
"CE"	Conformité Européenne (European Conformity), a mark affixed on products which have been assessed before being placed on the EU market denoting that such products meet EU safety, health and environmental protection requirements
"cellulite reduction"	the reduction of dimpled and dented appearance of the skin which is caused by the accumulation of fat cells in pockets between bands of fibrous connective tissues of septae that attach the skin to the underlying muscles

GLOSSARY

"consumables"	accessories, spare parts and disposables (such as creams) associated with the use of treatment systems
"contouring"	application of medical aesthetic procedures to attempt to improve the shape of an individual's face or body
"core physician(s)"	specialist physician(s) in the fields of dermatology or plastic surgery
"Core product line"	our non-invasive medical aesthetic products, other than products of our Beauty product line
"CO_2 Laser"	a laser based on a gas mixture as the gain medium, which contains carbon dioxide, helium and nitrogen
"dermis"	the lower or inner layer of the two main layers of cells that make up the skin
"diodes"	a two-terminal electronic component that conducts laser primarily in one direction
"direct sales customer(s)"	treatment provider(s) to whom we sell directly
"distributor(s)"	our distributor(s), all of which are Independent Third Parties, who purchase our products and on-sell them to treatment providers
"Dye"	a dye laser is a laser which uses an organic dye mixed in a solvent as the lasing medium. We have a "Dye-VL" applicator that mimics Pulsed Dye Laser ("PDL"); we named it "Dye" because of its similar spectrum as PDL
"Er:YAG"	erbium-doped yttrium aluminum garnet, a material used as a laser medium for solid-state lasers
"*ex works*"	a term defined in Incoterm 2000 and Incoterm 2010, published by International Chamber of Commerce, which delivers when the seller places the goods at the disposal of the buyer at the seller's premises. This term represents the minimum obligation for the seller, and the buyer has to bear all costs and risks involved in taking the goods from the seller's premises
"fractional resurfacing technology"	a technology involving non-invasive treatment that targets a fraction of the skin at a time for skin resurfacing
"g.f.a."	gross floor area
"hair removal"	elimination of unwanted facial or body hair

GLOSSARY

"IN-Motion technology"	a technology combining concurrent cooling system and a gradual thermal rise that is used in treatments
"indication(s)"	a general term in medicine describing a condition that is a reason for testing, medication, surgery or other forms of treatment
"injectables"	fillers of aesthetic medicine that are injected under the skin to treat dynamic or static wrinkles, or to dissolve fat
"Intense Pulsed Light" or "IPL"	Intense Pulsed Light, a technology making use of intense pulses of non-coherent light distributed over a range of wavelengths to treat pigmentation and easy flushing
"key opinion leader(s)"	physicians whom we believe to be leaders in the medical aesthetic industry and who have a collaborative relationship with us
"laser"	Light Amplification by Stimulated Emission of Radiation used to treat various skin diseases/problems
"machined metal part(s)"	a metal piece(s) in a specific shape after machining
"machining (of metal parts)"	a process in which metals are made (such as by cutting and drilling) into specific shapes in accordance with specified designs
"main console"	the part of a treatment system excluding the applicator(s), and houses, among others, the energy source(s), the power supply, the electronic board, the PC board and the display screen
"medical aesthetic treatment(s)"	unless the context otherwise required, energy-based treatments to enhance the appearance of individuals
"minimally invasive"	procedures that require a minor incision and can be provided in a medical office or aesthetic medical spa setting, subject to local guidelines; such procedures include energy-based vaginal rejuvenation treatments, energy-based and energy-assisted liposuctions, energy-based endovenous treatment of varicose veins and other emerging forms of energy-based treatments
"Nd:YAG"	neodymium-doped yttrium aluminum garnet, a crystal that is used as a laser medium for solid-state lasers
"NIR"	near-infrared

GLOSSARY

"non-ablative"	a general term describing medical aesthetic treatments (or treatment equipment/technology) not involving removal of any skin (and therefore relatively less invasive than ablative treatments)
"non-core physician(s)"	medical doctors other than core physicians, such as primary care physicians, obstetricians, gynecologists, ophthalmologists and ear, nose and throat specialists, who offer medical aesthetic treatments
"non-invasive"	description of a procedure that does not involve creating a physical break in the skin
"OEM"	Original Equipment Manufacturer
"onychomycosis"	fungal infection of nails caused by dermatophytes, yeasts or non-dermatophyte molds
"pigmented lesions"	skin spots that are pigmented, usually brown or black caused by the presence of melanin in the skin
"Pixel"	a physical point in a raster image, or the smallest addressable element in an all points addressable display device
"Q-switched laser"	a technique by which a laser can be made to produce a pulsed output beam with extremely high peak power
"scar revision"	minimizing scars and making the healing of wounds more consistent with surrounding skin tone and texture
"semi-finished products"	partially completed treatment systems, assembled either by us internally or by third-party subcontractors
"SHR"	Super Hair Removal, a proprietary hair removal technique of ours
"skin lifting"	a cosmetic surgical operation for tightening sagging skin and smoothing unwanted wrinkles on the face
"skin rejuvenation"	treatments that diminish signs of skin damage and aging, such as wrinkles, acne scars, pigmentation changes like freckles and sunspots
"skin resurfacing"	the removal of skin layer to reduce skin irregularities or wrinkles
"skin tightening"	tightening of skin associated with body contouring
"skin type"	medical classification of skin based on skin-tone

GLOSSARY

"stress urinary incontinence"	the unintentional loss of urine caused by pressure on the bladder
"subassembly(ies)"	partially completed treatment systems, assembled by our third party subassembly contract manufacturers
"surgical"	involving incisions with medical instruments
"topicals"	skincare products like chemical peels or take-home skincare products
"traditional liposuction"	an aesthetic surgical procedure involving the insertion of a cannula attached to a vacuum device which works to break up fat cells and remove them from under the skin by suction
"treatment provider(s)"	physicians or other treatment providers that provide medical aesthetic, beauty and/or surgical/minimally invasive treatments to treatment recipients as applicable in the context
"treatment recipient(s)"	individuals receiving treatment(s) from treatment provider(s)
"treatment system(s)"	energy-based treatment device(s) comprising a main unit and at least one applicator
"ultrasound"	the application of ultrasonic waves to therapy or diagnostics, as in deep-heat treatment of a joint or imaging of internal structures
"ultraviolet B"	UV-B Wavelengths between 290-320 nm of the electromagnetic spectrum. UV-B causes damage at the molecular level to the fundamental building block of life-deoxyribonucleic acid (DNA)
"vascular lesions"	damage to an organ or tissue caused by malformations of blood vessels

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements are contained principally in the sections headed "Summary", "Risk Factors", "Future Plans and Use of Proceeds", "Financial Information", "Industry Overview" and "Business". These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under "Risk Factors", which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect", "anticipate", "aim", "estimate", "intend", "plan", "believe", "potential", "continue", "is/are likely to" or other similar expressions. These forward-looking statements include, among other things, statements relating to:

- our business strategies and initiatives as well as our business plans;
- our future business development, results of operations and financial condition;
- expected changes in our revenues and certain cost or expense items;
- our expectations with respect to increased revenue growth and our ability to sustain profitability;
- our products under development or planning;
- our ability to attract customers and further enhance our brand and product recognition;
- our dividend distribution plans;
- trends and competition in the medical aesthetic treatment equipment industry; and
- changes in general economic, regulatory and operating conditions in the markets in which we operate or sell our products.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in the section entitled "Risk Factors".

FORWARD-LOOKING STATEMENTS

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus completely and with the understanding that our actual future results or performance may be materially different from what we expect.

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that the legal and regulatory environment in Israel and the other countries and jurisdictions in which we operate may differ in various respects from that which prevails in Hong Kong. Our business, results of operations, financial condition and prospects could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could significantly decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We sell a substantial majority of our products to our distributors, who on-sell and market our products to their customers and service such products for their customers. We have limited control over our distributors, and if our distributors fail to fulfill their obligations under the relevant distribution agreements or to comply with applicable laws and regulations, or otherwise do not effectively sell, market, distribute or service our products or if our relationships with any of our distributors are disrupted, our business, results of operations, financial condition and prospects may be materially and adversely affected.

In the United States, Canada, Germany, Austria, and India, we mainly sell our products directly to treatment providers. However, other than these countries, we sell most of our products to our distributors (who we regard as our customers, as title transfers to them and they on-sell our products), all of which are Independent Third Parties, and most of which are located in APAC, Europe, Africa and Latin America. As at December 31, 2016, we had established long-term relationships with a large number of our distributors. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, revenue from distributors with which we have entered into written distribution agreements represented 66.1%, 64.4%, 61.1% and 62.0% of our total revenue, respectively. Our success in many geographic markets depends on our distributors, in particular their sales and service expertise and relationships with their end customers. The performance of our distributors and their ability to reach out to treatment providers and promote our brand are crucial to the future growth of our business.

Our distributors may not continue to purchase or be successful in marketing and promoting our products. They may terminate their relationships with us, or may fail to commit the necessary resources to purchase and market our products to the level of our expectations. Our reliance on our distributors may also make it more difficult for us to accurately forecast the results of our operations and manage our inventory. In addition, our distributors may fail to find additional treatment providers to whom they can on-sell our products, and may fail to maintain, or may even damage, our reputation and corporate image in the minds of treatment providers who use our products.

We enter into distribution agreements with most of our distributors, all of which are Independent Third Parties. Under most of our distribution agreements we have entered into with our distributors, our distributors shall, among other things, (i) comply with relevant laws and regulations and obtain (in our name where legally possible) all licenses, permits and governmental approvals necessary for the sale of our products in the relevant territories, (ii) provide us with all of their advertising and promotional materials, which may be subject to our prior approval and (iii) establish, train and

maintain their own sales and service team to promote, market and sell our products and to provide professional maintenance and repair services. Except for these obligations as required by the distribution agreements, we have no other legal means to control our distributors. In addition, we do not have direct contractual relationships with sub-distributors and accordingly we rely on our distributors to manage sub-distributors in accordance with the relevant distribution agreements.

We cannot assure you that our distributors will comply with the aforesaid requirements at all times. If our current or future distributors fail to fulfill their obligations under their respective distribution agreements, including failing to comply with relevant laws and regulations or to obtain all licenses, permits and governmental approvals necessary for the sale of our products in the relevant territories, our distributors, as well as ourselves, may be subject to regulatory sanctions. In addition, claims and legal actions for, among other things, product liability and negligence, may be initiated against our distributors and us. As a result, and particularly in the instances where certain of our distributors trade using the "Alma" brand name, such as Alma France and Alma Italia, the market perception of our brand, products and our business, results of operations, financial condition and prospects may be materially and adversely affected should they misuse the "Alma" brand name. While ultimately we have the discretion to decline to renew distribution agreements with distributors that do not fulfill their contractual obligations, we cannot assure you that any remedies under the terms of the distribution agreements would be sufficient to cover all losses and any reputational harm we may suffer. Moreover, some of our distributors have been using the "Alma" brand name as part of their corporate name without any formal licensing arrangements, which may make it difficult for us to claim remedies for any damages should they misuse the "Alma" brand name.

In addition, our distributors have discretion to determine their selling prices to treatment providers. If any distributor on-sells our products at a deep discount or at a high premium, our brand value and the treatment providers' perception of our product quality and brand positioning could be negatively affected, which, in turn, could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, we do not have written agreements in place with certain distributors, on-sellers and other dealers, with which we transact only periodically from time to time. Sales to such parties represented 3.8%, 2.3%, 3.0% and 3.4% of our revenue for the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, respectively. Distributors, on-sellers and other dealers with which we do not have written agreements may terminate their relationships with us and stop selling and servicing our products with little or no notice. Even for those distributors with whom we have entered into written agreements, we cannot assure you that they will meet any minimum purchase requirements or continue their relationships with us.

Moreover, in most countries in which we sell our products to our distributors, we typically assist the distributors with obtaining regulatory licenses and approvals relating to our products in our name or in their own names (as the case may be) in the respective countries and jurisdictions. In the event that such distributors terminate their relationships with us, we will require additional time and costs to secure an alternative distributor for the relevant country and to transfer regulatory licenses or approvals to us or to the new distributor. We cannot assure you that our existing distributors will be willing to procure the relevant transfer of regulatory licenses or approvals to us or our new distributors in the event that our existing distribution relationships are terminated.

If our current or future distributors do not continue to purchase our products or perform adequately, or if we fail to maintain our existing relationships with our current distributors or fail to establish and maintain relationships with new distributors in particular geographic areas, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our PRC Distributor has been our largest customer and largest distributor by revenue contribution over the Track Record Period, constituting over 20% of our total revenue in 2016. If our relationship with our PRC Distributor, which is our sole and exclusive distributor in the PRC, is disrupted or terminated, or if it fails to effectively perform its duties, to comply with applicable laws and regulations or to purchase products from us at anticipated levels, our business, results of operations, financial condition and prospects could be materially and adversely affected.

During each period of the Track Record Period, we derived a substantial portion of our revenue from sales to our PRC Distributor, which is our sole and exclusive distributor in the PRC. In particular, our PRC Distributor accounted for 19.8%, 23.4%, 21.8% and 22.0% of our revenue for the years ended December 31, 2014, 2015, and 2016 and the three months ended March 31, 2017, respectively. We expect to continue to generate a significant portion of our revenue from our PRC Distributor in the foreseeable future. If our PRC Distributor cannot effectively and efficiently continue to operate its distribution network in the PRC, if its sales of our products materially decreases or if our relationship with our PRC Distributor is disrupted or terminated, we may not secure a suitable replacement in a timely manner or at all, and the sales of our products in the PRC and our business, results of operations, financial condition and prospects may be materially and adversely affected.

As described above, we have limited control over our distributors, including our PRC Distributor, and are subject to related risks. Please see "—Risks relating to our business—We sell a substantial majority of our products to our distributors, who on-sell and market our products to their customers and service such products for their customers. We have limited control over our distributors, and if our distributors fail to fulfill their obligations under the relevant distribution agreements or to comply with applicable laws and regulations, or otherwise do not effectively sell, market, distribute or service our products, or if our relationships with any of our distributors are disrupted, our business, results of operations, financial condition and prospects may be materially and adversely affected" in this prospectus for further details.

Our market is characterized by evolving technological standards and changes in treatment provider and treatment recipient requirements, and if we are unable to develop and introduce new products or enhancements to existing products and respond to technological changes, or if our new products or enhancements do not achieve market acceptance, or if technological breakthroughs or revolutionary products that render our products and technologies obsolete were to emerge, our competitive position, business, results of operations, financial condition and prospects may be materially and adversely affected.

The energy-based medical aesthetic treatment systems market is characterized by extensive research and development, technological change, frequent modifications and enhancements,

innovations, new applications, evolving industry standards and changes in consumer behavior and preferences. Our ability to remain competitive depends in large part upon our ability to innovate, develop and market new products and technologies that meet the needs of treatment providers in a timely manner.

We have, and intend to continue to, dedicate considerable resources and time to research, develop and market new products which incorporate additional features or provide other enhancements. Our research and development expenses as a percentage of our total revenue were 6.8%, 6.4%, 6.2% and 7.3% in the years ended December 31, 2014, 2015, and 2016 and the three months ended March 31, 2017, respectively. We cannot assure you that we will successfully identify new technological opportunities, develop and bring new or enhanced products to market, obtain sufficient or any patent or other intellectual property protection for such new or enhanced products or obtain the necessary regulatory approvals in a timely and cost-effective manner, or, if such products are introduced, that those products will achieve market acceptance. Our failure to do any of these things or to address the technological changes and challenges in our markets could have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, when we develop a new product or an advanced version of an existing product, we may encounter obstacles that may delay development and consequently increase our expenses, and we typically incur significant costs and effort upfront to market, promote and sell the new product offering. For example, technologies in development could prove to be more complex than initially anticipated or not scientifically or commercially viable, and even if we develop new products and technologies ahead of our competitors, we will still need to obtain the requisite regulatory approvals for such products, including from public agencies, such as the FDA in the United States, the CFDA in China, Health Canada, Israeli Ministry of Health, the Korean Food and Drug Administration, and the Japanese Ministry of Health, Labor and Welfare, before we can commercially distribute them. Please see "—Risk relating to government regulations—We or our distributors may be unable to obtain or maintain, or otherwise experience delays in obtaining, applicable regulatory qualifications clearances or approvals for our current or future products and indications, which could materially and adversely affect our business, results of operations, financial condition and prospects" in this prospectus for further details.

The commercial success of the products and technologies we develop will depend upon the acceptance of these products by treatment providers and treatment recipients. It is difficult for us to predict whether recently introduced products, or the products that we are currently developing, will be commercially successful. If our new products or enhancements do not achieve adequate acceptance in the market, this may ultimately force us to abandon a potential product in which we have already invested substantial time and resources, and our competitive position will be impaired, our revenue will be diminished and the effect on our operating results may be particularly acute because of the significant research, development, marketing, sales and other expenses we will have incurred in connection with the new product or enhancement.

Furthermore, the introduction of technological breakthroughs or revolutionary products along with these new medical aesthetic treatment systems could result in increased competition. In addition,

it may be possible that a technology or product rendering energy-based aesthetic medical treatment obsolete will emerge in the future. Any such developments could have a material adverse effect on our business, results of operations, financial condition and prospects. Please see "Industry Overview" in this prospectus for further details.

If there is a reduction in demand for the procedures performed using energy-based medical aesthetic treatment systems, or if treatment providers' preference in performing such procedures with our systems declines, demand for our products could decline, which would materially and adversely affect our business, results of operations, financial condition and prospects.

Most procedures performed using our treatment systems are elective procedures that are not reimbursable through government or private health insurance. The cost of these elective procedures must be borne by the treatment recipients. As a result, a treatment recipient's decision to undergo a procedure that uses our products may be influenced by a number of factors, including:

- a treatment recipient's awareness of procedures and treatments;
- a treatment recipient's level of disposable income and financial circumstances;
- the cost, safety and effectiveness of the procedures and of alternative treatments; and
- the success and effectiveness of our sales and marketing efforts or those of our distributors.

In many cases, our products seek to replace traditional medical aesthetic procedures, as well as certain invasive surgical procedures, such as injection of toxins to rejuvenate skin and traditional ways of performing liposuction. We cannot assure you that a broad-based market for our products will continue to emerge among treatment providers or their treatment recipients. Both these groups may opt to continue with traditional procedures with which they are familiar rather than investing in new technological alternatives that have relatively lower safety and shorter performance track records. We may not be successful in our effort to educate treatment providers and their treatment recipients about the benefits of laser, intense pulsed light, radiofrequency-based and ultrasound systems. In addition, we cannot assure you that there will not be a change in consumer preferences away from receiving medical aesthetic treatments in general, which may also adversely affect demand for our products.

Furthermore, our future success depends upon treatment recipients having a positive experience with the procedures in which our products are used. This is due to the fact that we rely both on repeat business and word-of-mouth referrals of individual treatment recipients to increase physician and clinician demand for our products. Treatment recipients may be dissatisfied with these procedures if they find them to be too painful or if they experience excessive temporary swelling or reddening of the skin as a side effect. In rare instances, treatment recipients may receive burns, blisters, skin discolorations or skin depressions that would discourage a treatment recipient from having additional procedures or from recommending these procedures to others. In order to generate repeat and referral business, we believe that treatment recipients must be satisfied with the effectiveness of the

procedures. Moreover, results obtained from the procedures for which our products are used may vary and the reactions of treatment recipients to those results are subjective. Treatment recipients may also be dissatisfied with the procedures as a result of the physician not operating our products properly or otherwise not conducting the procedures properly, both of which are outside of our control.

Due to the above factors, a treatment utilizing our products may produce results that may not meet treatment recipients' expectations. If treatment recipients are not satisfied with the procedures or feel that the procedures are too expensive for the results obtained, our reputation and the demand for our products could suffer. In addition, treatment recipients may file claims and litigation against us. Please see also "—Risk relating to our business—product liability lawsuits could be brought against us due to a defective design, material or workmanship or due to misuse of our products. These lawsuits could be expensive and time consuming and result in substantial damages to us and increases in our insurance rates, and thereby materially and adversely affect our business, results of operations, financial condition and prospects" in this prospectus for further details.

If there is a reduction in demand for the procedures performed with our products or if there is a change of treatment provider or treatment recipient preference for our treatment systems, demand for our products could decline, which could materially and adversely affect our business, results of operations, financial condition and prospects.

Our business success depends on the strength of our brands, product image and reputation. Any failure to maintain and enhance, or any damage to, our brand, product image or reputation could materially and adversely affect the level of market recognition of, and trust in, our products.

We consider that our success depends to a significant extent on our brand, product image and reputation. We consider our "Alma" brand and certain of our product brands such as "Soprano", "Harmony", "Accent" and "FemiLift" to have a strong image, with a reputation for high quality and reliability. If we or those distributors who operate under our brand fail to maintain and enhance, or if there is any damage to, our brand image or reputation, the demand for our products may be materially and adversely affected.

Many factors that are important to maintaining and enhancing our brand, product image and reputation are not entirely within our control, and such factors may materially and adversely affect our brand, product image and reputation. Such factors include, among other things, our ability to continue to:

- effectively control our product quality and effectiveness;
- increase brand recognition among existing and potential treatment providers and treatment recipients through various means of marketing and promotional activities;
- effectively protect our trademarks and trade names; and
- engage our existing key opinion leaders and ensure that key opinion leaders' actions and performance of their engagement create a positive branding effect.

Furthermore, any negative publicity in relation to our products, regardless of its veracity, may damage our brand, product image and reputation. It is an inherent business risk that the treatments using our products may lead to undesirable or unexpected outcomes, including complications, injuries and even deaths in extreme cases, or otherwise fail to meet treatment recipients' expectations. Such undesirable or unexpected outcomes may cause expressions of negative sentiments, complaints, claims, and/or legal actions from treatment providers, as well as their treatment recipients, which, in turn, may lead to negative publicity from, among other things, reports in the media and on the Internet, and disciplinary actions by relevant regulators. Any occurrence of medical incidents may materially and adversely affect our brand, product image and reputation.

We rely upon third-party suppliers for the components and subassemblies of our products, making us vulnerable to supply shortages, quality issues and price fluctuations, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We rely on a number of suppliers, all of which are Independent Third Parties, who provide components, subassemblies and semi-finished goods to us. Most of the production work we subcontract to third parties is performed by two subcontractors, which are located in Israel, with whom we do not have long-term written contracts.

We also do not have long-term supply agreements in place with our suppliers. Most of our suppliers are under no obligation to supply our requirements and may terminate their relationships with us at any time. In the future, we may be unable to obtain an adequate supply of components or subassemblies, or we may experience increases in the prices of these components or subassemblies, delays in delivery or poor component or subassembly quality. We may not be able to quickly establish relationships with additional or replacement suppliers, particularly for our subassemblies. Furthermore, we submit certain specific models of components that form part of the product designs for regulatory approvals, such as power supplies, display screens and microprocessors, and switching suppliers may cause us to change the specific model of the components and in turn result in a need to submit the modified design for regulatory approval, which may take time and cause delays.

Our reliance on suppliers also subjects us to other risks that could have a material adverse effect on our business, results of operations, financial condition and prospects, including:

- we are not a major customer of many of our suppliers, and these suppliers may prioritize other customers over us;
- we may not be able to obtain adequate supply in a timely manner or on commercially reasonable terms;
- our suppliers, especially new suppliers, may make errors in manufacturing components that could negatively affect the efficacy or safety of our products, or cause delays in shipment;
- we may have difficulty in locating appropriate alternative suppliers;

- our suppliers manufacture products for a range of customers, and fluctuations in demand for the products these suppliers manufacture may affect their ability to deliver components to us in a timely manner; and

- our suppliers may encounter financial hardships unrelated to our demand for components, which could impede their ability to fulfill our orders and meet our requirements.

Any interruption in the supply of components or subassemblies, or our inability to obtain substitute components or subassemblies meeting our quality standards from alternative sources at acceptable prices in a timely manner, or our inability to obtain assembly and testing services, could impair our ability to meet the demands of our customers, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We and our distributors offer product training sessions, but it is not mandatory for treatment providers to undergo such training before purchasing our products, and our products are sometimes sold to non-physicians, such that there is a risk of misuse of our products, which could harm our reputation, result in claims and litigation against us which in turn may materially and adversely affect our business, results of operations, financial condition and prospects.

Depending on the respective applicable regulations in the various jurisdictions in which we sell and distribute our products, our products may be operated by (i) physicians (with varying levels of training); and (ii) non-physicians, including nurse practitioners, technicians and aestheticians. For example, U.S. federal regulations allow us to sell our products to, or on the order of, licensed practitioners licensed by law to use or order the use of a prescription device. The definition of "licensed practitioners" varies from state to state. However, in the United States, we cannot prevent such licensed practitioners from allowing non-physicians to operate our products. Furthermore, outside the United States, many jurisdictions do not require specific qualifications or training for purchasers or operators of our products.

We do not supervise the procedures performed by our customers using our products. We and our distributors offer product training sessions, but it is not mandatory for our customers to undergo such training before purchasing our products. The lack of mandatory training and the purchase and use of our products by non-physicians may result in product misuse and adverse treatment outcomes, which could harm our reputation, expose us to costly product liability litigation and materially and adversely affect our business, results of operations, financial condition and prospects.

Any failure to maintain effective quality control over our products could have a material adverse effect on our business, results of operations, financial condition and prospects.

We believe that the quality of our products is crucial to the success of our business. The quality of our products depends significantly on the effectiveness of our quality control procedures, which in turn, depends on a number of factors, including the production procedures of our treatment systems, the machines used, the quality of our staff and related training programs and our ability to ensure our employees adhere to our quality control procedures. For more details on our quality control

procedures, please see "Business—Quality control" in this prospectus. However, we cannot assure you that our quality control procedures will continue to be effective. Any significant failure or deterioration of our quality control procedures could have a material adverse effect on our reputation, business, results of operations, financial condition and prospects.

We are subject to credit risks associated with payment defaults by our customers which could materially and adversely affect our business, results of operations, financial condition and prospects.

Most of our sales are made on a credit basis, typically with payment terms of up to 90 days with our distributors and treatment providers to whom we sell directly. We regularly monitor the credit extended to our distributors and treatment providers and their general financial condition. However, we cannot guarantee that these measures will always be effective or that we will not encounter difficulty collecting trade receivables. We have historically recorded, and may continue to record in the future, bad debt expenses. For instance, we recognized losses from impairment of trade receivables in the amount of US$0.5 million, US$0.6 million, US$0.6 million and US$0.1 million in the years ended December 31, 2014, 2015, and 2016 and the three months ended March 31, 2017, respectively, representing 0.5%, 0.5%, 0.5% and 0.5% of our total revenue in the same periods, respectively. Such expenses could negatively affect our operating results for the period in which they occur, and could potentially have a material adverse effect on our business, results of operations, financial condition and prospects.

Our global sales and operations expose us to additional business risks, and failure to manage these risks may materially and adversely affect our overall operating results.

We sell our products in approximately 80 countries and jurisdictions worldwide primarily to our direct sales customers and our distributors and we plan to expand into additional markets. In the year ended December 31, 2016, we derived approximately 26.2%, 27.7%, 21.8%, 11.4%, 7.6% and 5.3% of our revenue from sales to our customers (including both direct sales customers and distributors) in North America, Europe, the PRC, Asia Pacific region (excluding the PRC), Latin America and Middle East and Africa, respectively. Our global sales and operations are subject to risks related to the differing legal, political, regulatory, social and economic conditions of many countries, including:

- difficulties and costs of staffing and managing our global operations and the increased travel, infrastructure and legal compliance costs;
- our ability to effectively forecast the results of our global operations and manage our inventory given our reliance on distributors;
- lower protection for intellectual property rights in some countries;
- geopolitical sensitivity in the countries or regions in which we operate, such as social and economic instability, war or acts of terrorism;

- certification requirements, imposition of, or unexpected adverse changes to laws or regulatory requirements, including those pertaining to export duties and quotas, trade and employment restrictions; and

- fluctuations in currency exchange rates.

Please see "—Any occurrence of force majeure events, natural disasters or outbreaks of contagious diseases in Israel, United States, the PRC or any other geographic markets in which we operate or sell our products could have a material adverse effect on our business, results of operations, financial condition and prospects" in this prospectus for further details.

Our failure to manage additional business risks associated with our global sales and operations may have a material adverse effect on our business, results of operations, financial condition and prospects.

Clinical studies relating to our products may produce unfavorable results.

We have in the past sponsored, and intend to continue to sponsor, clinical studies to assess various aspects of the functionality and relative efficacy of our products. The data obtained from these studies may be unfavorable to our products or may be inadequate to support satisfactory conclusions. If our future clinical studies fail to support the functionality or efficacy of our current or future products, our sales may be materially and adversely affected. Future clinical studies sponsored by third parties regarding our existing products or any competing products may be published that either support a claim, or are perceived to support a claim, that a competitor's product is clinically more effective or easier to use than our products or that our products are not as effective or easy to use as we claim. Any of these events may materially affect our sales efforts and in turn our business, results of operations, financial condition and prospects.

Our future success depends on the continued service of our key personnel. Our failure to identify, attract, train, integrate or retain highly qualified employees or the loss of key personnel, such as our senior management, may impact our ability to grow our business and our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our future success depends on our ability to identify, attract, train, integrate and retain highly qualified technical, sales and marketing, managerial and administrative personnel. As our customer base and revenue continue to grow, we will need to hire a significant number of additional qualified personnel. In particular, our ability to grow our revenue depends on motivated sales personnel performing at a high level and our ability to enhance and maintain our technology depends on engineers with specialized skills. Our future success also depends on the continued service and performance of our current executive Directors and senior management team. Any need to replace any member of our senior management team would likely involve significant time and costs, and the loss of any these individuals may delay or prevent the achievement of our business objectives.

Competition for highly skilled sales and technical employees is intense and we continue to face challenges in identifying, hiring and retaining qualified individuals in many areas of our business, we incentivize our management and employees through a number of means. On August 30, 2017, the

Board resolved to adopt an IPO cash bonus plan subject to the Global Offering becoming unconditional. Pursuant to such cash bonus plan, a total of 111 of our existing management and employees will receive a cash bonus based on the number of bonus units granted. Please see "Business—Proposed Cash Bonus Plan" in this prospectus for detail. We cannot assure you that the cash bonus plan we adopted or any other financial incentives we put in place will result in the long term retention of our management personnel or key employees, or that we will be able to offer compensation packages competitive with those offered by our competitors. If we fail to identify, attract, train, integrate or retain highly qualified and motivated individuals, our reputation and ability to compete effectively could suffer and our business, results of operations, financial condition and prospects could be materially and adversely affected.

Because our revenue is primarily generated in U.S. dollars and, to a lesser extent, the euro and Indian rupee, but a large portion of our operating expenses are incurred in New Israeli Shekels, our business, results of operations, financial condition and prospects may be materially and adversely affected by currency fluctuations.

We generate our revenue primarily in U.S. dollars and, to a lesser extent, the Euro and Indian rupee, but a large portion of our operating expenses are incurred in New Israeli Shekels (principally salaries, related expenses of our staff, and other operating expenses in Israel). In addition, we hold cash, bank deposits or restricted cash in U.S. dollars, and, to a lesser extent, the Euro and Indian rupee.

As such, we are exposed to exchange rate fluctuations and such exposure can materially and adversely affect our profit margin and affect the results of our operations. Due to the fluctuations in the exchange rate of U.S. dollars to/from NIS, any trends associated with the financial performance of our operations may not be accurately reflected in our combined statements. Any increased costs or reduced revenues as a result of exchange rate fluctuations could materially and adversely affect our profit margins. The fluctuation of exchange rates also affects the value of our monetary and other assets and liabilities denominated in different currencies. Generally, an appreciation of New Israeli Shekels against U.S. dollars and other relevant currencies could result in an exchange loss for revenue and assets denominated in US dollars and other currencies, and an exchange gain for liabilities and costs denominated in US dollars and other currencies.

Our operations could also be materially and adversely affected if we are unable to guard against currency fluctuations in the future. In addition, the currency hedging transactions we had entered into lead to additional costs, may not adequately protect us from material adverse effects of such currency fluctuations and could also result in significant losses. Please see "Business—Hedging" in this prospectus for more details on our hedging arrangements.

We have been, currently are, and may in the future continue to be, involved in disputes, legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result.

We have been, currently are, and may in the future continue to be, involved in disputes with various parties involved in the development and the sale of our products, including but not limited to our distributors, suppliers, employees and treatment providers as well as treatment recipients. These disputes may lead to legal or other proceedings and may result in damage to our reputation, substantial

costs and diversion of financial and managerial resources. For example, in May 2012, Physicians Healthsource, Inc. filed a complaint against us alleging that we violated the Telephone Consumer Protection Act, which we settled for an amount of US$1.9 million. Please see "Business—Legal proceedings and compliance—Claims and litigation" in this prospectus for further information regarding legal disputes that we have been involved. Please see "—Risk relating to intellectual property—If the use of our technology or our products conflicts with the intellectual property rights of third parties, we may be subject to litigation and significant liability and disruption in our operations" in this prospectus for further details.

In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities. For example, in June 2013, we received a warning letter from the FDA alleging certain violations of FDA regulations subsequent to which we took corrective actions which were accepted by the FDA in 2014. Please see "Business — Licenses and permits — Regulatory approvals" for further details regarding our current efforts in complying with FDA regulations. If we receive material warnings from any regulatory bodies in the future, our reputation and business, results of operations and financial condition may be materially and adversely affected.

Product liability lawsuits could be brought against us due to a defective design, material or workmanship or due to misuse of our products. These lawsuits could be expensive and time consuming and result in substantial damages to us and increases in our insurance rates, and thereby materially and adversely affect our business, results of operations, financial condition and prospects.

Energy-based medical aesthetic treatment systems are inherently complex in design and require ongoing regular maintenance. The technical complexity of our products, changes in our suppliers' manufacturing processes, the inadvertent use of defective or contaminated materials by our suppliers and subcontractors, as well as various other factors, could restrict our ability to achieve acceptable product reliability. In addition, our products are produced using components and subassemblies supplied by third party suppliers, which may contain defects. As a result, should problems occur, it may be difficult to identify the source of the problem. There are also risks of physical injury to treatment recipients when treated with one of our products, even if the product is not defective.

If our products are defectively designed, manufactured or labeled, contain defective components or are misused, or if we are unable to prevent or fix such defects or other problems, we could experience, among other things:

- legal actions by treatment providers and treatment recipients, as well as other third parties, which could result in substantial judgments or settlement costs to us;
- loss of customers and delay in order fulfillment;
- failure to attract new customers or achieve market acceptance;
- product recalls;

- additional regulatory filings;
- increased costs of product returns and warranty expenses;
- damage to our reputation; and
- diversion of development, engineering, sales and marketing and management resources.

For example, during the Track Record Period, a treatment recipient claimed damages against a treatment provider and us alleging injuries caused by our product, and we needed to make a claim from our product liability insurance to settle the matter. Similar incidents may lead to negative publicity which in turn may materially and adversely harm our brand, product image and reputation as well as the level of market recognition of and trust in our products' quality. This may in turn result in a reduction of sales and potential loss of customers, treatment recipients and other business partners, and therefore have a material adverse effect on our business, results of operations, financial condition and prospects.

Misusing our products or failing to adhere to operating guidelines for our products can cause severe burns or other injuries to the eyes, skin or other tissue. We may become involved in lawsuits related to the use of our products. Product liability lawsuits could divert our management's attention from our core business, be expensive to defend and result in sizable damages awards against us, which may not be covered by our insurance policy. In addition, we may need to pay any product losses in excess of our insurance coverage out of cash reserves, harming our financial condition and materially and adversely affecting our business, results of operations, financial condition and prospects.

We may fail to properly manage our growth and expansion, which could have a material adverse effect on our business, the quality of our products and services and our ability to retain key personnel.

Our revenue increased from US$101.3 million in the year ended December 31, 2014 to US$110.4 million in the year ended December 31, 2015, and further to US$118.2 million in the year ended December 31, 2016. Our growth has placed increased demands on our management and other resources and will continue to do so in the future. We may not be able to maintain or accelerate our current growth rate, manage our expanding operations effectively or achieve planned growth on a timely or profitable basis. Managing our growth effectively will involve, among other things:

- continuing to retain, motivate and manage our existing employees and attract and integrate new employees, particularly members of our senior management and qualified sales personnel;
- properly managing the operational and financial implications (e.g. depreciation expense) of our planned upgrades to our production capabilities;
- providing adequate training and supervision to maintain high quality standards;
- growing and training our direct sales force and expanding our distribution relationships;

- expanding our sales, marketing and distribution networks and capabilities; and

- developing, implementing and improving our operational, financial, accounting and other internal systems and controls on a timely basis.

If we are unable to manage our growth effectively, there could be a material adverse effect on our ability to maintain or increase revenue and profitability, the quality of our products and our ability to retain key personnel. These factors could materially and adversely affect our reputation in the market and our ability to generate future sales from new or existing customers.

Our operating results may fluctuate from period to period and within each period, which makes our operating results difficult to predict and could cause our revenue, expenses and profitability to differ from our past performance and/or expectations during certain periods.

Our operating results may fluctuate from period to period or within certain periods as a result of a number of factors, many of which are outside of our control. Given these fluctuations, you should not rely on our past results as an indication of future performance. Each of the risks described in this section, as well as other factors, may affect our operating results. Factors that could affect our revenue and operating results include, but are not limited to, the following:

- the willingness of individuals to pay directly for energy-based medical aesthetic treatments, in light of the lack of reimbursement by insurers and other third-party payors;

- our ability to develop, introduce and deploy new products and product enhancements that meet customer requirements in a timely manner;

- changes to applicable laws and regulations, such as U.S. federal, state, local, EU and PRC laws or regulations;

- changes in our ability to obtain and maintain regulatory approvals and clearances;

- the performance of our distributors;

- delays in, or failure of, product and component deliveries by our subcontractors and suppliers;

- our ability to access capital and control expenses;

- changes in our pricing and distribution terms or those of our competitors;

- continued availability of suitable equipment leasing terms from third-party financing institution to our direct sales customers, which may be negatively influenced by interest rate increases;

- the timing of new product launches or upgrades by us or our competitors; and

- changes in general economic conditions in the markets in which we operate.

In addition, we have experienced seasonal patterns in the sale of our energy-based medical aesthetic treatment products. Historically, a disproportionate amount of our sales have occurred during the fourth quarter in a calendar year. Please see "Business—Sales, distribution and marketing—Seasonality" in this prospectus for further details. In anticipation of increased sales during the fourth quarter, we may increase our product inventory. If we were to experience lower than expected sales during any future fourth quarter, it would have a disproportionately large impact on our operating results and financial condition for that year.

We also typically receive a disproportionate percentage of orders toward the end of each quarter. To the extent that we do not receive anticipated orders, or orders are delayed beyond the end of the applicable quarter, our business and results of operations for that quarter could be materially and adversely affected. In addition, because a significant portion of our sales in each quarter result from orders received in that quarter, we base our production, inventory and operating expenditure levels on anticipated revenue levels. Thus, if sales do not occur when expected, expenditure levels could be disproportionately high and our operating results for that quarter and, potentially, future quarters would be materially and adversely affected.

In the future, our seasonal sales patterns may become more pronounced and may cause a shortfall in revenue as compared to expenses in a given period, which would substantially harm our business and results of operations.

As a result of the above, we believe that period-to-period comparisons of our results of operations are not necessarily a good indication of our future performance. In addition, these factors could negatively impact our results of operations and cause us to fail to meet the financial performance expectations of our investors in future periods, which in turn would likely cause the market price of our Shares to decline.

We may be unable to identify or execute acquisition opportunities, which may materially and adversely affect our business, results of operations, financial condition and prospects. Our future efforts to acquire other companies may subject us to significant costs without the realization of the anticipated benefits of those acquisitions.

We have in the past made acquisitions of other businesses, technologies and/or assets, and we continue to evaluate potential strategic acquisitions. Please see "History and Corporate Structure" in this prospectus for further details, We cannot assure you that we will be able to identify future suitable acquisition targets, or, if we do identify suitable targets, that we will be able to make the acquisitions on reasonable terms or at all. Please see "Future Plans and Use of Proceeds" regarding our intention to seek acquisition opportunities.

Such acquisitions could also involve numerous risks, including:

- problems integrating the acquired operations, technologies (including IT systems) or products with our own;

- unanticipated costs or liabilities, including liabilities for past activities of the entities or businesses that we acquire;
- adverse effects on existing business relationships with distributors, suppliers and treatment providers;
- entering markets in which we may have no or limited prior experience;
- diversion of management's attention from our core businesses; and
- potential loss of key employees, particularly those of the purchased organizations.

Any such acquisitions in the future could strain our managerial, operational and financial resources, as well as our financial and management controls, reporting systems and procedures. In order to integrate acquired businesses, we will have to continue to improve operating and financial systems and controls. If we fail to successfully implement these systems and controls in a timely and cost-effective manner, our business and results of operations could be materially and adversely affected. Furthermore, we cannot provide any assurance that we will realize the anticipated benefits and/or synergies of any such acquisition.

In addition, if the acquisition consideration consists of cash, a substantial portion of our available cash could be used to consummate the acquisition. The purchase price of our potential acquisition targets may significantly exceed the fair values of their net assets. As a result, material goodwill and other intangible assets may need to be recorded.

We may be unable to obtain additional financing if and when we need it, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may need to raise additional funds in the future to finance our growth, to make acquisitions or for other reasons. Any required additional financing may not be available on terms acceptable to us, or at all. If we raise additional funds by issuing equity securities, you may experience significant dilution of your ownership interest. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operational flexibility, and would also require us to fund additional interest expense.

If additional financing is not available when required or is not available on acceptable terms, we may be unable to successfully develop or enhance our products through acquisitions or otherwise in order to take advantage of business opportunities or respond to competitive pressures, which could have a material adverse effect on our products, revenue, results of operations, financial condition and prospects.

Any defects, disruptions or other problems affecting our information technology systems could materially and adversely affect our daily operations.

The satisfactory performance and stability of our information technology systems and related software programs are critical to our production process, management of inventory, as well as

computation of operational, financial and marketing data. Any defects or problems with our information technology systems could significantly disrupt our business operations and lower our efficiency, which would in turn affect, among other things, our profitability and the timelines of our production. Our information technology systems may, in the future, experience disruptions, outages and other performance problems due to a variety of factors, including, without limitation:

- our expanding operations will put increasing pressure on our servers and network capacities;
- we may encounter problems when upgrading our system programs or information technology systems, which could materially and adversely affect the reliability of our information technology systems as a whole;
- our information technology systems may contain undetected programming errors, bugs, flaws, corrupted data or other defects;
- we may be subject to hacking or other cyber security attacks on our network infrastructure and system programs;
- we rely on third-party service provider(s) for our information technology systems and any disruptions or other problems with their services are beyond our control and may be difficult for us to remedy; and
- our network infrastructure could be damaged or interrupted as a result of war, acts of terrorism, earthquakes, floods, fires, extreme temperatures, power loss, telecommunications failures, technical error, computer viruses and similar events.

We expect to continue to make significant investment to maintain and improve the operation and integration of our information technology systems. We cannot assure you that we will be able to effectively upgrade our systems as needed, or continue to develop our technology and network architecture to accommodate our expanding operations, and any failure to do so may materially and adversely affect our business, results of operations, financial condition and prospects.

We may not be able to properly or efficiently manage our inventory risks, such as failing to accurately forecast component and material requirements for our products.

Both our production process and sales and distribution model require us to keep a substantial amount of inventories. Our customers and potential customers, particularly those who may purchase our medical aesthetic products, frequently require delivery of products within a relatively short time frame. This is due to factors such as end-of-year tax benefits, budget considerations and the timing of business opportunities. Additionally, we produce certain of our products within a relatively short time frame, and in certain instances, we produce our products to be available "on the shelf" for immediate delivery. In order to meet such deadlines, we must accurately predict the demand for our products, the product mix and the lead times required to obtain the necessary components and

materials. Lead times for components and materials that we order vary significantly and depend on various factors, including the specific supplier requirements, the size of the order, contract terms and current market demand for components. However, due to the sophisticated nature of the components, some of our suppliers may require additional lead time.

As at December 31, 2014, 2015 and 2016 and as at March 31, 2017, our inventories represented 23.2%, 25.1%, 23.1% and 23.3% of our current assets, respectively. Our inventories consist primarily of raw materials, work-in-progress and finished goods. Raw materials consist primarily of components of treatment systems such as diodes, laser rods, display screens and power supplies. As at July 31, 2017, approximately US$21.3 million or 86.5% of our inventories as at March 31, 2017 had been subsequently utilized. Please see "Financial Information—Selected Items of Consolidated Statements of Financial Position—Inventories" in this prospectus for further details. If we overestimate the amount of components and material required or if subsequent sales of finished goods were lower than expected, our utilization of inventories may be negatively impacted, which may lead to excess inventories. This had in the past and could in the future lead to inventory obsolescence, and may increase our costs, impair our available liquidity and have a material adverse effect on our business, operating results, financial condition and prospects. For example, we recorded provision for impairment of slow moving and obsolete inventories in the amount of approximately US$0.6 million, US$1.3 million, US$1.1 million and US$0.1 million for the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, respectively. If we underestimate the amount of components and materials required, we may have insufficient inventory, which could interrupt and delay delivery of our products to our customers, strain our relationship with our existing customers and damage our reputation. As a consequence, we may lose future sales to such customers or to potential customers. Any of these occurrences could have a material adverse effect on our business, results of operations, financial condition and prospects.

Any occurrence of force majeure events, natural disasters or outbreaks of contagious diseases in Israel, the United States, the PRC or any other geographic markets in which we operate or sell our products could have a material adverse effect on our business, results of operations, financial condition and prospects.

Any occurrence of force majeure events, natural disasters or outbreaks of contagious diseases, which are beyond our control, particularly those which occur in places where we operate or sell our products, may materially and adversely affect our business, financial condition, results of operations and prospects. These events may cause damages or disruptions to us, our employees, our facilities, our suppliers, the distribution channels operated by our distributors or our markets, any of which could materially and adversely affect us. The potential for war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict. In particular, since we conduct most of our manufacturing from our facilities in Caesarea, Israel and many of our suppliers are located in Israel, any damages to our manufacturing facilities or suppliers in Israel resulting from the occurrence of any acts of God, natural disaster, acts of war or terrorism or similar events in Israel, may materially and adversely affect our or our suppliers' manufacturing facilities, which could disrupt our ability to produce our products for a substantial amount of time and may lead to a significant disruption to our business, results of operations, financial condition and prospects.

Any outbreaks of epidemics, such as those caused by avian influenza, swine influenza, severe acute respiratory syndrome (SARS), Middle East respiratory syndrome coronavirus (MERS-CoV), Ebola virus or Zika virus, may materially and adversely affect our business, results of operations, financial condition and prospects. For example, from November 2002 to July 2003, an outbreak of SARS occurred in southern PRC and Hong Kong. In April 2009, a human swine influenza also known as Influenza A (H1N1) broke out in Mexico and spread globally. In May 2015, an outbreak of MERS-CoV occurred in South Korea and had spread to other places. In May 2015, Zika virus broke out in Brazil and spread to the Americas. In February 2016, in response to the outspread of Zika virus, the World Health Organization declared a Public Health Emergency of International Concern and the U.S. Centers for Disease Control and Prevention ("**CDC**") has elevated its response level efforts to a "Level 1" activation, the highest response level at CDC. In September 2016, the Zika virus spread to Singapore and other countries in Southeast Asia. Any such similar outbreaks could cause or contribute to a slowdown in the levels of economic activity restrictions in the affected regions and a decrease in treatment recipients' demand for the treatments provided by our products, result in restrictions on the ability of our treatment providers to provide services to their treatment recipients, as well as temporary closure of our production facilities.

Our balance sheet and financial ratios may be adversely impacted by IFRS 16 when it becomes effective.

IFRS 16 was issued in January 2016, which will be effective for accounting periods beginning on or after January 1, 2019. As at December 31, 2014, 2015 and 2016 and March 31, 2017, our operating lease commitments were US$6.2 million, US$5.3 million, US$19.7 million and US$21.0 million, respectively. We will apply the above new standards when they become effective and make amendments to the existing standards accordingly. It is expected that the commitments due after December 31, 2019 will be required to be recognized in the consolidated statement of financial position as right-of-use assets and lease liabilities. Recognizing such right-of-use of assets and lease liabilities will have an impact on our balance sheet and therefore may impact our financial ratios, such as return on total assets.

Our goodwill and trademarks could become impaired, which could materially adversely affect our results of operations, financial condition and prospects.

As at December 31, 2014, 2015, 2016 and March 31, 2017, we had goodwill of US$108.4 million, US$108.4 million, US$108.4 million and US$108.4 million and trademarks of US$24.5 million, US$24.5 million, US$24.5 million and US$24.5 million, respectively. Such goodwill and trademarks primarily arose from the Alma Acquisition in 2013.

Goodwill and trademarks are initially measured at cost. After initial recognition, goodwill and trademarks are measured at cost less any accumulated impairment losses. Goodwill and trademarks are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. In performing the impairment testing of goodwill and trademarks, we compare the carrying amount of the cash-generating unit and trademarks against their recoverable amounts. Testing for impairment requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated and the value in use of the trademarks. Estimating the value in use

requires us to make an estimate of the expected future cash flows from the cash-generating unit and trademarks and also to choose a suitable discount rate in order to calculate the present value of those cash flows. There are inherent uncertainties related to these factors and to our judgment in applying these factors to the impairment testing of goodwill and trademarks.

In the event that the testing for impairment indicates that the carrying amounts exceed the recoverable amounts, impairment would be required. Impairment of goodwill and trademarks may result from, among other things, deterioration in our performance, adverse market conditions, the failure of our acquired business to perform in accordance with our expectation or adverse changes in laws or regulations. Impairment charges could materially and adversely affect our results of operations and financial condition in the periods of such charges. In addition, impairment charges would materially and adversely affect our financial ratios and could limit our ability to obtain financing in the future.

The recoverability of our deferred tax assets, and any material decrease in our profitability in the future would have a material adverse effect on our ability to recover our deferred income tax assets, which could have a material adverse effect on our results of operations.

As at December 31, 2014, 2015, 2016 and March 31, 2017, we had deferred tax assets of US$4.0 million, US$4.8 million, US$6.3 million and US$6.4 million, respectively. Deferred tax assets are recognized for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized. Therefore, the recognition of deferred tax assets involves significant judgment and estimates of our management on the timing and level of future taxable profits. In this context, we cannot guarantee the recoverability or predict the movement of our deferred tax assets, and to what extent they may affect our financial positions in the future.

When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed, and the carrying amount of deferred income tax assets may be reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized. Accordingly, if our profitability in the future is significantly lower than our management's estimates when our deferred income tax assets were recognized, our ability to recover such deferred income tax assets would be materially and adversely affected, which could have a material adverse effect on our results of operations.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY

If the use of our technology or our products conflicts with the intellectual property rights of third parties, we may be subject to litigation and significant liability and disruption in our operations.

It is important that we avoid infringing other parties' patents and proprietary rights as well as not breaching any licenses from third parties relating to our technologies and product candidates Please see "Business—Licenses and permits" in this prospectus for further information. In the United

States, patent applications filed in recent years are confidential for 18 months, while older applications are not published until the patent issues. As a result, there may be patents and patent applications of which we are unaware, and avoiding patent infringement may be difficult. We may inadvertently infringe third-party patents.

The market for energy-based medical aesthetic treatment systems is highly competitive. Numerous patents have been issued in this market, and companies are aggressive in pursuing additional patents. Moreover, since there may be unpublished patent applications that could result in patents with claims covering our products, we cannot be sure that our current products will not infringe any patents which might be issued in the future. It is reasonable to expect the number of patent infringement suits to increase as the number of products and competitors in our market increases.

Third parties have brought claims and may bring additional claims against us that our products or technology infringe their proprietary rights. Please see "Business—Legal proceedings and compliance—Claims and litigation" in this prospectus for further details. To the extent that we gain greater visibility and market exposure as a public company, we face a greater risk of being the subject of intellectual property infringement claims.

Patents may exist or be filed containing claims covering our products. Because of the number of patents issued and patent applications filed in our field, we believe there is a risk that additional third parties may allege they have patent rights encompassing our products, technology or methods. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim, and could distract our management from our business. Furthermore, a party making such a claim, if successful, could secure a judgment that requires us to pay substantial damages and enjoin us from selling our products.

Protection of our intellectual property is limited. If we were unable to obtain or maintain intellectual property rights relating to our technology and products or if others infringe our intellectual property rights, or if we are involved in lawsuits to protect or enforce our intellectual property rights, our business and ability to compete may be materially and adversely affected.

Our success depends significantly upon our ability to obtain, maintain and effectively enforce intellectual property or other proprietary rights to our technology and products as well as related documentation and other written materials. These rights, if obtained, maintained and effectively enforced, can provide some level of protection from competing products. We seek to protect these proprietary rights through a combination of:

- patents;
- copyrights and trademarks laws;
- trade secrets and confidentiality procedures; and
- contractual provisions in agreements with our suppliers and customers.

These methods afford us only limited protection against competition from our competitors' products.

As at the Latest Practicable Date, we owned 38 patents and had 10 pending patent applications material to our business, in various countries, including Brazil, Canada, the PRC, European Patent Convention Members States, Israel, Japan, South Korea and the United States. However, patent ownership does not guarantee us a competitive advantage as competitors may find ways to develop substantially similar products that do not infringe our patents. Our issued patents may not adequately protect our technology or products. In addition, any patent can be challenged, invalidated or declared unenforceable. Further, our pending patent applications may not result in the issuance of patents, and any patents issued to us may not be sufficiently broad to protect our proprietary rights. We may also develop proprietary products or technologies that cannot be protected under patent law because they do not fulfill the requirements for eligibility.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Although third parties may infringe our patents and other intellectual property rights, we may not be aware of any such infringement. Monitoring unauthorized use of our intellectual property is difficult, and we cannot be certain that the steps we have taken will prevent unauthorized use of our technology, particularly in countries where relevant laws and enforcement structures may not adequately protect our proprietary rights. Our competitors may independently develop similar technology, duplicate our products or design around patents issued to us or other intellectual property rights of ours, in which case our intellectual property rights may not provide us with commercially valuable protection.

In addition, any unauthorized or inappropriate use or any infringement of our trademarks or trade names by our distributors could harm our competitive advantages, good will and success, and our business, results of operations, financial condition and prospects may be materially and adversely affected as a result. Moreover, some of our distributors, including in Italy and France, have been using "Alma" as part of their corporate name without a formal legal arrangement with us and in such cases we may face difficulties or be unable to claim remedies for any damages should they misuse our brand name. Our PRC Distributor owns, and has applied for registration of, certain trademarks carrying "ALMA" English characters. We entered into a strategic cooperation memorandum with our PRC Distributor in May 2017 to further govern our business relationship, including arrangements with respect to the Alma trademarks should our business relationship terminate. If our PRC Distributor does not honor the terms of such memorandum, our ability to use such trademarks carrying "ALMA" English characters in the PRC may be materially and adversely affected.

Moreover, we may need to resort to litigation in the future to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. Litigation could result in substantial costs and diversion of resources and management attention. In addition, in an infringement proceeding, a court may decide that a patent of ours is not valid or is unenforceable or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology. An adverse determination of any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing.

Last but not least, we have only sought limited patent protection and registration of our trademarks globally, which may impair our ability to use or protect some of our technology and brand. Furthermore, the laws of some countries in which we operate do not protect proprietary rights to as great an extent as do the laws of developed countries such as the United States. We may encounter substantial problems in protecting our proprietary rights against infringement in such countries, some of which are countries in which we have sold and continue to sell our products. There is a risk that the measures taken to protect our proprietary rights may not be adequate in these countries. Our competitors in these countries may independently develop similar technology or duplicate our test systems, even if unauthorized, thus likely reducing our sales in these countries.

Our use of open source and third-party software could negatively affect our business and subject us to possible litigation.

We incorporate software into our products that we consider to be open source software. We monitor our use of open source software to avoid subjecting our products to conditions we do not intend. Although we believe that we have complied with our obligations under the various applicable licenses for the open source software that we use, there is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses, and therefore the potential impact of these terms on our business is somewhat unknown and may result in unanticipated obligations or restrictions regarding our products and technologies. In such event, we could be required to seek licenses from third parties in order to continue offering our products, to re-engineer our products or to discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely basis, any of which could materially and adversely affect our business, operating results, financial condition and prospects.

We also incorporate certain third-party technologies, including software programs, into our products and may need to utilize additional third-party technologies in the future. However, licenses to relevant third-party technology may not continue to be available to us on commercially reasonable terms, or at all. Therefore, we could face delays in product releases until equivalent technology can be identified, licensed or developed, and integrated into our current products. These delays, if they occur, could materially and adversely affect our business, operating results, financial condition and prospects.

RISKS RELATING TO OUR INDUSTRY

Our industry is intensely competitive. Many of our competitors have, and potential new entrants in the market could have, greater financial, technical, sales and marketing resources and more established products than we do, which could enable them to compete more effectively than we do.

Our industry is subject to intense competition. We compete against energy-based aesthetic devices offered by private and public companies, such as Allegan Inc. (its subsidiary Zeltiq Aesthetic, Inc.), Cutera, Inc., Hologic, Inc. (its subsidiary Cynosure, Inc.), Lumenis Ltd., Syneron Medical Ltd., Valeant Pharmaceuticals International, Inc. and Wuhan Miracle Laser Co., Ltd. These companies have specialty in developing and marketing energy-based medical aesthetic treatment systems like ours. Some of these competitors have significantly greater financial and human resources than we do and

have more established reputations, as well as worldwide distribution channels and sales and marketing capabilities that are larger and more established than ours. Additional competitors may enter the market, and we are likely to compete with new companies in the future. New technologies could be developed and commercialized that are superior to our technologies. New entrants or existing competitors may develop products that would compete directly with ours. If our competitors are better able to develop and market aesthetic treatment systems, or develop more effective and/or less expensive products that render our systems obsolete or non-competitive, or deploy larger or more effective marketing and sales resources than ours, our business will be harmed and our commercial opportunities will be reduced or eliminated.

Our products also compete against more established, non-energy-based medical products, such as BOTOX® and collagen injections, and surgical procedures, such as face lifts, chemical peels, microdermabrasion, skin care products, mesotherapy, sclerotherapy and electrolysis. We may also face competition from manufacturers of pharmaceutical and other products that have not yet been developed. As a result of competition with these companies, products and procedures, we could experience loss of market share and decreasing revenue as well as reduced prices and profit margins, any of which would harm our business and operating results.

In addition, our current and potential competitors may establish cooperative relationships among themselves or with third parties. If so, new competitors or alliances that include our existing competitors may emerge and could acquire significant market share. In addition, we believe that there may continue to be consolidation within the markets in which we compete. Our competitors may consolidate with one another, or acquire other technology providers, enabling them to compete with us more effectively. Alternatively, a large medical technology or other large company with whom we do not currently compete may acquire one or more of our competitors. The occurrence of these events could affect prices and other factors in ways that would impede our ability to compete successfully and harm our business by causing, among other things, price reductions of our products, reduced profitability and loss of market share.

Our business may be materially and adversely affected by an unfavorable market perception of the global medical aesthetic treatment industry.

We consider that both existing and potential treatment recipients of the global medical aesthetic treatment industry are cautious about the risks inherent in medical aesthetic procedures and are therefore sensitive to any negative review, comment or allegation in relation to the industry. Any allegation, negative news or research results appearing in the media or in social media forums regarding any accident, ineffectiveness of service, health risks or poor service standard by any medical aesthetic treatment system or provider, regardless of merits, may lead to material deterioration in treatment recipients' confidence in and market perception of medical aesthetic services and lead to reduced demand for suppliers of medical aesthetic treatments. The entire medical aesthetic treatment industry and the medical aesthetic treatment systems industry and their participants, including us, could consequently be exposed to reputational harm and our business, results of operations, financial condition and prospects may, in turn, be materially and adversely affected.

Global economic conditions have adversely affected, and may continue to materially and adversely affect our business, results of operations, financial condition and prospects.

Negative conditions in the global and local economic environments have adversely affected, and may continue to adversely affect, our business, financial condition and results of operations. The uncertain direction and strength of the global economy, continuing geopolitical uncertainties and other macroeconomic factors have harmed, and may continue to harm, our business.

In recent years, there has been instability in the global economic environment, such as in Latin America in the past few years. Overall, the economy in the Latin American region has been sluggish, with countries such as Brazil and Venezuela facing a prolonged recession and other countries such as Argentina and Ecuador having faced challenging economic condition as well. If the economy in the Latin America region continues to be weak, our sales and results of operations in the region may be materially and adversely affected.

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on European and global economic conditions and also cause instability in currency exchange rates. Any of these factors could depress economic activity and restrict our customers' and treatment providers' ability to purchase our products, which could have a material adverse effect on our business, results of operations and financial condition.

During uncertain economic times and in tight credit markets, both distributors and treatment providers may experience financial difficulties or be unable or unwilling to borrow money to fund their operations, including obtaining credit lines for leasing equipment, and may delay or reduce technology purchases or reduce the extent of their operations. The market for energy-based medical aesthetic treatments and our products can be particularly vulnerable to economic uncertainty, since treatment recipients may reduce usage of procedures utilizing our products when they have less disposable income or feel less confident about spending. In addition, in many instances, the ability of our customers to purchase our products depends in part upon the availability of financing at acceptable interest rates. Furthermore, in the energy-based medical aesthetic treatment market, in tight economic times when budget deficits are commonplace, treatment providers may be less willing or unable to purchase our products.

These factors have resulted and could continue to result in reductions in revenues from sales of our products, longer sales cycles, difficulties in collection of trade receivables, slower adoption of new technologies and increased price competition. Payment by our customers of our receivables is dependent upon the financial stability of the economies of certain countries. In light of the current economic condition of many countries, we continue to monitor the creditworthiness of our customers because weakness in the market of treatment recipients could negatively affect the cash flow of our distributors and treatment providers who could, in turn, delay fulfilling their payment obligations

owed to us. This would increase our credit risk exposure and cause delays in our recognition of revenues on current and future sales to these customers. Any of these events would likely harm our business, and could have a material adverse effect on our business, results of operations, financial condition and prospects.

RISKS RELATING TO GOVERNMENT REGULATIONS

We are subject to extensive and increasing government regulations relating to our business and products.

We are subject to laws and regulations affecting our global operations in a number of areas, including consumer protection, product liability, intellectual property ownership and infringement, tax, anti-trust, export requirements, anti-corruption, labor, shops and establishments, advertising, environmental, and health and safety regulations. Compliance with these laws, regulations and similar requirements may be onerous and expensive, and variances and inconsistencies from jurisdiction to jurisdiction may further increase the costs of compliance and doing business. Any such costs, which may arise in the future as a result of changes in these laws and regulations or in their interpretation, could individually or in the aggregate make our products more expensive for our customers, delay the introduction of new products in one or more regions, or cause us to change or limit our business practices. In addition, any non-compliance with these laws, regulations or requirements could subject us to governmental investigations, discretionary or mandatory enforcement actions and proceedings as well as monetary and other liabilities.

We or our distributors may be unable to obtain or maintain, or otherwise experience delays in obtaining, applicable regulatory qualifications, clearances or approvals for our current or future products and indications, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We sell our products in approximately 80 countries and jurisdictions to our direct sales customers and distributors and plan to expand into additional markets. Therefore, sales of our products are subject to regulatory requirements that vary widely from country to country. In many countries, our distributors are responsible for obtaining and maintaining regulatory approvals for our products which they on-sell. We have limited control over our distributors, and they may not be successful in obtaining or maintaining these regulatory approvals.

Complying with regulatory requirements in various jurisdictions can be an expensive and time-consuming process, and marketing clearances and product approvals and regulatory compliance are not certain. The time required to obtain marketing clearances or product approvals may be long, and requirements for such clearances or approvals may differ significantly from jurisdiction to jurisdiction. Regulatory authorities in any of the jurisdictions in which we operate or sell products may not clear or approve our products for the same indications already cleared or approved in other jurisdictions. Although we or our distributors have obtained regulatory approvals in the United States, the E.U. and other countries for many of our products, such approvals are jurisdiction-specific and are

not reciprocal. As a result, we or our distributors may be unable to maintain regulatory qualifications, clearances or approvals in these countries or obtain qualifications, clearances or approvals in other countries. We may also incur significant costs in attempting to obtain and maintain required regulatory clearances, approvals or qualifications.

If we experience delays in receiving necessary qualifications, clearances or approvals to market our products in a certain jurisdiction, or if we fail to receive or retain those qualifications, clearances or approvals, or if we fail to maintain compliance with these and other regulatory requirements, we and our distributors may be unable to market our products in such jurisdictions effectively, or at all. For example, our distributor in Korea had difficulties in obtaining regulatory approvals for selling our products in the country, which have been materially and adversely affecting our sales in the country since 2015. Additionally, the imposition of new requirements may significantly affect our business and our products. We may not be able to adjust to such new requirements and our business, results of operations, financial condition and prospects may be materially and adversely affected.

In particular, the United States is one of our major markets, and it is highly regulated. Our products are classified as medical devices and are subject to extensive regulation in the United States by the Food and Drug Administration, or FDA, and other U.S. federal, state and local authorities. These regulations relate to manufacturing, labeling, sale, promotion, distribution, importing and exporting and shipping of our products. In the United States, before we can market a new medical device, or a new use for an existing product, we must first receive either 510(k) clearance or pre-market approval, from the FDA, unless an exemption applies. Please see "Regulatory Overview—United States regulatory overview" in this prospectus for further details.

FDA review can be a lengthy and expensive process. The FDA usually responds to a pre-market notification for a 510(k) clearance within 90 days of submission of the notification, though the process may be longer if FDA requests additional information. As a practical matter, the 510(k) premarket notification process can take significantly longer, including up to one year or more. The process of obtaining pre-market approval (a PMA) for a completely new or higher risk device is much more costly, demanding and uncertain than the 510(k) clearance process. It generally takes from one to three years, or even longer, from the time the pre-market approval application is submitted to the FDA until an approval is obtained. To date, our products in the United States have followed the 510(k) pathway, although future products may take the more expensive and time-consuming pre-market approval pathway.

Medical devices may be marketed only for indications, or uses, for which they have been approved or cleared. The FDA may not approve or clear indications that are necessary or desirable for successful commercialization. The FDA may refuse our requests for 510(k) clearance or pre-market approval of new products, new uses or indications of previously approved or cleared products or modifications to existing products. Moreover, any clearances or approvals we obtain may not be sufficiently broad, as to the indication for which the product may be marketed, to permit successful commercialization. Our clearances can be revoked if safety or effectiveness problems develop. Any of these outcomes could materially and adversely affect our competitiveness in the marketplace, and therefore our revenue and profitability.

If our PRC Distributor fails to obtain or maintain the necessary licenses for the sale of our products in the PRC or if the relevant laws and regulations change, our ability to conduct our business in the PRC could be materially impaired.

Pursuant to relevant PRC laws, regulations and rules, as well as our distribution agreement with our PRC Distributor, our PRC Distributor is required to maintain and renew the medical device registration certificates (醫療器械註冊證) in order to sell our medical devices in the PRC. Each of such certificates has a specified term and is subject to periodical renewal. Should our PRC Distributor fail to obtain, maintain or renew any of such certificates or if the relevant laws and regulations change, our PRC Distributor may be forced to cease the sale of our products in the PRC to their customers, which may in turn materially and adversely affect our sales to our PRC Distributor, our business, results of operations, financial condition and prospects.

If we cannot successfully complete clinical trials required by any applicable regulatory authority, our new product development and commercialization in the relevant market may not be possible or may be delayed.

In order to obtain regulatory approvals and clearances for marketing certain medical products, many jurisdictions require manufacturers to conduct prospective, randomized controlled clinical trials designed to test the safety and effectiveness of the products. For example, depending on the technology used, a manufacturer of medical equipment may need to: (i) in the United States, support the an application for FDA approval with results of clinical trials; (ii) in Europe, present the results of clinical trials when no pertinent clinical data are available from the scientific literature in order to obtain the CE marking in the EEA; and (iii) in the PRC, conduct clinical trials prior to marketing medical devices of specified classes. Please see "Regulatory Overview" in this prospectus for further details.

Conducting animal studies and clinical trials for purposes of obtaining new or expanded regulatory clearances or approvals generally entails a long, expensive and uncertain process that is subject to delays and failure at any stage. The data obtained from these clinical trials may be inadequate to support approval or clearance of a submission. In addition, the occurrence of unexpected adverse events or reports of a lack of efficacy in connection with clinical trials may prevent or delay obtaining approval or clearance. If we conduct clinical trials, they may be delayed or halted, or may generate inadequate data to support approval or clearance, for numerous reasons, including:

- institutional review boards may not approve the participation of humans in a clinical trial;
- third-party clinical investigators may decline to participate in a trial;
- treatment recipients may not enroll in clinical trials at the rate we expect;
- third-party clinical investigators may not perform a trial on our anticipated schedule or consistent with the clinical trial protocol, good clinical practices, or other regulatory requirements;
- treatment recipients may not comply with trial protocols;

- third-party organizations may not perform data collection and analysis in a timely or accurate manner;

- the FDA, other regulatory authorities, or an institutional review board may place a clinical trial on hold;

- regulatory inspections of our clinical trials or manufacturing facilities may, among other things, require us to undertake corrective action or suspend or terminate our clinical trials, or invalidate our clinical trials;

- broad changes in governmental regulations or generally applicable administrative actions may cause us to change the design of clinical trials or otherwise cause us to delay or abandon a trial; and

- the interim or final results of the clinical trials may be inconclusive or unfavorable as to safety or effectiveness.

If we are unable to conduct required clinical trials on a timely basis and complete them successfully, we will be unable to complete our development of the related products, which would materially and adversely affect our ability to introduce new or enhanced products into the marketplace.

We also conduct post-marketing studies (trials conducted after a particular product has obtained necessary regulatory clearances or approvals) to further establish, through empirical data, the benefits of our products. Post-marketing studies are also subject to most of the risks described above; however, unless the FDA requires us to conduct a post-marketing trial as a condition of the product's clearance or approval, post-marketing studies are voluntary and conducted at our discretion.

If we fail to comply with applicable regulations after clearance or approval of our products, we may be subject to adverse enforcement actions and our business, results of operations, financial condition and prospects may be materially and adversely affected.

Even after clearance or approval of a product, we are subject to continuing regulation by applicable government authorities. For example, in the United States, it is required that our facility be registered and our devices listed with the FDA on an annual basis. We are subject to U.S. Medical Device Reporting regulations, which require us to report to the FDA if one of our products (i) may have potentially caused or contributed to a death or serious injury of a treatment recipient or other person(s) exposed to the product, or (ii) may have malfunctioned or failed to operate consistently with the approved indication for use such that the device would be likely to cause or contribute to a death or serious injury of a treatment recipient or other person(s) exposed to the product if the malfunction were to recur. Unless an exemption applies, we must report product corrections and removals, including recalls, to the FDA where the correction or removal was initiated to (i) reduce a risk to health posed by the device. If we fail to file such reports when required, we may be subjected to penalties, including warning letters, seizures, injunctions, criminal prosecutions, fines and other enforcement actions.

The FDA also requires that we maintain records of corrections or removals, regardless of whether such corrections and removals are required to be reported to FDA. If we determine that certain actions do not require notification of the FDA, the FDA may disagree with our determinations and require us to formally report those actions as recalls, which requires public announcements. A future recall announcement could harm our reputation with treatment providers or treatment recipients and negatively affect our sales.

Both the FDA and the U.S. Federal Trade Commission ("**FTC**") closely regulate labeling, promotion and advertising, and our promotional and advertising activities could come under scrutiny. If, for example, the FDA or FTC objects to our labeling, promotional and advertising activities or finds that we failed to submit reports under the U.S. Medical Device Reporting regulations, the FDA may impose fines or sanctions on us.

The FDA has broad enforcement powers. If we violate applicable regulatory requirements, the FDA may bring enforcement actions against us, which may include any of the following sanctions:

- warning letters, fines, injunctions, consent decrees and civil monetary penalties;
- mandatory repair, replacement, recall or seizure of our products entailing refunds by us of the purchase price;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying our requests for 510(k) clearance or pre-market approval of new products or new intended uses;
- withdrawing 510(k) clearance or pre-market approvals that have already been granted; and
- criminal prosecution.

If any of these events were to occur, they could materially and adversely harm our business. In addition, regulatory authorities in other jurisdictions outside the United States such as Canada, the European Union and the PRC, have requirements or regulations similar to the above and we may be subject to similar risks in such jurisdictions.

Our products may in the future require corrective measures to maintain their regulatory approvals, which could materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

Producers of products such as ours may independently initiate actions, including field corrections, non-reportable market withdrawals or reportable product recalls, for the purpose of, among other reasons, correcting a material deficiency or improving device performance. Additionally, the public safety agencies or other similar governmental authorities in various jurisdictions, such as the FDA at the federal level and similar authorities at the state level in the United States, the CFDA in China, the Central Drugs Standard Control Organization, Ministry of Health, Government of India, Health Canada, Israeli Ministry of Health, the Korean Food and Drug Administration, and the Ministry

of Health, Labor and Welfare in Japan, have the authority to require a mandatory recall of commercialized products in the event of a violation of relevant statutory and regulatory requirements, including material deficiencies or defects in design, manufacturing or labeling or in the event that a product poses an unacceptable risk to public health.

Depending on the applicable corrective action, these departments or agencies or other similar governmental authorities in various jurisdictions, may require, or we may decide, that we need to obtain new approvals or clearances for the corrected device before we may market or distribute it. Seeking such approvals or clearances may delay our ability to replace the recalled devices in a timely manner. Moreover, if we do not adequately address problems associated with our devices, we may face additional regulatory enforcement action, including warning letters, product seizure, injunctions, administrative penalties, or civil or criminal fines.

Such actions involving any of our products would divert managerial and financial resources and could have a material and adverse effect on our business, results of operations, financial condition and prospects.

Some of our products that are already in commercial distribution have been modified by us without additional approval and/or clearance by the relevant government authorities in various jurisdictions, such as the FDA in the United States. Regulatory authorities such as the FDA could retroactively determine that these modifications required prior review and approval/clearance and require us to stop marketing and/or recall the modified products, until the appropriate clearance or approval to market is obtained.

In response to technological developments and customer demand, we periodically modify our products, even after having obtained applicable regulatory clearance or approval in various jurisdictions. For example, in the United States, the FDA does not require additional clearances or approvals for changes or modifications that do not constitute significant changes or modifications in a product's intended use, safety, or efficacy. If we make a product modification and conclude that it does not require a new 510(k) clearance or pre-market approval, we are required to prepare a letter for our files that documents the changes or modifications and our rationale for not seeking FDA review. On the other hand, any changes or modifications to one of our FDA-cleared devices that could significantly affect its safety or effectiveness, or that could constitute a major change or modification (as determined by the FDA) in its intended use, requires a new 510(k) clearance or possibly even a pre-market approval. In order to obtain marketing authorization, we may be required to submit extensive pre-clinical and clinical data depending on the nature of the changes. As a result of such requirements, we may not be able to obtain additional 510(k) clearances or pre-market approvals for modifications to, or additional indications for, our existing products in a timely fashion, or at all.

Delays in obtaining future clearances or approvals would materially and adversely affect our ability to introduce new or enhanced products in a timely manner, which in turn would harm our revenue and operating results. We have made modifications to our devices in the past and may make additional modifications in the future that we believe do not or will not require additional clearances

or approvals. If the applicable regulatory authorities, such as the FDA, disagree, and require new clearances or approvals for the modifications, we may be required to recall and to stop marketing the modified devices in the relevant jurisdictions until clearance or approval to market is obtained, which could harm our operating results and require us to redesign our products.

If we fail to comply with the relevant quality standards required by various jurisdictions in which we operate, such as the FDA's Quality System Regulation and laser performance standards in the United States, our manufacturing operations could be halted, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We are required to comply with a number of quality standards in various jurisdictions. For example, we are currently required to demonstrate and maintain compliance with U.S. FDA's Quality System Regulation (the "**QSR**"). The QSR is a complex regulatory scheme that covers the methods and documentation of the design, testing, control, manufacturing, labeling, quality assurance, packaging, storage and shipping of our products. Because our products involve the use of lasers, our products also are covered by international performance standard for lasers and specific requirements for electronic products set forth in FDA regulations, imposing specific record keeping, reporting, product testing and product labeling requirements. These requirements include incorporating certain safety features in the design of laser products (e.g., product key and passcode to turn systems on, treatment room door locking systems that cannot be opened during laser operations, and simultaneous use of foot pedal and trigger button to operate the laser). The FDA enforces the QSR and laser performance standard through periodic unannounced inspections of manufacturing and product distribution and fulfillment facilities around the world. We have been, and are required to continue to be subject to these routine unannounced inspections. If we violate the QSR or fail to take satisfactory corrective action in response to an adverse QSR inspection, or if we fail to satisfy the applicable laser performance standard or the requirements for electronic products, the FDA could bring enforcement actions against us, including:

- a public warning letter;
- a shutdown of or restrictions on our manufacturing operations;
- delays in approving or clearing a product;
- refusal to permit the import or export of our products; and
- a recall or seizure of our products, fines, injunctions, civil or criminal penalties, or other sanctions.

The implementation of any of the actions listed could cause our business and operating results to suffer.

In addition, many other jurisdictions, including those that follow international standards and manufacturing and testing of medical devices, have similar quality standards as the FDA's quality standards and regulation of electronic devices such as laser/radiation emitting devices.

There are restrictions in advertising and promoting our products. For example, we may be subject to fines, penalties or injunctions if we are determined to be promoting the use of our products for unapproved or "off-label" uses in the United States.

In the U.S. and other markets, manufacturers are required to limit their marketing and promotional activities for their products to approved or cleared indications in accordance with their labeling, and we can only promote our products for indications that have been approved or cleared. While a medical device manufacturer may not promote an "off-label" use of a product, doctors may use a device for an "off label" indication for a specific treatment recipient, in the exercise of their professional judgment in the practice of medicine, and thus use a product in ways not approved by regulatory authorities. However, a pattern of widespread off-label use by doctors could cause regulatory authorities to scrutinize the marketing activities of a device manufacturer.

Regulations on off-label promotion by manufacturers are subject to varying and evolving interpretations, and regulatory authorities have broad enforcement power. If we do not comply with these regulations, we could become subject to a wide variety of penalties, both civil and criminal. We have not been notified by the FDA or similar regulatory authorities in other jurisdictions of any alleged violations by us of off-label marketing restrictions but we, like our competitors, are subject to ongoing oversight by the FDA and similar regulatory authorities in other jurisdictions.

Legislative or regulatory reforms in places where we sell products may materially and adversely affect our ability to sell our products profitably and, in turn, our business, results of operations, financial condition and prospects.

From time to time, legislative bodies in places where we sell our products consider legislation that could significantly change the statutory provisions governing the clearance or approval, manufacturing, distribution, marketing and sales of any of our products. In addition, country-specific administrative regulations and guidance are often revised or reinterpreted by applicable governmental agencies (such as the CFDA, the Korean Food and Drug Administration, Central Drugs Standard Control Organization, Ministry of Health, Government of India, the Ministry of Health, Labor and Welfare of Japan and the FDA) in ways that may significantly affect our business and our products. Changes in such regulations may lengthen the regulatory approval process for medical aesthetic devices and require additional clinical data to support regulatory clearance or approval prior to the sale and marketing of future products. In addition, it may require additional safety monitoring, labeling changes, restrictions on product distribution or use, or other measures after the introduction of our products to market. Either of these changes could lengthen the time to market, increase our costs of doing business, limit the future permitted uses of approved products, or otherwise adversely affect the market for our products. It is impossible to predict whether legislative changes will be enacted or administrative regulations, guidance or interpretations will be changed, and what the impact of such changes, if any, may be.

We may be affected by regulatory or policy changes in the healthcare industries in the various countries where our products are distributed. For example, we may be materially affected by anticipated legislation to reform the U.S. healthcare system.

We expect to continue to be affected by healthcare regulations or policies. Potential fundamental changes in the political, economic and regulatory landscape of the healthcare industry could substantially affect our results of operations. Government and private sector initiatives to limit the growth of healthcare costs, including price regulation, competitive pricing, coverage and payment policies, comparative effectiveness of therapies, technology assessments and managed-care arrangements, are continuing in many countries where we do business. These changes are causing the marketplace to put increased emphasis on the delivery of more cost-effective treatments.

For example, a significant portion of our revenue is generated in the United States, and changes in U.S. health policy may materially affect us. A 2.3% excise tax imposed on the first sale of certain medical devices under the U.S. Affordable Care Act (the "**ACA**") has been postponed, and if it is not repealed by the proposed U.S. American Health Care Act (the "**AHCA**"), the excise tax will take effect on January 1, 2018. Other provisions of U.S. healthcare policy as they are emerging may materially and adversely affect our business and results of operations. Similarly, the uncertainty about potential changes to the broader U.S. healthcare system may materially and adversely affect us and the entire sector.

Initiatives sponsored by government agencies, legislative bodies and the private sector to limit the growth of healthcare costs, including price regulation and competitive pricing, are also ongoing in other markets where we do business. We cannot predict what healthcare regulation or policy will ultimately be implemented, or the effect of any future healthcare legislation or regulation in the United States or elsewhere. However, any changes that lower reimbursements for those of our products that are covered by health insurance or reduce medical procedure volumes could have a material adverse effect on our business, results of operations, financial condition and prospects.

Regulations may limit our ability to sell to non-physicians, which could materially and adversely affect our business, results of operations, financial condition and prospects.

While we sell a significant portion of our products to physicians, we also sell our products to non-physicians, such as aestheticians. Moreover, for instance, in addition to aestheticians within the United States, we sell our products to the growing medical aesthetic spa market worldwide, where non-physicians under physician supervision perform medical aesthetic procedures at dedicated facilities. However, applicable laws or regulations could change at any time, disallowing sales of our products to aestheticians or medical aesthetic spas, and limiting the ability of aestheticians and other non-physicians to operate our products. Any limitations on our ability to sell our products to other non-physicians or on the ability of aestheticians and other non-physicians to operate our products could cause our business, results of operations, financial condition and prospects to suffer.

We are subject to various anti-corruption and anti-bribery laws and regulations, including "fraud and abuse" laws and anti-kickback laws, which, if violated, could subject us to substantial civil and criminal penalties.

Medical device companies have faced lawsuits and investigations pertaining to alleged violations of numerous statutes and regulations, including anti-corruption laws and health care "fraud and abuse" laws, such as the Hong Kong Prevention of Bribery Ordinance, the U.K. Bribery Act, the U.S. False Claims Act, the U.S. Anti-Kickback Statute and the U.S. Foreign Corrupt Practices Act (the "**FCPA**"). We are also subject to increasingly strict data privacy and security laws in numerous countries and jurisdictions, such as the U.K. Data Protection Act, the U.S. Health Insurance Portability and Accountability Act ("**HIPAA**") and the E.U. Data Protection Directive, the violation of which could result in fines and other sanctions. Other laws and regulations which may apply to our operations may include the U.S. federal and state laws, which require medical devices companies to disclose certain payments made to healthcare providers and medical institutions or funds spent on marketing and promotion of medical device products (the "**Physician Payment Sunshine Act**"). These anti-kickback, anti-bribery, public reporting and aggregate spending laws affect our sales, marketing and other promotional activities by limiting the kinds of financial arrangements, including sales programs, we may have with hospitals, physicians or other potential purchasers or users of medical devices. They also impose additional administrative and compliance burdens on us. In particular, these laws influence, among other things, how we structure our sales offerings, including discount practices, customer support, education and training programs and physician consulting and other service arrangements.

If we violate any of these requirements or if any actions are initiated against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant criminal and civil fines and penalties, or exclusions from federal healthcare programs or other sanctions.

The anti-bribery laws to which our operations may be subject generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. In various jurisdictions, our operations require that we and third parties acting on our behalf routinely interact with government officials, including medical personnel who may be considered government officials for purposes of these laws because they are employees of state-owned or controlled facilities. Other anti-bribery laws to which various of our operations are or may be subject, including the U.K. Bribery Act, also prohibit improper payments to private parties and prohibit receipt of improper payments.

Our policies mandate compliance with applicable anti-bribery laws; however, we operate or sell our products in many parts of the world that are prone to governmental and/or private corruption to some degree. As a result, the existence and implementation of internal anti-corruption policies and procedures may not eliminate the risks that our employees, agents or other associated persons may commit in those reckless or criminal acts. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our business, results of operations, financial condition and prospects.

We are subject to various requirements and risks associated with transacting business in multiple countries which could have a material adverse effect on our business.

The scope of our international operations may require us in certain situations to comply with economic sanctions implemented by various governments and organizations. The United States and the member states of the European Union and the United Nations impose (1) broad economic sanctions on certain countries (which countries are, as at the Latest Practicable Date, Iran, Syria, Sudan, Cuba, North Korea and the territory of Crimea) (the "**Sanctioned Countries**"); and (2) selective list-based economic sanctions on (a) specified individuals or entities (and in some cases governments) that are designated on sanctions lists (such as the U.S. Specially Designated Nationals List and the E.U. Consolidated list of persons, groups and entities subject to E.U. financial sanctions) and which are located in certain countries (such as Russia), or (b) persons engaged in certain activities (such as nuclear proliferation and terrorism), which are also designated on sanctions lists (collectively, "**Sanctioned Targets**"). See the section headed "Business—International Business Activities and Compliance with Economic Sanctions" for a further discussion of such sanctions. A violation of these laws or regulations could materially and adversely impact our business, financial condition and results of operations.

We sell some of our products to our customers in Russia and Ukraine. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our sales to our customers in Russia and Ukraine represented approximately 1.5%, 1.1%, 2.1% and 0.9% of our consolidated revenue for the same periods, respectively. As noted above neither Russian nor Ukraine is a Sanctioned Country. We have not sold any of our products in Crimea. In addition, we sell a small portion of our products to countries and regions which are not Sanctioned Countries, but as to which the United States and/or the European Union has implemented sanctions imposing asset freezes and commercial embargoes on certain persons or entities including those specified on the U.S. Specially Designated Nationals List and who are associated with such countries and regions (the "**Additional Countries**"). For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our sales to these Additional Countries represented in aggregate approximately 0.2%, 0.4%, 0.4% and 0.4% of our consolidated revenue for the same periods, respectively. To our knowledge, having made due inquiry, none of our customers in Russia, Ukraine or these Additional Countries during the Track Record Period or as at the Latest Practicable Date are Sanctioned Targets with respect to U.S., E.U. or U.N. sanctions, and as such our sales to such persons do not constitute prohibited activities under the relevant U.S., E.U or U.N. sanctions laws.

We have undertaken to the Stock Exchange that (i) we will not use the proceeds from the Global Offering or other funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, any projects or businesses in Sanctioned Countries or with Sanctioned Targets, (ii) we will not enter into any transaction that, at the time of entry into such transaction, is prohibited by applicable sanctions law, and (iii) if we believe that the transactions we have entered into will put the Company and our investors and Shareholders at the risk of violating sanctions, we will announce on the Stock Exchange's website and on our website, and disclose in our annual and interim reports such facts and our efforts in monitoring our business exposure to sanctions risk, the status of future business, if any, in Sanctioned Countries and our business intention relating to such Sanctioned Countries. If we are in breach of such undertaking to the Stock Exchange, we risk the possible delisting of the Shares from the Stock Exchange.

Uncertainties with respect to the legal systems or changes in laws and regulations in the countries and jurisdiction in which we operate could have a material adverse effect on our business, results of operations, financial condition and prospects.

We sell our products in approximately 80 countries and jurisdictions, including in developing countries where their respective legal systems may have various uncertainties. If we encounter any legal issues in a country where the legal system is still developing or contains any material uncertainty, or if there are material changes in laws and regulations, we may need to dedicate significant resources to resolve such legal matters or may be subject to material and adverse financial consequences. According to the Medical Insight Report, the lack of clarity of government regulation in certain key regional markets poses considerable difficulty for providers of energy-based medical aesthetic treatment systems to expand into these markets. We cannot predict the nature or impact of any changes in law or regulation or whether such changes will adversely affect our business, results of operations, financial condition and prospects. This is particularly relevant in the PRC, which is one of our largest markets in terms of our revenue.

RISKS RELATING TO OUR BUSINESS AND OPERATIONS IN ISRAEL

Any sanctions on Israel or Israeli companies may materially and adversely affect our business, results of operations, financial condition and prospects.

We are incorporated in Israel, and our headquarters are in Israel. In addition, our principal operations and research and development activities are conducted in Israel and our primary subcontractors are located in Israel. We could be materially and adversely affected by any interruption or curtailment of trade between Israel and the countries in which our trading partners operate due to any approval of sanctions against Israel by other countries. Several countries in the Middle East restrict doing business with Israel and Israeli companies. For example, the Arab League has promulgated a standard Israeli boycott declaration, which has been ratified by numerous of its member countries. Such restrictions may seriously limit our ability to sell our products to customers in those countries. If political tension in such countries intensifies, if additional restrictions on doing business with Israeli companies are imposed, if enforcement of existing laws increases or if additional countries impose such restrictions, our ability to sell our products in such countries could be adversely affected. In addition, efforts by activists to cause companies and consumers to boycott Israeli goods based on Israeli government's foreign policies could adversely affect our ability to sell our products where such boycotts take place.

Our headquarters and most of production facilities and research and development activities are located in Israel and, therefore, our business, results of operations, financial condition and prospects may be materially and adversely affected by political, economic and military instability in Israel.

Our headquarters, most of our production facilities and our research and development activities are located in Israel. In addition, the majority of our key employees and officers are residents of Israel. Accordingly, political, economic and military conditions in Israel may directly affect our business. Since the establishment of Israel in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbors. Although Israel has entered into various agreements with Egypt, Jordan and

the Palestinian Authority, there continues to be unrest and terrorist activities in Israel, with varying levels of severity and has led to ongoing hostilities between Israel and some of its Arab neighbors. The political and security situation in Israel may result in our business counterparties claiming that they are not obligated to perform their obligations under those agreements pursuant to force majeure provisions in the relevant agreements. We cannot assure you that security situation, political conditions and ongoing hostilities with or Israel's Arab neighbors will not continue to adversely impact our business in the future. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners may adversely affect our operations and make it more difficult for us to do business and raise capital.

In addition, since all of our production facilities and most of our suppliers are located in Israel, in the event of war or acts of terrorism, we and our Israeli suppliers may have operations disrupted or may cease operations altogether, which may cause delays in the development, production or shipment of our products abroad.

Our business insurance does not cover losses that may occur as a result of events associated with the acts of war and terror in Israel. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, there is no assurance that this government insurance coverage will be maintained or that such coverage will be adequate or proportional to any actual damages we suffer. Any losses or damages incurred by us from any political or military instability could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our operations could be disrupted by the obligations of personnel in Israel to perform military service.

Some of our officers and employees in Israel are obligated to perform annual military reserve duty in the Israeli military. Under Israeli law, military reserve duty is required until the age of 40 (and in some cases, depending on their specific military profession and rank, up to 49 years of age) and, in certain emergency circumstances, may be called to immediate and unlimited active duty. Our operations in Israel could be disrupted by the absence of a significant number of employees related to military service or the absence for extended periods of one or more of our senior managers or key employees for military service. Such disruption could materially and adversely affect our business, results of operations, financial condition and prospects.

We currently receive certain Israeli governmental tax benefits that require us to meet various conditions and which may be terminated or reduced in the future, which could increase our taxes and costs.

Some of our operations in Israel were granted certain tax benefits referred to as "Preferred Enterprise" status under the Israeli Law for the Encouragement of Capital Investments, 1959 (the "**Israeli Investment Law**"). According to the relevant factors under the Israeli Investment Law, Alma Lasers is currently paying an effective tax rate of 16% with respect to all of our Israeli operations under these benefits programs. These tax benefits may not be continued in the future at their current levels, or at any level. In recent years, the Israeli government has reduced the benefits available and has indicated that it may further reduce or eliminate some of these benefits in the future. To the best

of our knowledge, as at the Latest Practicable Date, Alma Lasers met the conditions for benefits under each of our "Preferred Enterprise" status in all material respects. However, we cannot assure you that we will continue to meet such conditions in the future. If these tax benefits are reduced, cancelled or discontinued, our Israeli taxable income would be subject to the regular Israeli corporate tax rates. The standard corporate tax rate for Israeli companies was 26.5% for 2014 and 2015, and was reduced to 25.0% in 2016 and to 24.0% in the 2017 and will be further reduced to 23.0% in 2018. If we do not meet the conditions stipulated in the Israeli Investment Law, any tax benefits may be canceled and we may be required to refund the amount of the benefits we previously received, in whole or in part, including interest and CPI linkage thereon. Additionally, if we increase our activities outside of Israel, for example, by way of acquisitions, our increased activities may not be eligible for inclusion in Israeli tax benefit programs. Please see "Regulatory Overview—Israeli regulatory overview—Laws and regulations relating to taxation" in this prospectus for further information regarding these tax benefits. Please also see note 12 to the Accountants' Report included in Appendix I to this prospectus for further details.

We have received certain grants available from the Israeli government for research and development expenditures, which restrict our ability to manufacture products and transfer know-how outside of Israel and require us to satisfy specified conditions.

We have received in the past grants from the Government of Israel through the Office of the Chief Scientist ("**OCS**") of the Ministry of Economy, for the funding of a portion of our research and development expenditures in Israel. As of the Latest Practicable Date, we had completed our financial obligations according to the approved plan with the OCS, including fully repaid our grants to the OCS.

On July 29, 2015, the Israeli Parliament, the Knesset, enacted Amendment Number 7 ("**Amendment 7**") to the Israeli Encouragement of Industrial Research and Development Law, 1984, ("**the R&D Law**"), effective as of January 1, 2016, which has amended material provisions of the R&D Law, including royalty rates, introduced changes to royalty rates upon the transfer of manufacturing rights abroad, and has left substantial discretion with the newly established National Authority for Technological Innovation, established to replace the OCS (the "**Innovation Authority**"). In accordance with the pre-Amendment 7 regime, when a company develops know-how, technology or products using OCS grants, the terms of these grants and the R&D Law restricted the transfer of such know-how, and the transfer of manufacturing or manufacturing rights of such products, technologies or know-how outside of Israel, without the prior approval of the OCS. Therefore, if aspects of our technologies were deemed to have been developed with OCS funding, the discretionary approval of the Innovation Authority committee would be required for any transfer of know-how or manufacturing or manufacturing rights related to those aspects of such technologies to third parties outside of Israel. Furthermore, the Innovation Authority could impose certain conditions on any arrangement under which it permits us to transfer technology or development out of Israel the Innovation Authority can refuse to grant such approvals at all.

In addition, the transfer of OCS-supported technology or know-how outside of Israel may involve the payment of significant amounts, depending upon the value of the transferred technology or know-how, the amount of OCS support, the time of completion of the OCS-supported research project and other factors. Amendment 7 includes only guidelines to some of the core issues of the R&D Law, and there is some uncertainty regarding the implementation of Amendment 7 and its effect on

companies which developed know-how using funds received from the OCS. As such, we cannot assure you how these provisions will be applied. The restrictions stated above, or similar or other restrictions and requirements for payment may impair our ability to sell our technology or know-how outside of Israel or to outsource or transfer development or manufacturing activities with respect to any product or technology outside of Israel. Please see "Regulatory Overview—Israeli regulatory overview" in this prospectus for further information regarding these governmental benefits.

Under the current law in Israel, we may not be able to enforce our employees' covenants not to compete, and, therefore, such covenants may be ineffective to prevent competitors from benefiting from the expertise of some of our former employees.

We have entered into employment agreements with non-competition provisions with certain of our employees. These agreements prohibit our employees, if they cease working for us, from competing directly with us or working for our competitors for a limited period. Under current law and certain court verdicts, we may be unable to enforce these agreements, and it may be difficult for us to restrict our competitors from benefiting from the expertise that our former employees gained while working for us.

Your rights and duties as a shareholder will be governed by Israeli law and differ in some respects from the rights and duties of shareholders under Hong Kong law.

We are incorporated under Israeli law. The rights and duties of holders of our ordinary shares are governed by our Articles of Association and by Israeli law. These rights and duties differ in some respects from the rights and duties of shareholders in typical Hong Kong incorporated companies. In particular, a shareholder of an Israeli company has a duty to act in good faith and customary manner in exercising his or her rights and fulfilling his or her obligations toward the company and other shareholders, and to refrain from misusing his power, including, among other things, when voting at general meetings of shareholders on certain matters. Israeli law provides that these duties are applicable to shareholder votes on, among other things, amendments to a company's articles of association, increases in a company's authorized share capital and mergers and interested party transactions requiring shareholder approval. A shareholder also has a general duty to refrain from exploiting any other shareholder of his or her rights as a shareholder. In addition, a controlling shareholder of an Israeli company or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote has a duty of fairness toward the company. Israeli law does not define the substance of this duty of fairness, but provides that remedies generally available upon a breach of contract will apply also in the event of a breach of the duty to act with fairness. Because Israeli corporate law has undergone extensive revision in recent years, there is little case law available to assist in understanding the implications of these provisions that govern shareholder behavior. Please see "Appendix III—Summary of the Articles of Association of the Company" and "Appendix IV—Summary of the Israeli Companies Law, Shareholder Protection Matters and Voting Arrangements" in this prospectus for further information regarding the rights and duties of the shareholders under the Israeli companies law.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares, and in particular, there has not been any Israeli company previously listed on the Main Board of the Stock Exchange and an active trading market for our Shares may not develop.

Prior to the completion of the Global Offering, there has been no public market for our Shares, and there has not been any other Israel-based company listed on the Main Board of the Hong Kong Stock Exchange. Upon the completion of the Global Offering, we will be the first Israeli company to list on the Main Board of the Stock Exchange. The Offer Price is the result of negotiations between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. In addition, there can be no guarantee that an active trading market for our Shares will develop; or, if it does develop, that it will be sustained following completion of the Global Offering; or that the market price of our Shares will not fall below the Offer Price.

The trading price and volume of our Shares may be volatile, which could result in substantial losses to you.

The trading price and volume of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, Singapore, the United States and the United Kingdom, and elsewhere in the world. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the trading price and volume of our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, earnings and cash flow could cause the market price of our Shares to change substantially. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution.

Our Controlling Shareholders have substantial control over the Company and their interests may not be aligned with the interests of the other shareholders.

Prior to and immediately following completion of the Global Offering, our Controlling Shareholders had, and will continue to have, substantial control over us. Subject to our Articles of Association, the Israeli Companies Law and the Listing Rules, our Controlling Shareholders will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the

Shareholders. The interests of our Controlling Shareholders may differ from the interests of other Shareholders and they are free to exercise their votes according to their interests. To the extent that the interests of our Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders may be disadvantaged and harmed.

Furthermore, two of our Controlling Shareholders are listed companies on the Main Board of the Stock Exchange. Any adverse events, or negative news or rumor (whether true or untrue), may have a material adverse effect on their share prices and our share price. For example, in July 2017, a spokesperson of the PRC State Administration of Foreign Exchange made certain comments on the general policy direction with regard to outbound foreign investment. At around the same time in late June 2017, it was reported in the press that certain banks were requested by the China Banking Regulatory Commission to examine and report their lending exposure to certain PRC companies, particularly those which had made significant overseas acquisitions in recent years, including Fosun International. As part of the market's immediate reaction to such rumors, the share prices of Fosun Pharma and Fosun International experienced notable fluctuations. Subsequently, there were further rumors reported in the press that the PRC authorities may tighten laws and regulations concerning loan issuance related to outbound investments. In the event that such rumored changes do occur and our Controlling Shareholders could not adapt to such changes in laws and regulations or government policies, our Controlling Shareholders' business, results of operation, financial condition and prospects may be materially and adversely affected, which could in turn adversely affect our business.

It may be difficult to enforce a Hong Kong judgment against us, our Directors and officers based on Hong Kong securities laws claims or to serve process on the Group's Directors and officers.

We are incorporated in Israel. The majority of our Directors and officers are non-residents of Hong Kong (and include PRC and Israeli nationals), and substantially all of our assets and the assets of these persons are located outside of Hong Kong. Therefore, despite the existence of some precedents for the enforcement of civil judgments of Hong Kong courts in Israel, and the existence of certain bilateral arrangements between Israel and the PRC for the reciprocal enforcement of foreign judgments, it may still be difficult for a Shareholder, or any other person or entity, to effect service of process within Hong Kong upon us or upon any such Directors or officers, or to enforce a Hong Kong court judgment based upon the civil liability provisions of the Hong Kong securities laws in an Israeli court against us or any of our Directors or officers. Israeli courts may also refuse to hear a claim based on a violation of Hong Kong securities laws because Israel is not the most appropriate forum in which such a claim should be brought. Even if an Israeli court agrees to hear such a claim, it may determine that Israeli law and not Hong Kong law is applicable to the claim.

The sale or availability for sale of substantial amounts of our Shares, especially by our Controlling Shareholders, Directors, senior management members and current shareholders, could materially and adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares by our Controlling Shareholders, our Directors, senior management members and current shareholders, or the possibility of such sales, could materially and adversely affect the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which trading of our Shares commences on the Stock Exchange. While we are not currently aware of any intention of our Controlling Shareholders to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

We cannot assure you of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, contained in this prospectus.

Certain facts, forecasts and other statistics relating to Israel, the United States, the PRC, and other countries and regions, as well as the medical aesthetic market contained in this prospectus have been derived from various government publications, market data providers and other independent third-party sources are generally believed to be reliable. However, we cannot guarantee the accuracy and completeness of such information. These facts, forecasts and other statistics have not been independently verified by us, the Selling Shareholder, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, their respective directors and advisers or any other parties involved in the Global Offering and none of them makes any representation as to the accuracy or completeness of such information. Furthermore, such facts, forecasts and other statistics may not be prepared on a comparable basis or may not be consistent with other information compiled within or outside Israel, the United States, the PRC, or other countries or regions. For these reasons, you should not place undue reliance on such information as a basis for making your investment in our Shares.

You should read the entire prospectus carefully and should not rely on any information contained in press articles or other publications or media regarding us or the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other publications or media regarding us and the Global Offering. There has been, prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press, media and/or research analyst coverage regarding us and the Global Offering. Such press, media and/or research analyst coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press, media and/or research analyst reports and do not accept any responsibility for any such press, media and/or research analyst coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Information contained in our corporate website, located at www.sisram-medical.com, does not form part of this prospectus. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information for making investment decisions.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation of the Global Offering, the Company has sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

The Group's headquarters and principal place of business are located in Israel. All of the Executive Directors and the senior management team are located in Israel or the PRC and they manage the Group's business operations principally from Israel. Accordingly, the Company does not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement under Rule 8.12 of the Listing Rules. LR8.12

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement for management presence in Hong Kong under Rule 8.12 of the Listing Rules, subject to the Company adopting the following arrangements to maintain regular communications with the Stock Exchange:

(a) the Company has appointed Ms. Yee Har Susan LO and Mr. Yi LIU as its authorized representatives for the purpose of Rule 3.05 of the Listing Rules, who will act as the Company's principal channel of communication with the Stock Exchange. As and when the Stock Exchange wishes to contact the Directors on any matters, each of these authorized representatives will have the means to contact all of the Directors promptly at all times; LR19.05(2)

(b) the Company has provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number, fax number and e-mail address) to facilitate communication with the Stock Exchange;

(c) each Director who is not ordinarily resident in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period; and

(d) the Company has appointed CMB International Capital Limited as its compliance adviser in compliance with Rule 3A.19 of the Listing Rules, who will act as an additional channel of communication between the Company and the Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

CO Sch 3 para 3 LR11.12 LR19.08(1) A1A2

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to the Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus. Our Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

APPROVAL OF THE CSRC

The CSRC issued a no objection letter to Fosun Pharma on December 22, 2016 in relation to the proposed Listing.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering and the Preferential Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 11,000,000 Shares and the International Offering (including the Preferential Offering) of initially 99,000,000 Shares (subject, in each case, to reallocation on the basis referred to in "Structure of the Global Offering" in this prospectus and without taking into account the Over-allotment Option).

The listing of our Shares on the Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or about the Price Determination Date, subject to determination of the final Offer Price of the Offer Shares. Further information regarding the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting".

The Hong Kong Offer Shares and the Reserved Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by us, the Selling Shareholder, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Further information regarding the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering," and the procedures for applying for our Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" of this prospectus and in the relevant Application Forms.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Selling Shareholder and us on or around September 11, 2017, and in any event no later than September 18, 2017.

If the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Selling Shareholder and the Company are unable to reach an agreement on the Offer Price on or before September 18, 2017, or such later date or time as may be agreed between the Joint Global Coordinators (on behalf of the Underwriters), the Selling Shareholder and us, the Global Offering will not become unconditional and will lapse.

RESTRICTIONS ON OFFER AND SALE OF THE SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of the Shares to, confirm that he is aware of the restrictions on offers and sales of the Shares described in this prospectus and the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered or sold, directly or indirectly, in Israel, the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

A1A14(1)

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued by us pursuant to the Capitalization Issue and the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option).

We are seeking a primary listing of our Shares on the Main Board of the Stock Exchange. We have undertaken to the Stock Exchange that for so long as our Shares are listed on the Main Board of the Stock Exchange, we will not (a) obtain a listing of our Shares (whether on a primary or secondary basis) on the Tel Aviv Stock Exchange or other exchanges in Israel and (b) conduct any "public offer" of our Shares in Israel which would affect our ability to comply with the Listing Rules and General Rules of CCASS, without the prior written consent of the Stock Exchange. This is because the Stock Exchange's acceptance of Israel as an acceptable jurisdiction of incorporation of companies seeking a listing on the Stock Exchange is limited to a foreign listed Israeli public company and to an Israeli private company which will become a foreign listed Israeli public company subject to its listing on the Stock Exchange.

Dealings in the Shares on the Stock Exchange are expected to commence on September 19, 2017. Save as disclosed in this prospectus, no part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on our Hong Kong Share Registrar in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to us by or on behalf of the Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising rights attached to them. None of us, the Selling Shareholder, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, the Shares or exercising any rights attached to them.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangement relating to the Over-allotment Option and stabilization are set out under the sections headed "Structure of the Global Offering" and "Underwriting" in this prospectus.

REGISTER OF MEMBERS AND HONG KONG STAMP DUTY LR8.16

The principal register of members will be kept at the Company's registered office in Israel.

Our principal register shall be kept at the Company's registered office in Israel, and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. All Offer Shares will be registered on the Company's Hong Kong register of members in Hong Kong. Dealings in the Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

LR8.13A(1)
A1A14(2)

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements and how such arrangements will affect your rights and interests as such arrangements may affect your rights and interests.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares is set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

EXCHANGE RATE CONVERSION

For the purpose of illustration only, this prospectus contains translations among certain amounts denominated in New Israeli Shekels, Renminbi, Hong Kong dollars and U.S. dollars. Unless otherwise specified, (i) the translations between New Israeli Shekels and U.S. dollars were made at the rate of NIS3.65 to US$1.00, (ii) the translations between Renminbi and HK dollars were made at the rate of RMB0.88 to HK$1.00, and (iii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.80 to US$1.00. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the translated English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

The members of the Board are as follows: A1A41

Name	Address	Nationality
Chairman and Executive Director		CO Sch 3 para 6
Mr. Yi LIU (劉毅)	1#-1-302, No.56 Jiaoda East Road Haidian District Beijing PRC	Chinese
Chief Executive Officer and Executive Director		
Mr. Lior Moshe DAYAN	Megido, Zip Code 19230 P.O. Box 74 Israel	Israeli
Non-executive Directors		
Mr. Yifang WU (吳以芳)	Room 302, Unit 2, Block 22 Fenghua Garden Quanshan District Xuzhou City Jiangsu Province PRC	Chinese
Mr. Chun LI (李春)	No. 29, Lane 183 Yunjin Road Shanghai PRC	Chinese
Mr. Yao WANG (汪曜)	Room 1103, No 34, Lane 1028 Changshou Avenue Shanghai PRC	Chinese
Ms. Yu HU (胡羽)	#302, No.21, Lane 263 Huanlong Road Shanghai PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Mr. Heung Sang Addy FONG (方香生)	25, 1/F Yin Hing Street San Po Kong Kowloon Hong Kong	Chinese
Mr. Chi Fung Leo CHAN (陳志峰)	21B, Tsui King Court 18 Water Street Sai Ying Pun Hong Kong	Chinese
Ms. Jenny CHEN (陳怡芳)	Flat F, 8/F Block F Panorama CRT 25 Hong Lee Road Kwun Tong Kowloon Hong Kong	Chinese
Mr. Kai Yu Kenneth LIU (廖啟宇)	Flat C, 16/F Block 13 Braemar Hill Mansions North Point Hong Kong	British

A1A41

See *"Directors and Senior Management"* for further details.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors, **Joint Global Coordinators,** **Joint Bookrunners and** **Joint Lead Managers** *(in alphabetical order)*	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong Jefferies Hong Kong Limited Suite 2201, 22/F, Cheung Kong Centre 2 Queen's Road Central Central Hong Kong	A1A3
Joint Global Coordinator, **Joint Bookrunner and** **Joint Lead Manager**	Fosun Hani Securities Limited Suite 2101-2105, 21/F, Champion Tower 3 Garden Road Central Hong Kong	A1A15(2)(h)
Joint Bookrunners and Joint Lead Managers	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong Huatai Financial Holdings (Hong Kong) Limited Room 5801-05 & 08-12, 58/F The Center 99 Queen's Road Central Hong Kong	
Legal Advisers to the Company	*As to Hong Kong and U.S. laws:* Freshfields Bruckhaus Deringer 11th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong *As to PRC laws:* Grandall Law Firm 23-25/F Garden Square 968 West Beijing Road Shanghai 200041 PRC *As to Israeli laws:* Weinstock Zecler & Co, Law Offices 5 Azrieli Center Tel-Aviv, 67025 Israel	

Legal Advisers to the Joint Sponsors and the Underwriters	*As to Hong Kong and U.S. laws:* Dentons Hong Kong Suite 3201 Jardine House 1 Connaught Place Hong Kong *As to PRC laws:* Beijing Dentons Law Offices, LLP (Shanghai) 15/F, 16/F, Shanghai Tower 501 Yincheng Road (M) Shanghai PRC *As to Israeli laws:* Yigal Arnon & Co. 1 Azrieli Center Tel Aviv 6702101 Israel	A1A3
Auditor and Reporting Accountants	Ernst & Young *Certified Public Accountants* 22/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong	CO Sch 3 para 18, 43 A1A4
Receiving Bank	Standard Chartered Bank (Hong Kong) Limited 15/F Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Hong Kong	A1A15(2)(f)
Industry Consultant	Medical Insight, Inc. 36 Discovery, Ste. 170 Irvine, California 92618 United States	

CORPORATE INFORMATION

Headquarters, Registered Office and Principal Place of Business in Israel	14 Halamish Street Caesarea Industrial Park Caesarea 38900 Israel	A1A6 A1A43
Place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance	Level 28 Three Pacific Place 1 Queen's Road East Hong Kong	CO S.342(1)(a)(v)
Company Secretary	Ms. Yee Har Susan LO *(FSC(PE), FCIS)*	A1A42 LR8.17
Authorized Representatives	Ms. Yee Har Susan LO Level 54 Hopewell Centre 183 Queen's Road East Hong Kong Mr. Yi LIU 1#-1-302, No.56 Jiaoda East Road Haidian District Beijing PRC	A1A6 LR19.05(2)
Audit Committee	Mr. Heung Sang Addy FONG *(Chairman)* Mr. Chi Fung Leo CHAN Ms. Jenny CHEN	
Remuneration Committee	Mr. Chi Fung Leo CHAN *(Chairman)* Mr. Yi LIU Mr. Heung Sang Addy FONG	
Nomination Committee	Mr. Yi LIU *(Chairman)* Mr. Heung Sang Addy FONG Mr. Chi Fung Leo CHAN	
Compliance Adviser	CMB International Capital Limited Units 1803-4, 18/F Bank of America Tower 12 Harcourt Road Hong Kong	

CORPORATE INFORMATION

Principal Bankers	HSBC Bank plc, Tel Aviv branch Amot Atrium Tower, 30th Floor Jabotinsky Street, Ramat Gan Tel Aviv 5250501 Israel Israel Discount Bank Ltd. Discount tower 23 Yehuda Halevi Street Tel Aviv 6513601 Israel Mizrahi Tefahot Bank Ltd. 7 Jabotinsky Street Ramat Gan Tel Aviv 52520 Israel	A1A3
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong	LR8.16 LR19.05(3)(a)
Company's Website	**www.sisram-medical.com** *(A copy of this prospectus is available on the Company's website. Except for the information contained in this prospectus, none of the other information contained on the Company's website forms part of this prospectus.)*	

INDUSTRY OVERVIEW

Certain information and statistics set out in this section and elsewhere in the prospectus have been derived in part from various government publications, market data providers and other independent third-party sources. In addition, certain information and statistics set forth in this section and elsewhere in this prospectus have been derived from an industry report commissioned by us and independently prepared by Medical Insight in connection with the Global Offering. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information or statistics false or misleading. None of us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any other party involved in the Global Offering or their respective directors, advisers and affiliates have independently verified such information and statistics. Accordingly, none of us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any other party involved in the Global Offering or their respective directors, advisers and affiliates makes any representation as to the correctness or accuracy of such information and the statistics contained in this prospectus. For the above reasons, information contained in this section should not be unduly relied upon.

SOURCE AND RELIABILITY OF INFORMATION

We engaged Medical Insight, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on, the global medical aesthetic treatment market, with a focus on the energy-based medical aesthetic treatment systems market for use in this prospectus. Founded in 1993, Medical Insight provides market research on various facets of aesthetic medicine, among other services. The information from Medical Insight disclosed in this prospectus is extracted from the Medical Insight Report, which was commissioned by us for a fee of US$85,000, and is disclosed with the consent of Medical Insight. The Medical Insight Report was prepared through analysis of data compiled by Medical Insight from a wide variety of public and proprietary sources. Public sources utilized include news articles, marketing materials and filings by other industry participants, as well as information from trade associations. Proprietary sources consist of Medical Insight's own research database, survey data, industry analyst reports and exclusive interviews with industry participants, customers, and other industry experts. Medical Insight utilized its proprietary forecasting models to cross-check and synthesize the data to produce both qualitative and quantitative analyses and projections included in this prospectus.

Medical Insight also adopted the following primary assumptions while making projections on the macroeconomic environment and the overall medical aesthetic treatment systems market globally:

- the global economy overall will continue to grow at the current rate;
- the global population will continue to grow;
- current trends in increasing personal wealth and consumer confidence will continue; and
- no major technological breakthrough or disruptive innovation in the industry will occur from 2016 to 2021.

Medical Insight's market and company projections are derived from a number of inputs that build on expert consensus as much of the data in the medical aesthetic treatments and treatment systems markets are non-public and therefore are difficult to determine. As such, these should be treated as estimations and may not reflect actual data.

Except as otherwise noted, all of the data and forecasts, and any statements of expectation, contained in this section are derived from the Medical Insight Report. Our Directors confirm that, so far as they are aware, there was no material adverse change in the overall market information since the date of the Medical Insight Report that would qualify, contradict or have an impact in any material respect on the information in this section.

GLOBAL MEDICAL AESTHETIC TREATMENT MARKET

Overview

Medical aesthetic treatment is a general term referring to treatments that focus on the improvement of cosmetic appearance of individuals through treating medical and physical conditions, such as scars, skin laxity, wrinkles, moles, excess fat, cellulite, unwanted hair and skin discoloration. According to the Medical Insight Report, the total global consumer expenditure for medical aesthetic treatments was US$25.9 billion in 2016, and is expected to increase to US$34.1 billion in 2021, representing a CAGR of 5.7%.

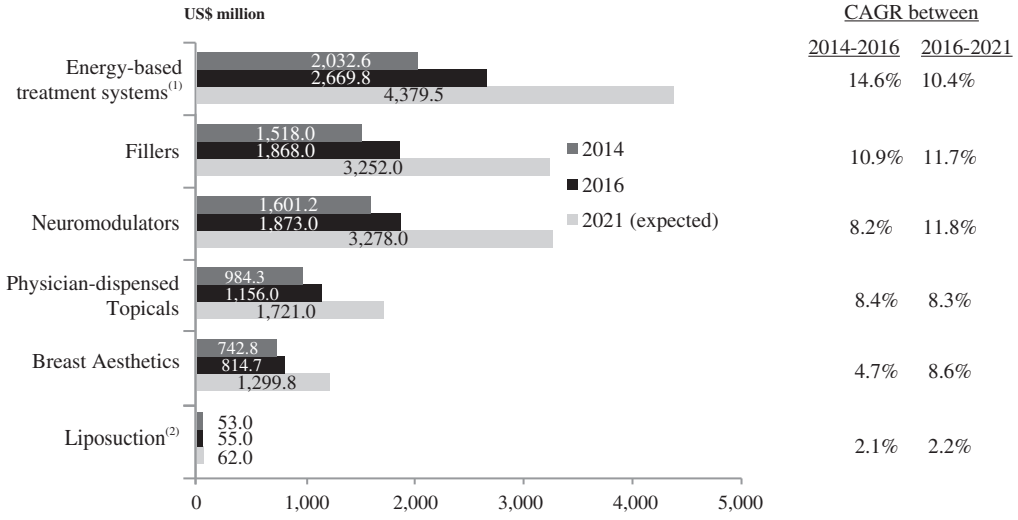
Medical aesthetic treatments can be carried out by way of (i) non-invasive and minimally invasive treatments, such as treatments that utilize energy-based treatment systems, fillers, injectables, neuromodulators and topical skincare products, and (ii) invasive surgical procedures such as liposuction, facelifts and breast implants. The major providers of medical aesthetic treatments include dermatologists, plastic surgeons, as well as physicians from other specialties such as gynecologists and ophthalmologists. In addition to physicians, in some jurisdictions, aestheticians are permitted to provide certain types of medical aesthetic treatment services such as body shaping and skin tightening through the use of energy-based treatment systems.

We are a leading company in innovation of energy-based medical aesthetic technology. We focus on designing, developing, producing and selling devices and treatment systems for use in energy-based medical aesthetic treatments, which in general may be categorized into energy-based (i) non-invasive medical aesthetic treatments and (ii) minimally invasive medical aesthetic treatments. The term "non-invasive treatments", in general, refers to procedures that do not create a physical break in the skin. The term "minimally invasive treatments", in general, refers to procedures that require minor incision and can be provided in a medical office or aesthetic medical spa setting depending on local guidelines; such procedures include energy-based vaginal rejuvenation treatments, energy-based liposuctions, energy-based endovenous treatment of varicose veins and other emerging forms of energy-based treatments. We note that the definitions of aesthetic treatment procedures as non-invasive, minimally invasive or invasive, can vary among treatment providers, producers of treatment systems and the public depending on the therapeutic area of focus. As such, the categorization by Medical Insight may be different from that of other suppliers of medical aesthetic treatment systems.

Global Sales of Non-invasive and Minimally Invasive Medical Aesthetic Treatment Systems

The size of the market for global non-invasive and minimally invasive medical aesthetic treatment systems in terms of sales revenue was approximately US$8.4 billion in 2016, and is expected to reach US$13.9 billion in 2021, representing a CAGR of 10.5%. According to the Medical Insight Report, within this market, the energy-based medical aesthetic treatment systems market was the largest market segment in both 2014 and 2016, generating global sales revenue of US$2.0 billion and US$2.7 billion, respectively, and is expected to remain a fast growing market segment through 2021.

Global sales revenue[(1)] of equipment and consumables for non-invasive and minimally invasive medical aesthetic treatments (2014, 2016 and 2021E)



Source: Medical Insight Report

Notes:

(1) Includes data of sales revenue from both non-invasive and minimally invasive energy-based treatment systems.

(2) Excludes energy-based liposuction.

Key Growth Drivers of the Global Medical Aesthetic Treatment Market

The growth of the global medical aesthetic treatment market is primarily driven by, among other things, the following factors:

Increased discretionary income

According to the World Bank, worldwide consumer expenditure increased from US$28.7 trillion to US$42.7 trillion from 2005 to 2015, representing a CAGR of 4.1%. Along with improvements in standards of living, increased individual wealth and discretionary income in some markets have allowed consumers to allocate more disposable income to medical aesthetic treatments.

Desire to achieve or maintain more youthful appearance

Consumers receive medical aesthetic treatments in part to reduce the effects of the aging process on physical appearance. In addition, according to the Medical Insight Report, the demand for medical aesthetic treatments has been increasingly driven by younger consumers who are focusing on the prevention of aging or seeking correction options for existing cosmetic conditions.

Aging population and longer life expectancy

Due to improved longevity, there are aging populations in many countries. Based on data from World Population Prospects: the 2015 Revision (United Nations, 2015), the number of persons aged 60 years or above is expected to increase by 55.4% from 901 million in 2015 to 1.4 billion in 2030, and is further projected to reach nearly 2.1 billion by 2050. According to the Medical Insight Report, such a demographic shift is expected to increase demand for anti-aging procedures and therefore drive demand for medical aesthetic treatments.

Increased awareness and acceptance of medical aesthetic treatments

Due in part to the growing endorsement of medical aesthetic treatments by celebrities and effective direct-to-customer advertising, medical aesthetic treatments have gained wider acceptance among customers. This is attributable to a focus on personal appearance stemming from the prevalence of "selfie" culture on social media, as well as an increase in the awareness of personal appearance and acceptance of aesthetic medical services among male consumers.

Shift in demand to non-invasive and minimally invasive treatments

Advances in medical aesthetic technology have enabled a wider range of indications to be treated by less painful, safe and effective medical aesthetic treatment procedures. In particular, there has been a growing consumer preference for non-invasive and minimally invasive treatments as they are generally less costly to the consumer yet comparably effective due to technological advances. Such treatments are also perceived to be safer and to carry lower treatment risks, with limited post-procedure downtime compared to traditional invasive surgical procedures.

GLOBAL ENERGY-BASED MEDICAL AESTHETIC TREATMENT SYSTEMS MARKET

Overview

Energy-based medical aesthetic treatment systems are utilized in energy-based medical aesthetic treatments, which include energy-based non-invasive treatments and energy-based minimally invasive treatments. According to the Medical Insight Report, in 2016, approximately 37 million energy-based medical aesthetic treatments were performed worldwide with total consumer expenditure of US$12.4 billion.

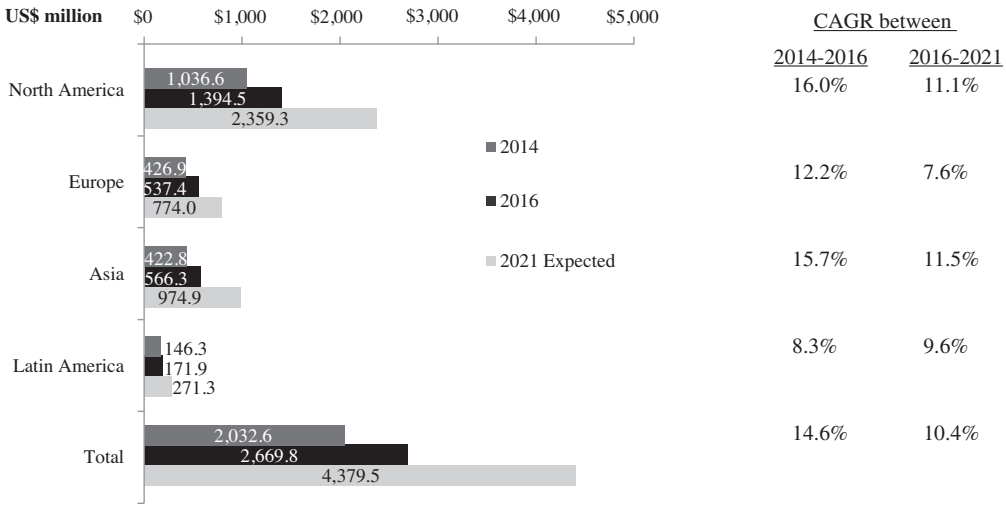
For the purposes of this prospectus, market data given for energy-based medical aesthetic treatment systems market is inclusive of market data for treatment systems and consumables, which are part-and-parcel of a set of equipment needed to perform aesthetic medical treatments. Specifically, for treatment systems that are intended to achieve similar outcome, depending on the technical specification of the particular treatment systems, some manufacturers' treatment systems require the use of associated consumables during treatment, while some manufacturers' products do not. Therefore, treatment systems and their associated consumables are thought of as packages and the relevant market data are integrated.

Market size

According to the Medical Insight Report, global revenue from the direct sales of energy-based medical aesthetic treatment systems by producers to treatment providers or distributors had increased by a CAGR of 14.6% from US$2.0 billion in 2014 to US$2.7 billion in 2016, and is expected to reach US$4.4 billion in 2021, representing a CAGR of 10.4%.

The following table sets forth a breakdown by geographic region of the global sales revenue of energy-based aesthetic medical treatment systems:

Global sales revenue[(1)] of energy-based medical aesthetic treatment systems by region (2014, 2016 and 2021E)



Source: Medical Insight Report

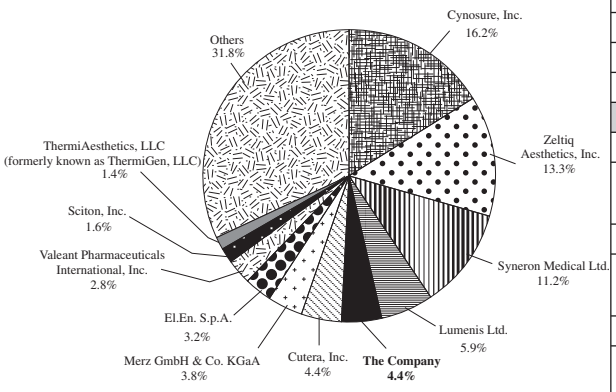
Note:

(1) Reflects revenue generated from direct sales by manufacturers regardless of sales channels (i.e. directly to either treatment providers or distributors).

Competitive landscape

The energy-based medical aesthetic treatment systems market has seen several mergers and consolidation of key players in recent years. In 2017 alone, there have been three major acquisitions of our direct competitors and comparable U.S. listed companies, including the acquisition of Zeltiq Aesthetic, Inc. by Allergan, Inc. in April 2017, the acquisition of Cynosure, Inc. by Hologic, Inc. in March 2017, as well as the acquisition of Syneron Medical Ltd. by funds advised by Apax Partners LLP in July 2017. In October 2015, Lumenis Ltd. was acquired by XIO Group. Other examples include Merz Pharma GmbH & Co. KGaA's 2014 acquisition of Ulthera, Inc., a developer of ultrasound-based devices for non-invasive aesthetic treatments, as well as Cynosure, Inc.'s 2013 acquisition of Palomar Medical Technologies, Inc., a manufacturer of laser-based products for dermatology and cosmetic procedures. It is expected that on-going industry consolidation will further intensify competition. According to the Medical Insight Report, among the major global suppliers, we were ranked fifth in 2016 in terms of revenue generated from the sale of energy-based medical aesthetic treatment systems.

Market share of major global suppliers in the energy-based medical aesthetic treatment systems market by revenue[(1)] (2016)



Ranking	Company	Estimated market share by revenue, 2016
1	Cynosure, Inc.	16.2%
2	Zeltiq Aesthetics, Inc.	13.3%
3	Syneron Medical Ltd.	11.2%
4	Lumenis Ltd.	5.9%
5	**The Company**	**4.4%**
6	Cutera, Inc.	4.4%
7	Merz Pharma GmbH & Co. KGaA	3.8%
8	El.En. S.p.A.	3.2%
9	Valeant Pharmaceuticals International, Inc.	2.8%
10	Sciton, Inc.	1.6%
11	ThermiAesthetics, LLC (formerly known as ThermiGen, LLC)	1.4%
	Others	31.8%
Total		100%

Source: Medical Insight Report

Note:

(1) Reflects revenue generated from direct sales by manufacturers regardless of sales channels (i.e. either directly to treatment providers or distributors).

According to the Medical Insight Report, the Company's reported net income margin is, as a whole, higher than certain other comparable U.S. listed companies. The following table sets forth the reported net income margin of certain major global suppliers of energy-based medical aesthetic treatment systems for the years ended 2014, 2015 and 2016, respectively:

	Reported net income margin[(1)]		
Company	**2014**	**2015**	**2016**
The Company	6.6%	7.8%	7.2%
Cynosure, Inc.	10.7%	4.7%	3.3%
Cutera, Inc.	N/A[(2)]	N/A[(2)]	2.2%
Zeltiq Aesthetics, Inc.	0.9%	16.4%	0.2%
Syneron Medical Ltd.	N/A[(2)]	N/A[(2)]	0.1%

Source: Medical Insight Report

Notes:

(1) Derived from the reported financial information available from public filings. "Net income margin", is derived by dividing net income by revenue, as reported in public filings.

(2) Losses were reported in financial information available from public filings during the period indicated.

Major forms of energies utilized in energy-based medical aesthetic treatments

The following table summarizes the medical aesthetic treatment technologies based on the use of various forms of energy:

Form of energy	**Application in energy-based medical aesthetic treatments**
Laser • Liquid • Gas • Solid-state	Skin rejuvenation, hair removal, acne treatment, scar revision, pigmentation and tattoo removal, vaginal rejuvenation
Radiofrequency • Monopolar • Bipolar • Tripolar	Body sculpting, skin tightening, vaginal rejuvenation
Ultrasound • Microfocused Ultrasound • High Intensity Focused Ultrasound	Body sculpting, skin tightening, vaginal rejuvenation
Intense pulsed light (IPL)	Skin rejuvenation, hair removal, pigmentation and tattoo removal

Form of energy	Application in energy-based medical aesthetic treatments
Light-Emitting Diodes (LEDs)	Pigmentation removal
Light Heat Energy (LHE)	Hair removal
Thermal	Body contouring

Source: Medical Insight Report

Key entry barriers and challenges

Existing providers of energy-based medical aesthetic treatment systems in the global market face the following threats and challenges, and new entrants in the global market may face the following entry barriers, according to the Medical Insight Report:

- ***Price-competition and price-sensitivity of demand by treatment providers:*** The demand for energy-based medical aesthetic treatments is characterized by price sensitivity of medical aesthetic treatment providers. Such price sensitivity at the treatment provider level may be further aggravated by price sensitivity at the treatment recipient level due to the intense competition and variety of treatment options available. As such, existing treatment system providers often engage in aggressive pricing strategies to maintain their market share to keep out new entrants to the industry or a particular regional market.

- ***Local protectionism:*** the lack of clarity of government regulation in certain key regional markets poses considerable difficulty for providers of energy-based medical aesthetic treatment systems to expand into these markets. For example, in the PRC, government subsidies or certain relevant government administrative practices may favor local market players.

- ***Lack of patent protection:*** providers of energy-based medical aesthetic treatment systems may be deterred from expanding into the markets of certain countries, particularly in the Asia Pacific region, which lack a comprehensive or sophisticated patent enforcement regime such that new innovation may be copied by competitors with relative ease and low legal risks.

Unmet needs and future opportunities

According to the Medical Insight Report, despite the broad range of treatments available to address diverse types of medical aesthetic conditions, there remain unmet needs of treatment providers and treatment recipients that represent potential market opportunities:

- the need for treatment technology with greater efficacy which can affect the desired outcome with greater predictability and consistency while involving fewer treatment sessions, side effects, downtime or other adverse events or discomfort;

- treatment systems and devices which could increase the speed of treatment, thereby optimizing the billing time of physicians and treatment providers; and

- treatment systems with lower upfront capital requirements and reduced costs of maintenance and operation that are proportional to the costs associated with performing the treatment.

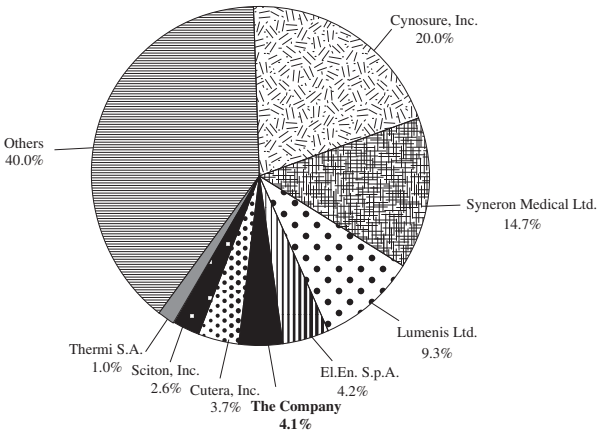
Energy-based Non-invasive Medical Aesthetic Treatment Systems Market

The energy-based non-invasive medical aesthetic treatment systems market can be further categorized into two segments: (i) a general segment comprising treatment systems for most applications except body shaping and skin tightening, and (ii) treatment systems for body shaping and skin tightening. Body shaping and skin tightening can be considered a distinctive sub-segment as it comprises several indications (fat loss and tightening of loose skin that results from fat loss) that consist of a substantial portion (approximately one-third) of the energy-based non-invasive medical aesthetic treatment systems market, whereas other indications are more fragmented.

Segment excluding body shaping and skin tightening systems

According to the Medical Insight Report, in 2016, we were ranked fifth among the major global suppliers in terms of revenue generated from the sale of energy-based non-invasive medical aesthetic treatment systems (excluding body shaping and skin tightening systems).

Market share of major global suppliers in the energy-based non-invasive medical aesthetic treatment systems market (excluding body shaping and skin tightening systems) by revenue[(1)] (2016)



Ranking	Company	Estimated market share by revenue, 2016
1	Cynosure, Inc.	20.0%
2	Syneron Medical Ltd.	14.7%
3	Lumenis Ltd.	9.3%
4	El.En. S.p.A.	4.2%
5	**The Company**	**4.1%**
6	Cutera, Inc.	3.7%
7	Sciton, Inc.	2.6%
8	Thermi S.A.	1.0%
	Others	40.0%
Total		100%

Source: Medical Insight Report

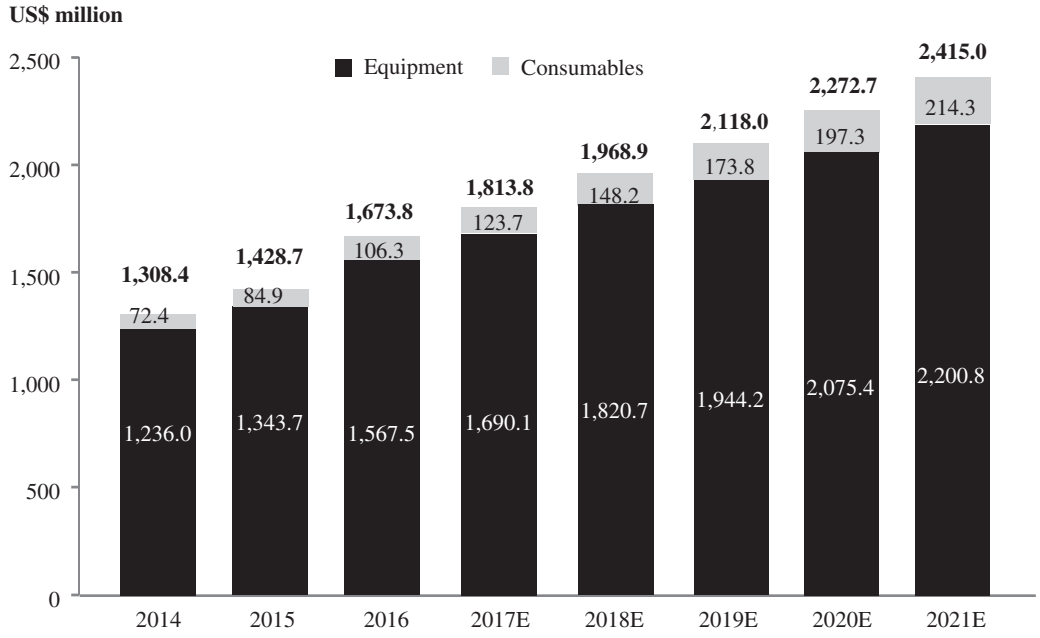
Note:

(1) Reflects revenue generated from direct sales by manufacturers regardless of sales channels (i.e. directly to either treatment providers or distributors).

Aside from body shaping and skin tightening, energy-based non-invasive treatments include skin rejuvenation, acne reduction, hair removal, onychomycosis, scar revision and removal of pigmented lesion, tattoo and endovenous treatment of leg veins.

According to the Medical Insight Report, in 2016, the energy-based non-invasive medical aesthetic treatment systems market (excluding body shaping and skin tightening systems) had a market value of US$1.7 billion measured by global sales revenue.

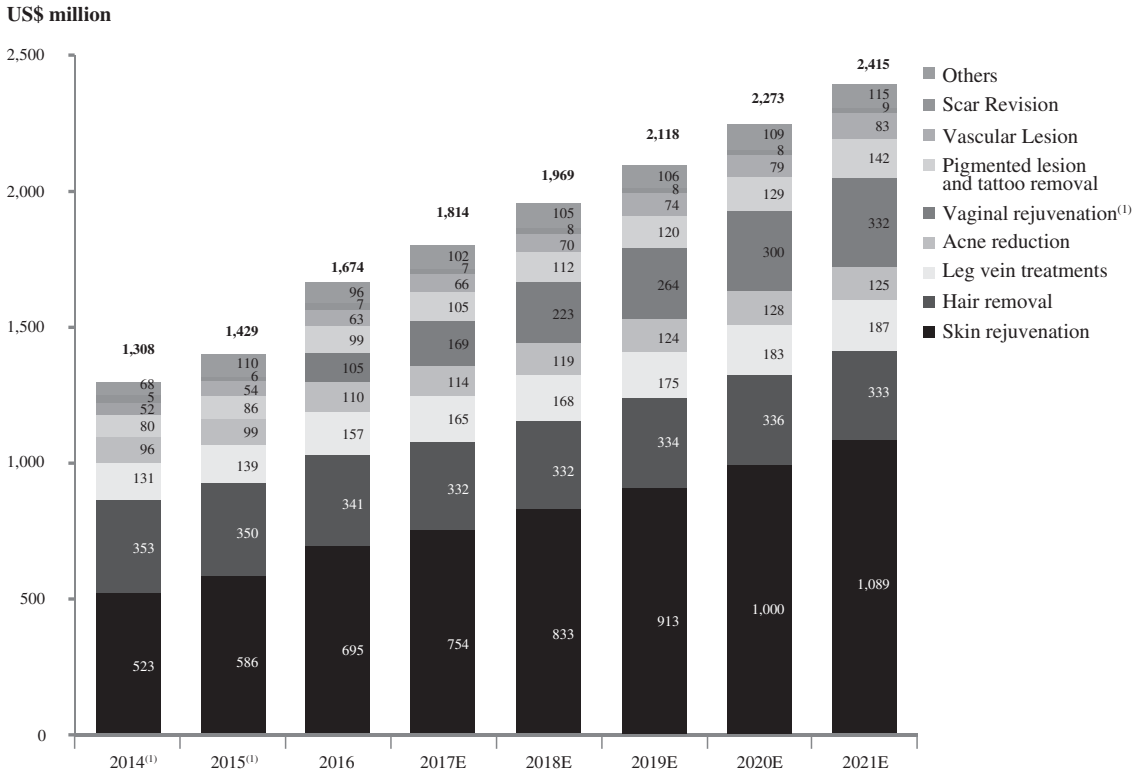
Global sales revenue of energy-based non-invasive medical aesthetic treatment systems (excluding body shaping and skin tightening systems) (2014-2021E)



Source: Medical Insight Report

According to the Medical Insight Report, in 2016, among the major categories of non-invasive medical aesthetic treatments, skin rejuvenation was the single largest category, contributing to approximately 42% of the global sales revenue of energy-based non-invasive medical aesthetic treatment systems (excluding body shaping and skin tightening), followed by hair removal (20%), leg vein treatments (9%), acne reduction (7%), vaginal rejuvenation (6%), and pigmented lesion and tattoo removal (6%). It is expected that the revenue breakdown by these categories will largely remain the same through 2021, with skin rejuvenation contributing the largest portion of sales revenue of energy-based non-invasive medical aesthetic treatment systems.

Global sales revenue of energy-based non-invasive medical aesthetic treatment systems (excluding body shaping and skin tightening) by treatment categories (2014-2021E)



Source: Medical Insight Report

Note:

(1) Revenue data for feminine rejuvenation are not available for 2014 and 2015

Skin rejuvenation

Skin rejuvenation is a process of diminishing the signs of skin damage and aging with the aim of impacting the dermal and epidermal layers to improve the appearance of skin, by reducing wrinkles, tightening loose skin, removing acne scars, pigmentation changes such as freckles and sunspots, and eliminating damaged blood vessels in areas such as neck, face, and décolletage. Generally, over 90% of the skin rejuvenation treatment recipients are female. In 2015, 36% of treatment recipients were aged between 35 to 50 while 33% were aged between 50 to 64.

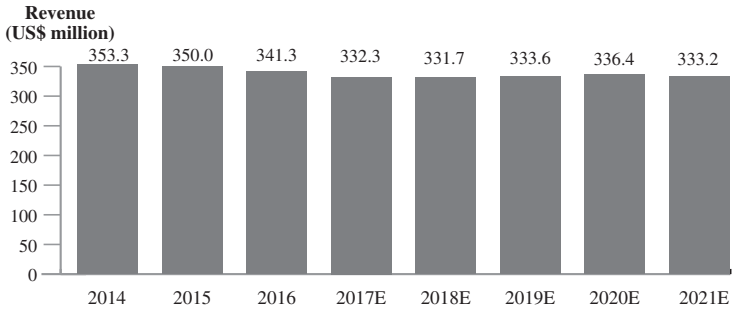
Hair removal

Hair removal aims at removing unwanted, excessive or abnormal hair growth caused by either non-medical or medical reasons, such as hirsutism, hypertrichosis, polycystic ovarian syndrome or other hormonal/endocrine abnormalities. The total revenue generated from the sale of energy-based non-invasive treatment systems for hair removal treatments had decreased from US$353.3 million in

2014 to US$341.3 million in 2016, and is expected to continue to decline to US$333.2 million in 2021, due to a downward trend in average selling price. However, the aggregate number of systems sold of energy-based hair removal treatment systems is expected to experience a CAGR of over 20% from 2016 to 2021.

The table below sets forth the historic and estimated global sales revenue of energy-based systems for hair removal for the periods indicated:

Historic and estimated global sales revenue of energy-based treatment systems for hair removal (2014-2021E)



Source: Medical Insight Report

Acne reduction

Acne is a common skin disease that can result in non-inflammatory lesions, inflammatory lesions, or a mixture of both, affecting mostly the face but also the back and chest. In the U.S., approximately 40 to 50 million people are affected by acne annually, among which 85% are adolescents aged between 12 and 24, 8% of them aged between 25 to 34 and 3% of them are adults aged between 35 to 44. The global sales revenue of energy-based treatment systems for acne reduction treatments increased from US$95.5 million in 2014 to US$109.8 million in 2016, and is expected to reach US$125.0 million in 2021, representing a CAGR of 2.6% from 2016.

Removal of pigmented lesions, tattoos and scar revision

Pigmented lesions, such as melasma, age and brown spots and pigmented skin lesions, result from the presence of melanin in the skin. Melasma is a common condition among women in pregnancy or those taking oral or patch contraceptives or hormone replacement therapy medications. On the other hand, tattoos are common among both male and female and it is estimated that more than 70 million people are believed to have at least one tattoo in North America and the worldwide figure is estimated to be three to four times higher. The global sales revenue of energy-based treatment system for pigmented lesion and tattoo removal treatments increased from US$79.8 million in 2014 to US$99.4 million in 2016, and is expected to reach US$141.8 million in 2021, representing a CAGR of 7.4% from 2016.

Scar revision aims to improve the appearance of fibrous tissue associated with scars that can result in a poor aesthetic appearance and also helps to restore function. According to the Medical

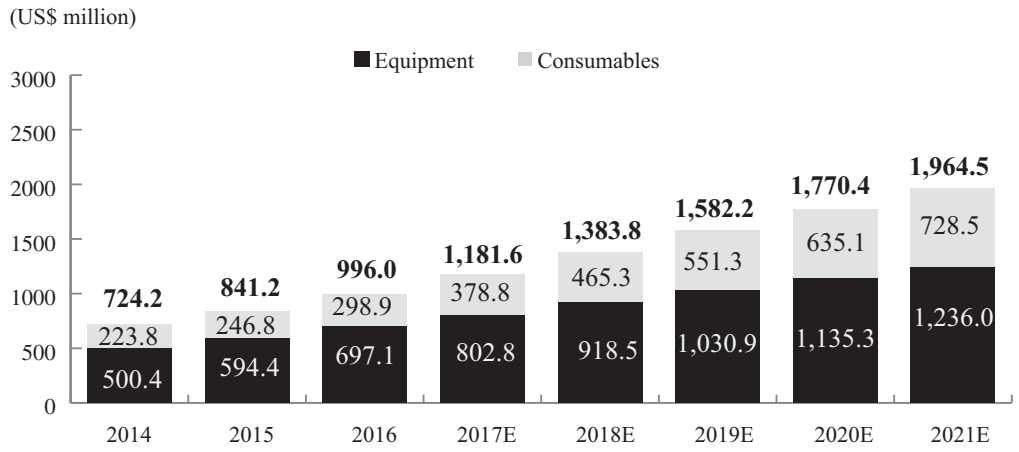
Insight Report, approximately 180,000 scar revision procedures were performed in the U.S. in 2015. The global revenue generated from the sale of energy-based treatment systems for scar removal was US$5.2 million and US$7.0 million in 2014 and 2016 respectively, and is expected to reach US$8.8 million is 2021, representing a CAGR of 4.8% from 2016.

Body shaping and skin tightening segment

Body shaping and skin tightening include procedures that aim to enhance an individual's physical appearance through reduction of fat and cellulite as well as toning of skin. Skin tightening differs from skin rejuvenation since the overall aim of skin tightening is to improve skin elasticity through selective thermal stress of fibroblast cells to encourage elastin and collagen production. The body shaping market is highly competitive due to the availability of invasive, minimally invasive and non-invasive procedures.

According to the Medical Insight Report, approximately two-thirds of the global population is affected by unwanted bulges of body fat, usually associated with obesity. Both obesity and the subsequent major weight loss of previously obese persons result in consumer demand for the shaping and toning of underlying skin tissues. In 2016, approximately 8.1 million energy-based body shaping and skin tightening procedures (including energy-based minimally invasive liposuction) were performed worldwide, and the estimated total consumer expenditure was US$4.4 billion.

Historic and estimated global sales revenue of energy-based equipment treatment systems for body shaping and skin tightening(1) (2014-2021E)



Source: Medical Insight Report

Note:

(1) Includes sales revenue data of energy-based minimally invasive liposuction.

It is estimated that non-invasive energy-based body shaping treatments are growing faster than traditional surgical liposuction procedures in the U.S. However, competition remains high as other

injectable treatments are also available in addition to surgical procedures as alternative options to energy-based body shaping treatments. To achieve skin tightening, non-energy based surgical procedures such as tummy tuck, facelift, brow lifts and body lifts still retain their lead over non-surgical options.

Energy-based Minimally Invasive Medical Aesthetic Treatment Systems Market

Overview

Energy-based minimally invasive treatments generally involve procedures that physically break the skin using energy-based devices. The treatments provided by our treatment systems mainly relate to minimally invasive vaginal rejuvenation, liposuction and vascular ablation.

Vaginal rejuvenation

With age, there is loss of tone and tightness due to slackness in the pelvic floor and vaginal muscles after childbirth. Vaginal rejuvenation is partially reconstructive (for a functional or medical indication) as well as aesthetic. It aims to improve perceived genital hypertrophy or genital changes due to childbearing or obstetrical injury affecting beauty or tightness and pleasurable coital sensation by way of labiaplasty or vaginal tightening. According to the Medical Insight Report, in 2013, 51% of vaginal tightening treatment recipients were aged between 19 and 34, while 38% were aged between 35 and 50 and 7% were aged between 50 and 64.

In 2016, it is estimated that 6,000 units of energy-based treatment systems were installed for vaginal rejuvenation and the global sales revenue of such treatment systems was US$105.5 million, and is expected to reach US$332.4 million by 2021, representing a CAGR of 25.8%.

Energy-based Liposuction

According to the Medical Insight Report, approximately two-thirds of the global population is affected by unwanted bulges of body fat. Liposuction is a class of invasive and minimally invasive procedures that aims to reshape the body through removal of unwanted body fat. Various liposuction technologies are available, including traditional energy-based liposuction. According to the Medical Insight Report, in 2016, approximately 20% of all liposuction treatments performed worldwide were energy-based liposuction treatments.

Leg vein treatments

Varicose veins are abnormally enlarged superficial veins in the legs, but also can form in other parts of the body. It is a common vascular condition that often present a cosmetic concern but may also cause symptoms such as cramping, throbbing, burning, swelling, feeling of heaviness or fatigue such that they interfere with one's daily activities. In the U.S., more than 40 million people suffer from varicose veins and it is estimated that 50% of the U.S. population over 50 years old has varicose veins.

The global sales revenue of energy-based treatment systems for treatment of leg veins increased from approximately US$130.8 million in 2014 to US$156.8 million in 2016, and is expected to reach US$187.4 million by 2021, representing a CAGR of 3.6% from 2016.

PRC MEDICAL AESTHETIC TREATMENT MARKET

Overview

In the PRC, more than seven million medical aesthetic procedures (inclusive of non-invasive, minimally invasive and invasive surgical procedures) were performed in 2014. Non-surgical treatments (i.e., non-invasive and minimally invasive treatments) are substantially more popular than traditional surgical procedures. In 2015, there were approximately 7.1 million non-surgical medical aesthetic treatments performed, which was 8.4 times more compared to approximately 850,000 surgical medical aesthetic treatments performed.

PRC-specific growth factors

Driven by several key factors, the medical aesthetic treatment market in the PRC is expected to continue to grow steadily. Such key factors include:

A growing economy with increasing disposable income for individuals

Along with the growing economy and improvements of living standards in the PRC, consumers in the PRC have enjoyed increasing disposable income. According to the Medical Insight Report, the PRC has the greatest number of middle-class adults in the world. The middle class grew in size by 60.3% in the PRC from 2000 to 2015, representing 10.7% of adult population and controlling 32.2% of the wealth in the PRC in 2015. Accordingly, urban disposable income per capita has been on the rise, increasing from around RMB10,000 in 2006 to RMB30,000 in 2015. The increase in disposable income of the middle class in the PRC has enabled them to spend more on discretionary services such as medical aesthetic treatments.

Aging population and longer average life expectancy in the PRC

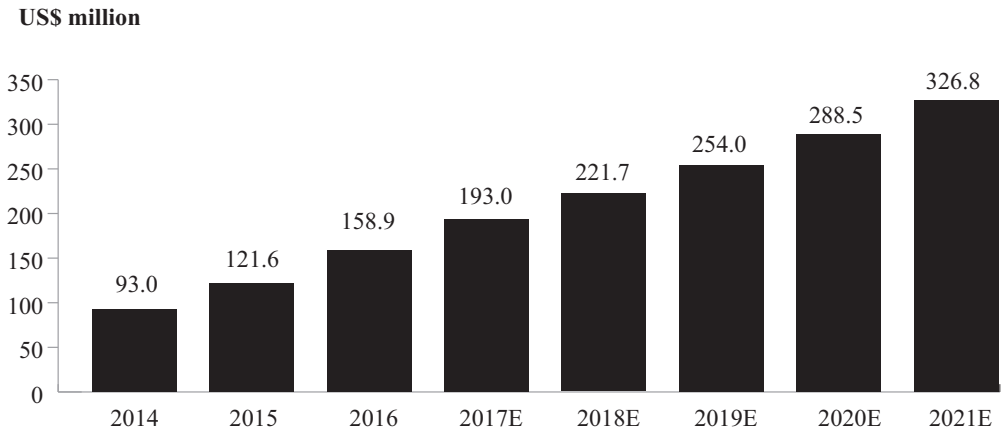
The PRC demographics are favorable for continued growth of medical aesthetic treatments as the population is aging and living longer. According to the Medical Insight Report, there is an increasing demand for medical aesthetic treatments in the PRC from both young and old treatment recipients, with younger treatment recipients seeking a change in their appearance while older treatment recipients wanting to look younger.

PRC Energy-based Medical Aesthetic Treatment Systems Market

Market size

According to the Medical Insight Report, the total revenue generated from the sale of energy-based medical aesthetic treatment systems in the PRC had increased from US$93.0 million in 2014 to US$158.9 million in 2016, and is expected to reach US$326.8 million in 2021, representing a CAGR of 15.5% from 2016.

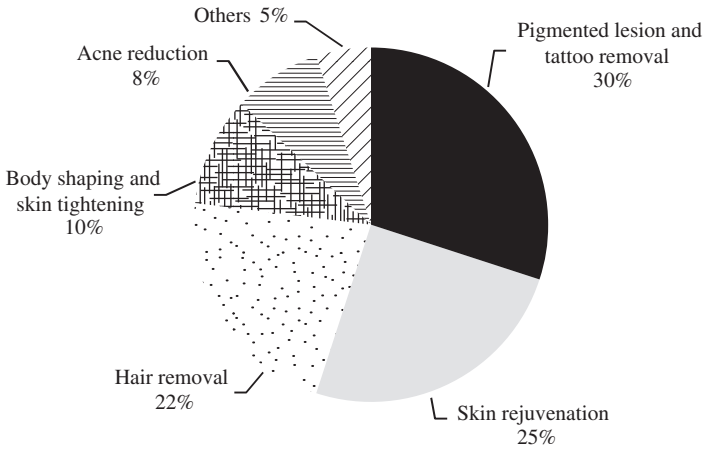
Total revenue from sales of energy-based medical aesthetic treatment systems in the PRC (2014-2021E)



Source: Medical Insight Report

In 2016, in the PRC, energy-based medical aesthetic treatment systems for pigmented lesion and tattoo removal constituted the largest category, contributing to approximately 30% of the total sales revenue of energy-based medical aesthetic treatment systems, followed by skin rejuvenation (25%), hair removal (22%), body shaping and skin tightening (10%), and acne reduction (8%).

Breakdown of sales revenue of energy-based medical aesthetic treatment systems in the PRC(1) (2016)



Source: Medical Insight Report

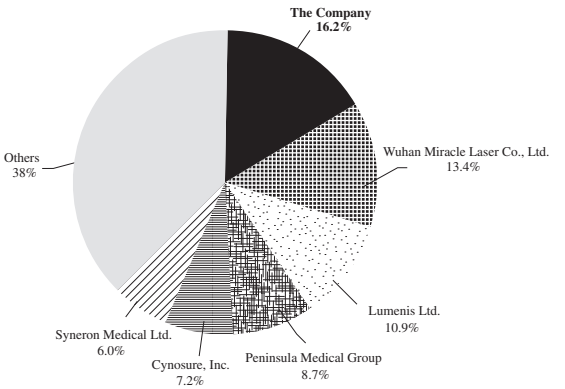
Note:

(1) Reflects revenue generated from direct sales by manufacturers regardless of sales channels (i.e. either sales directly to treatment providers or distributors).

Competitive landscape

Among the suppliers of energy-based medical aesthetic treatment systems in the PRC, we ranked first in 2016 in terms of revenue, with a 16.2% market share.

Market share of major suppliers of energy-based medical aesthetic treatment systems in the PRC by revenue(1) 2016



Ranking	Company	Estimated market share in the PRC by revenue, 2016
1	**The Company**	**16.2%**
2	Wuhan Miracle Laser Co., Ltd.	13.4%
3	Lumenis Ltd.	10.9%
4	半島醫療集團 (Peninsula Medical Group(2))	8.7%
5	Cynosure, Inc.	7.2%
6	Syneron Medical Ltd.	6.0%
7	Others	38.0%
Total		100.0%

Source: Medical Insight Report

Notes:

(1) Reflects revenue generated from direct sales by manufacturers regardless of sales channels (e.g. either sales directly to treatment providers or distributors).

(2) For identification purpose only.

Key competitive factors in the medical aesthetic treatment systems market in the PRC are price and quality of services, brand recognition, and the variety of services provided. The industry is expected to undergo consolidation in the PRC market in the coming years which is expected to intensify competition.

REGULATORY OVERVIEW

Our products are medical devices subject to extensive and rigorous regulation by the United States Food and Drug Administration, the EU, the CFDA, the Korean Food and Drug Administration, the Ministry of Health, Labor and Welfare in Japan and other regulatory bodies in the markets in which we operate, and such regulations vary from jurisdiction to jurisdiction in an increasingly complex global regulatory environment. The time required to obtain the necessary regulatory approval may vary from jurisdiction to jurisdiction.

The following section sets out summaries of certain relevant laws, regulations and requirements that we are subject to in the key jurisdictions in which we operate.

UNITED STATES REGULATORY OVERVIEW

United States Food and Drug Administration

In the United States, the Federal Food, Drug and Cosmetic Act ("**FD&C Act**") is the federal controlling authority for commercial activities regarding medical devices. The FD&C grants the United States Food and Drug Administration ("**FDA**") the authority to regulate the design, manufacture, and marketing of medical devices in the U.S.. The FDA issues regulations governing the commercial distribution of medical devices to ensure that medical devices distributed in the U.S. are safe and effective for their intended uses. We must comply with these regulations in order to continue to market our products in the U.S.

FDA's medical device classification and pre-market requirements

Unless a regulatory exemption applies, each medical device we wish to distribute commercially in the U.S. must be appropriately classified, and prior to marketing must receive pre-market authorization from the FDA through either a pre-market approval ("**PMA**") or a pre-market clearance (510k) process. The FDA classifies medical devices into one of three classes: Class I, Class II or Class III—depending on the FDA's assessment of the degree of risk associated with the device and the controls it deems necessary to reasonably ensure the device's safety and effectiveness. Class I devices are low risk devices for which safety and effectiveness can be assured by adherence to a set of general controls prescribed by the FDA, which include compliance with facility registration and product listing requirements, and reporting of adverse events. Class II devices are higher risk devices subject to the same set of general controls and are required to adhere to other special controls as the FDA deems necessary to ensure the safety and effectiveness of such devices. These special controls can include, but are not limited to performance standards, post-market surveillance, treatment recipient registries, and other FDA guidelines. Class III devices are high risk devices for which the FDA deems that no general or special controls will provide reasonable assurance of safety and effectiveness, and the devices are life-sustaining, life-supporting, or implantable, or of substantial importance in preventing the impairment of human health, or present a potential, unreasonable risk of illness or injury. To date, our products have been classified as Class II medical devices.

The pre-market approval process is more involved than the 510(k) clearance process, and requires the submission of significantly more clinical data to support claims made for the device. Both 510(k) clearance and pre-market approval applications when submitted to FDA must be accompanied by a user fee, unless exempt.

510(k) clearance

When 510(k) clearance is required, a manufacturer must submit a pre-market notification to the FDA of its intention to commence marketing the new device and demonstrate that the proposed device is "substantially equivalent" in its intended use and in safety and effectiveness to a product that is currently being legally marketed in the U.S.—a "predicate device". If the FDA agrees that the new device is substantially equivalent to any such predicate device, the FDA will grant the new device a 510(k) clearance and will subject the new device to the same classification and degree of regulation as the predicate device. By regulation, the FDA must clear or deny a 510(k) pre-market notification within 90 days of submission of the application, however, the FDA may extend this time frame significantly longer, by requiring the manufacturer to submit further information, including clinical data, to make a determination regarding substantial equivalence.

Pre-market approval

If the device is not eligible for marketing approval through the 510(k) clearance process, the manufacturer must submit a PMA. The manufacturer must support the PMA with extensive data, including but not limited to, technical, preclinical, clinical trials, manufacturing and labeling to demonstrate to the FDA's satisfaction, the safety and effectiveness of the device. The PMA requires more extensive clinical testing than the 510(k) procedure and generally involves a significantly longer FDA review process. As at the Latest Practicable Date, no device that we had developed has required a PMA, nor do we currently expect that any future device or indication will require pre-market approval.

Product modifications

After a device is authorized to be legally marketed in the US, any modification to or marketing of the device that could significantly affect its safety or effectiveness, or would constitute a major change in its intended use, will require a new 510(k) clearance or possibly a PMA. The FDA requires each manufacturer to make this determination initially, but the FDA can review any such decision and can disagree with a manufacturer's determination. The FDA could also require us to cease marketing and distributing the modified device, and to recall any sold devices, until 510(k) clearance or pre-market approval is obtained, which may have a materially adverse effect on our business. Also, in these circumstances, we may be subject to significant regulatory fines or penalties. Please see "Risk Factors—Risks relating to government regulations—Some of our products that are already in commercial distribution have been modified by us without additional approval and/or clearance by the relevant government authorities in various jurisdictions, such as the FDA in the United States. Regulatory authorities such as the FDA could retroactively determine that these modifications required prior review and approval/clearance and require us to stop marketing and/or recall the modified products, until the appropriate clearance or approval to market is obtained" in this prospectus for further details regarding our risks associated with product modifications.

We have on several occasions modified products and made the determination that no new 510(k) clearance or pre-market approval was required. In the future, if the FDA disagrees with our determination not to seek a new 510(k) clearance or PMA approval, the FDA may retroactively require us to seek 510(k) clearance or pre-market approval or require us to recall any sold devices until the appropriate marketing authorization is obtained, may have a materially which adversely effect on our business.

Post-marketing approval compliance to FDA requirements

After a medical device has received 510(k) marketing clearance or pre-marketing approval from the FDA, numerous post-marketing regulatory requirements apply. These include, but are not limited to:

- labeling compliance regulations;
- promotion and advertising compliance regulations, specifically prohibiting the manufacturer from promoting uncleared, unapproved or "off-label" uses, and other requirements related to promotional activities;
- adverse event reporting regulations, which require that manufacturers report to the FDA if their device may have caused or contributed to death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur;
- corrections and removal reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FD&C Act that may present a risk to health; and
- post-market surveillance regulations, which apply when necessary to protect the public health or to provide additional safety and effectiveness data for the device.

FDA's manufacturing standard requirements

The FDA requires manufacturers to produce products in accordance with its Quality System Regulation ("**QSR**"). The QSR covers the methods and documentation of, among other things, the design, testing, control, manufacturing, labeling, quality assurance, packaging, storage and shipping of our products. The FDA enforces the QSR through periodic unannounced inspections. These inspections may include the manufacturing facilities of our sub-contractors. The FDA may requires us to maintain a system for tracking our products through the chain of distribution to the treatment recipient level.

Our failure or our subcontractors' failure to maintain compliance with the QSR requirements could result in the shut down of, or restrictions on, our manufacturing operations and the recall or seizure of our products, which may have a material adverse effect on our business. In the event that one of our suppliers fails to maintain compliance with our quality requirements, we may have to qualify a new supplier and could experience manufacturing delays as a result.

Thus, we must continue to spend time, money and effort to maintain compliance.

FDA's Radiation Control provisions

Manufacturers of radiation-emitting and light-emitting products, including lasers used in medical applications, are subject to compliance with the FDA Radiation Control provisions imposed under the Radiation Control for Health and Safety Act. The FDA Radiation Control provisions require laser products to comply with performance standards, including design and operation requirements. The law requires manufacturers to certify in product labeling that their products comply with all such standards. The law and applicable federal regulations also require laser manufacturers to file new product and annual reports, maintain manufacturing, testing and distribution records, and report product defects. We must also affix various warning labels to our products, depending on the type and class of the product.

FDA's enforcement authority

The FDA has broad post-market and regulatory enforcement powers. Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, which may include any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- repair, replacement, refunds, recall or seizure of our products;
- operating restrictions, partial suspension or total shutdown of production;
- refusing or delaying our requests for 510(k) clearance or pre-market approval of new products or new intended uses;
- withdrawing 510(k) clearance or pre-market approvals that are already granted; and
- criminal prosecution.

The FDA also has the authority to require us to repair, replace or refund the cost of any medical device that we have manufactured or distributed in the United States. Any one of these events, if it were to occur could have a material adverse effect on our business.

In the United States, we are also subject to a wide range of federal, state and local laws and regulations, including those related to the environment, health and safety, land use and quality assurance. We believe that our ability to remain compliance with these laws and regulations as currently in effect will not have a material adverse effect on our capital expenditures, earnings and competitive and financial position.

EUROPEAN UNION REGULATORY OVERVIEW

CE Marking

In order to market a medical device in the European Economic Area (consisting of the member states of the European Union and the contracting states of the European Free Trade Association, or EFTA, with the exception of Switzerland) ("**EEA**"), a CE marking is required. Obtaining a CE Mark for medical devices is regulated according to the Medical Device Directive (Council Directive 93/42/EEC, "**MDD**"). Active implantable medical devices and in-vitro diagnostic medical devices are regulated in separate EC directives. Further EC directive that may apply to our laser products are the Low-Voltage Directive, the Electro-Magnetic Compatibility ("**EMC**") Directive and the Machinery Safety Directive.

The CE marking may only be applied on a medical device if the product complies with the essential requirements of the MDD and has been subject to conformity assessment procedures as provided in the MDD and its annexes. A manufacturer or his authorized representative is responsible for affixing the CE marking. A CE marking allows a device to be freely marketed within the EEA as well as in Switzerland and Turkey based on bilateral treaties.

The MDD provides for four different classifications of medical devices based on their risk: Class I, Class IIa, Class IIb and Class III. These risk categories generally correspond to those established by FDA, with the exception that FDA does not sub-divide into Class IIa and Class IIb. The MDD requires medical device manufacturers to adhere to specific conformity assessment procedures based on the device's risk category/class. Except in the case of Class I medical devices, the conformity assessment is carried out by a "Notified Body", which is a private body or company designated by the competent authorities of each EU member state or contracting state of the EEA to execute the provisions of the MDD in the interest of public health. Depending on the device's risk category/class, the conformity assessment extends to the quality assurance system established by the manufacturer and/or the product design, as well as to the Technical Documentation to be compiled by the manufacturer for each device. Generally, the safety and performance of a medical device have to be assessed on the basis of clinical data (Annex X of the MDD). If no pertinent clinical data are available from scientific literature, the manufacturer must present the results of clinical trials.

If the Notified Body finds, as a result of its conformity assessment, that the quality assurance system and/or the product design is compliant with the applicable legal provisions, it will issue a "certificate of conformity" which is valid for a maximum of five (5) years and which is the legal basis for the manufacturer to apply the CE mark, followed by the ID number of the Notified Body. The Notified Body is obliged to perform regular audits and, before the expiry date of a certificate of

conformity, renewal audits at the manufacturer's site upon prior notification. In addition to these notified audits, on the basis of a Commission Recommendation of 2012, the EU member states and EEA contracting states were advised by the European Commission to conduct unannounced audits (including testing of product samples) on a regular basis.

If the requirements for application of the CE mark are not (or no longer) fulfilled, or in other cases of non-compliance with applicable medical devices law:

- the Notified Body has the power to withdraw, suspend or limit the scope of the applicable certificate of conformity, in accordance with the principle of proportionality;

- the competent supervisory authority of the EU member state or contracting state of the EEA may enforce the provisions of the MDD, e.g. by preventing the product from being put on the market, ordering a recall or shutting down a manufacturing site;

- criminal or administrative sanctions (e.g. fines) may apply.

Marketing and Distribution

The advertising, marketing and distribution of CE-marked medical devices is mainly governed by national law of the relevant EU member states and EEA contracting states. In Germany, a company which advises healthcare professionals on the handling and use of medical devices — as may be the case for the L.A.S.E.R. devices — has to appoint a "medical devices advisor" (*Medizinprodukteberater*) with appropriate qualification and professional experience as set out in the German Medical Devices Act (*Medizinproduktegesetz*). The advertising and promotion of medical devices in Germany is subject to the special provisions of the Act on Advertising in the Healthcare Sector (*Heilmittelwerbegesetz)* as well as to general advertising law.

In Austria the manufacturing, distribution, maintenance or leasing of medical devices is subject to Austrian trade law (*Gewerberecht*) and requires a corresponding trade license (*Gewerbeberechtigung*). In order to obtain such trade license, a company rendering such services has to appoint a trade director (*gewerberechtlicher Geschäftsführer*), who has to fulfill and evidence a certain proficiency to the competent trade authority as defined in the Austrian ordinance concerning the admission requirements (*Medizinprodukteverordnung*). Similar to the German regulation, the Austrian Medical Devices Act (*Medizinproduktegesetz*) stipulates an obligation for commercial or professional distributors of medical devices to assign only medical devices advisors (*Medizinprodukteberater*), who have the required medical (technical) knowledge and receive regular trainings by the manufacturer, in order to inform on the use and the handling of medical devices distributed by the company. The Austrian Medical Devices Act (*Medizinproduktegesetz*) additionally provides for certain restrictions concerning the advertising and promotion of medical devices in Austria.

Vigilance

Vigilance reporting is required for devices marketed in the European Union where incidents lead to corrective action relevant to CE-marked devices. Incidents which need to be reported under EU law are those which led to death; those which led to a serious deterioration in the state of health of a treatment recipient, user, or other person; and those which might have led to death or serious deterioration (near incidents). The manufacturer has to appoint a safety officer having the necessary professional qualifications to fulfill the reporting requirements and to coordinate the necessary actions.

Impact of Upcoming Regulatory Changes—New Medical Devices Regulation

The EU legislative institutions have recently enacted a regulation on medical devices ("**MDR**") which was published in the EU Gazette on May 5, 2017 and entered into force on May 5, 2017. The MDR is directly applicable in all EU member states and will replace the current Medical Devices Directive as of May 26, 2020. The revision will affect all kinds of medical devices.

The MDR will became valid after three years from entering into force (twentieth day after its publication in the Official Journal of the European Union). However, Art. 120 MDR contains transitional provisions. Certificates of conformity issued by notified bodies in accordance with Directives 90/385/EEC and 93/42/EEC prior to the entry into force of the MDR will remain valid until the end of the period indicated on the certificate, however for a maximum period of four years after the MDR has become valid.

Currently approved medical devices are not exempt from the requirements of the MDR and will need to be re-evaluated and re-approved after the transitional periods. Following the recent version of the MDR, the current classification of the L.A.S.E.R devices as Class IIb devices will not be altered. But in general, Medical Devices will be subject to more stringent regulations, such as the strengthening of clinical data requirements related to medical devices and an extension of transparency requirements through the establishment of a comprehensive EU database on medical devices and a device traceability system allowing to trace the device from its manufacturer through the supply chain to the final user.

ISRAELI REGULATORY OVERVIEW

Office of the Chief Scientist of the Ministry of Economy / National Technological Innovation Authority

Companies that receive funding from the Israeli Office of the Chief Scientist ("**OCS**") of the Ministry of Economy are subject to the terms set out in the Law for the Encouragement of Industrial Research, Development and Technological Innovation, 1984, as amended, and related regulations ("**Innovation Law**"). On July 29, 2015, the Knesset (Israel's parliament) enacted Amendment Number 7 to the Innovation Law ("**Amendment**"), which came into force on January 1, 2016. By means of the Amendment, the National Technological Innovation Authority ("**Authority**") was established in place of the OCS.

The Authority has been granted far-reaching rights in the establishing of rules for grants provided under specific tracks and many sections of the Innovation Law and entire regulations, including such significant sections which regulated the transfer of ownership of know-how funded by the OCS to a foreign entity or regarding the transfer of manufacturing rights abroad to such know-how, as described below, have been deleted and substituted by general guidelines for the Authority, which will be the party entrusted with making decisions with respect to the same. The Amendment includes transitional provisions under which the old provisions of the Innovation Law would continue to be in force for a limited period of time. We are currently within this transitional period however there is uncertainty with respect to which rules will apply after the end of the transitional period.

Under the Innovation Law and depending on the specific terms of the grants, royalties on the revenues derived from sales of products developed with the support of the OCS are often payable to the OCS or Authority, generally at the rate of 3% to 4.5%, although these terms are different if the grant recipient receives approval for the manufacture of products developed with OCS grants outside the State of Israel or for the transfer of rights to manufacture such products outside the State of Israel. The obligation to make these payments terminates if a program is closed (for example due to failure) or upon repayment of the amount of the received grants as adjusted for fluctuation in the U.S. Dollar/NIS exchange rate, plus interest and any additional amounts as described below.

Additionally, a grant recipient may be required to pay an increased total amount of royalties (possibly up to 300% of the grant amounts plus interest) if it receives approval to manufacture, or to transfer the rights to manufacture its products developed with OCS grants outside of Israel, depending on the portion of total manufacturing that is performed outside of Israel, as further described below. As well, the grant recipient may be required to pay additional amounts in respect of the technology developed under these projects that is otherwise transferred outside of Israel, as further described below. The amounts received from the OCS bear interest equal to the 12-month London Interbank Offered Rate applicable to dollar deposits that is published on the first business day of each calendar year.

Pursuant to the Innovation Law, recipients of funding from the OCS are prohibited from manufacturing products developed using OCS grants or derived from technology developed with OCS grants outside the State of Israel and from transferring rights to manufacture such products outside the State of Israel. However, the Authority may, in special cases, approve the transfer of manufacture or of manufacturing rights of a product developed in an approved program or which results therefrom, outside of Israel.

If a grant recipient was to receive approval to manufacture or to transfer the rights to manufacture the products developed with OCS grants outside the State of Israel, and unless otherwise specified in the grant application and approval documents, the grant recipient would be required to pay an increased total amount of royalties (possibly up to 300% of the grant amounts plus interest), depending on the portion of total manufacturing that is performed outside of Israel. In addition, the royalty rate applicable to the OCS financed technologies could possibly increase. Such increased royalties constitute the total repayment amount required in connection with the transfer of manufacturing rights of OCS funded products outside Israel. The Innovation Law does enable companies to seek prior approval for conducting manufacturing activities outside of Israel without being subject to increased royalties (although this generally results in lower grant amounts).

In addition, under the Innovation Law, a grant recipient is generally prohibited from transferring its OCS financed technologies, technologies derived therefrom and related intellectual property rights outside of Israel except under limited circumstances and then only with the approval of the OCS or Authority and after making a payment to the OCS or Authority. A grant recipient may not receive the required approvals for any proposed transfer and, if received, it may be required to pay an amount calculated in accordance with the applicable formula set out in the Innovation Law. The scope of the support received, the royalties that the grant recipient may have already paid to the OCS or the Authority, the amount of time that has elapsed between the date on which the technology was transferred and the date on which the OCS grants were received as well as the sale price and the form of transaction will be taken into account in order to calculate the payment amount.

The payment amount is now subject to a maximum limit calculated in accordance with a formula set forth in regulations enacted during 2012, but may change after the end of the transition period under the Amendment as noted above. In addition, approval of the transfer of technology to residents of Israel is required, and may be granted in specific circumstances only if the recipient agrees to abide by the provisions of applicable laws, including the restrictions on the transfer of know-how and the obligation to pay royalties. No assurances can be made that approval for any such transfer, if requested, will be granted.

The State of Israel does not own intellectual property rights in technology developed with OCS funding and there is no restriction under the Innovation Law on the export of products manufactured using technology developed with OCS funding. The technology is, however, subject to transfer of technology and manufacturing rights restrictions as described above. Please see "Risk Factors—Risks relating to our business and operations in Israel—We have received certain grants available from the Israeli government for research and development expenditures, which restrict our ability to manufacture products and transfer know-how outside of Israel and require us to satisfy specified conditions" in this prospectus for further details regarding risks relating to such restrictions.

As of December 31, 2016, Alma Lasers received approximately US$519,000 in aggregate funding from the OCS under two programs and has paid approximately US$370,000 in royalties to the OCS. The aggregate funding amount includes approximately US$228,000 of funding received in connection with a program terminated due to technological failure.

As such, since Alma Lasers has terminated one program and has made full royalty payments under the open program, unless Alma Lasers starts using the technology developed under the terminated program, Alma Lasers is not required to make further royalty payments under its two OCS programs. Additionally, Alma Lasers may be required to pay an increased total amount of royalties (possibly up to 300% of the grant amounts plus interest) if Alma Lasers receives approval to manufacture or to transfer the rights to manufacture its products developed with OCS grants under either of its programs outside of Israel, depending on the portion of total manufacturing that is performed outside of Israel, as described above. Furthermore, Alma Lasers may be required to pay additional amounts in respect of the technology developed under these projects that is otherwise transferred outside of Israel, as described above.

Clinical Trials in Israel

Israel's Ministry of Health, which regulates clinical testing, has adopted protocols that correspond, generally, to those of the FDA and the European Medicines Agency, making it comparatively straightforward for studies conducted in Israel to satisfy FDA and the European Medicines Agency requirements, thereby enabling medical technologies subjected to clinical trials in Israel to reach United States and EU commercial markets in an expedited fashion.

In order to conduct clinical testing on human beings in Israel, special authorization must first be obtained from the ethics committee and general manager of the institution in which the clinical studies are scheduled to be conducted, as required under the Guidelines for Clinical Trials in Human Subjects implemented pursuant to the Israeli Public Health Regulations (Clinical Trials in Human Subjects), as amended from time to time, and other applicable legislation. These regulations require authorization by the institutional ethics committee and general manager as well as from the Israeli Ministry of Health, except in certain circumstances. For trials using medicinal cannabis or hypnosis, there are specific procedures for authorization from the Ministry of Health. In the case of genetic and special fertility trials, an additional authorization by the Ministry of Health's overseeing ethics committee must be obtained.

The institutional ethics committee must, among other things, evaluate the anticipated benefits that are likely to be derived from the project to determine if it justifies the risks and inconvenience to be inflicted on the human subjects. As well, the committee must ensure that adequate protection exists for the rights and safety of the participants as well as the accuracy of the information gathered in the course of the clinical testing.

Since the Company was and is performing clinical studies on products in Israel, it is required to obtain authorization from the ethics committee and general manager of each institution at which it conducted/is conducting clinical trials, and in most cases, from the Israeli Ministry of Health.

Environmental, Health and Safety, Device and Import/Export Regulations

Certain types of R&D and commercial activities require permits from various governmental authorities including, Israel's Ministry of Environmental Protection, Israel's Ministry of Health and local municipal authorities. As well, the Ministry of Environmental Protection and the Ministry of Health conduct periodic inspections to review and ensure compliance with the various applicable regulations.

Packaging and waste

Israel's Packaging Law (Packaging Management Law), 2011, (the "**Packaging Law**") establishes measures for the handling of packaging waste and imposes extended responsibility on producers and importers of packaged products and service packaging to collect and recycle any packaging waste for their products. The law sets annual obligatory recycling targets according to the type of material

produced. The total packaging waste to be recycled by a producer or importer shall not be less than 60% of the total weight of the single use packaging of the total products sold by the producer or importer during that year. To fulfill their duties, producers and importers are required to sign contractual agreements with an accredited body that will act on their behalf.

Hazardous materials

In Israel, businesses that store or use certain hazardous materials are required to obtain a toxin permit from the Ministry of Environmental Protection, pursuant to the Israeli Dangerous Substances Law 5753-1993. The use of radioactive materials specifically in the development and manufacturing of products in Israel, requires a permit from the Israeli Commissioner for Environmental Radiation ("**Commissioner**") pursuant to the Pharmacists Regulations (Radioactive Elements and By-Products) — 1980. The commissioner has authority to cancel a permit if a company fails to comply with its conditions. As well, should the Commissioner determine that certain activities or conditions of the facilities constitute a danger to an individual, the public or the environment, the cancellation of a permit could be immediate and without prior notice. Due to the fact that we do not work with any applicable hazardous materials, we are not subject to such regulation.

Manufacturing and Device regulations

International sales of medical devices are subject to foreign governmental regulations, which can vary substantially between different countries. The time required to obtain clearance or approval by a foreign country or to obtain a CE Certificate of Conformity from a Notified Body for a medical device may differ from that required for FDA clearance or approval. There may be different requirements imposed as well.

The medical device field in Israel is supervised by the Medical Device Department of the Israeli Ministry of Health ("**AMAR**"). AMAR is responsible for the registration of medical devices in Israel, granting various types of import permits for medical devices to Israel, monitoring the marketing of medical devices in Israel and the issuance of documents that assist exporters of medical devices manufactured in Israel. However, the manufacture of medical devices in Israel, per se, is currently *not* subject to a legally binding framework (other than requirements applicable to manufacturing and/or medical devices manufacturing factories in Israel in accordance with the applicable business license). Nonetheless, health institutions and laser laboratories (medical and cosmetics alike) in Israel often require medical device manufacturers to register their manufactured medical devices with AMAR. Also, foreign importers may require AMAR registration certificates as a condition to purchase a medical device from an Israeli company.

In addition, there are two pieces of Israeli legislation addressing medical devices: the Medical Device Law—2012 (the "**Medical Device Law**") and the Medical Device (Medical Device Registration and Renewal) Regulations—2013 (the "**Medical Device Regulations**"). However these pieces of legislation are not yet in force, since certain additional regulations, required to be enacted by the Minister of Health in order to give effect to this legislation, have not yet been enacted. The

Medical Device Law, when it will be in full effect, will require all medical devices manufactured or marketed in Israel to be registered with AMAR, and will impose a criminal prohibition on manufacturing, importing, marketing, or using medical equipment that was not registered with AMAR (except in exceptional cases).

To obtain AMAR registration, medical device manufacturers and/or importers would be required to submit a number of documents reflecting the receipt of the necessary regulatory approvals (CE, 510K, PMA, CMDCAS license), or for Israeli manufactured devices that are not registered or authorized in any "recognized country" (defined in section 1 of the Medical Devices Law as one of the countries listed in the First Annex, including the US), this includes a risk analysis, a clinical evaluation, a summary of the clinical trials, and expert opinions regarding the device's safety and usefulness. Additional requirements may apply during the registration period, including follow-up reviews and/or formal meetings with the MOH reviewers.

Import/Export Regulations

Other approvals types that may be required during the product life-cycle include Free Sale Certificate ("**FSC**") and periodic component import approvals, as described below.

Free Sale Certificate. Israeli exports usually do not require licenses (except as explicitly required under law with respect to certain products or technologies). For export of medical devices, Israeli law does not require a permit *per se*, however AMAR is authorized to issue a FSC to Israeli medical devices exporters. The FSC document is, *inter alia*, a declaration that contains certain details, such as (a) confirmation that the product is a medical device under Israeli law; (b) confirmation that the medical device was manufactured in Israel; (c) confirmation that the medical device is registered with AMAR; and (d) confirmation that the medical device was approved for use in Israeli medical institutions. Foreign regulatory and customs authorities may request Israeli exporters to show that they have obtained the FSC.

Import Approvals. The Free Import Order-2014 ("**Import Order**") regulates importing into Israel in general and stipulates the specific documentation and governmental authorizations for customs clearance of diverse products.

Workplace health and safety

Israeli law contains numerous work-safety requirements, an area of law which is highly regulated in Israel. The majority of work-safety regulation applies to most employers, in particular manufacturing plants and factories in the sector, many of which are applicable to us.

The Israeli Work Safety Ordinance (New Version), 1970, ("**Ordinance**") applies to all standard employers and factories. The Ordinance specifies various work-safety orders, including among other things that:

- A factory shall be maintained in clean and hygienic conditions;

- A factory shall maintain awareness of employee health at all times. As well, the work spaces shall not be overcrowded in a way that might harm its employees and/or its employees' health; and

- Effective and appropriate measures shall be taken to achieve and maintain, adequate levels of fresh air circulation in each room. Furthermore, effective measures must be taken to achieve and maintain sufficient and adequate lighting, whether natural or artificial, in all parts of the factory where employees are working. Effective measures shall also be taken to achieve and maintain reasonable temperature in each room, such temperature varying depending on the type of work required, and whether or not physical effort is required.

In addition, the factory is obligated to maintain ongoing records. Such records shall note any accidents or illnesses that may have occurred at the factory, as well as any exemptions issued to the factory. Surveys and certificates that must be attached according to any other section of this Ordinance shall be attached, and any other matters prescribed therein.

The Labor Inspection (Organization) Law, 1954, is applicable to any manufacturing plants or factories subject to the Ordinance. Under this law, due to the fact that we have more than 25 employees, there is a requirement to establish a joint management-worker Safety Committee, comprised of both employee and employer representatives, in which workers can present grievances and suggestions concerning work safety, and responsible for ensuring the factory's compliance with applicable rules and regulations, investigating work related accidents, and suggesting workplace safety improvements. The Regulations of the Labor Supervision Organization (Safety Committee and Safety Trustees), 1960, regulates the work of such Safety Committee. Under the Regulations of the Labor Supervision Organization (Notification of Information and Instruction to Workers), 1984, there must be Safety Manager(s) appointed by any employer/factory subject to the Ordinance. Such Safety Managers must function in accordance with the law and advise the employer regarding any applicable regulations or work-safety related issues. In addition, according to the Regulations of the Labor Supervision Organization (Safety Management Plan), 2013, a factory that employs more than 50 employees must institute a systematic program for managing workplace safety, in order to prevent work related accidents and/or diseases and to ensure that the factory functions in accordance with the work-safety laws.

According to the Regulations of the Labor Supervision Organization (Provision of Information and Employee Training), 1999, the employer must provide employees with information regarding any and all workplace hazards as well as the required information on how to avoid such risks. As well, the employer shall conduct safety guidance and/or training and make sure all the relevant employees are well-trained and duly informed.

The Safety at Work Regulations (Safety Glasses), 1947, obligate employers to provide employees with appropriate gear to prevent eye injuries while engaged in any of the activities defined therein considered to involve risk to employees' eyes. The Safety at Work Regulations (First Aid in Workplaces), 1988, require that any and all workplaces must keep first-aid kits on premises. Such first-aid kits must contain enough equipment for all the workers. One first-aid kit is required per every 150 workers. The Safety at Work (Occupational Hygiene and Safety Dealing with Laser Radiation) Regulations, 2005, applies to workplaces that operate or manufacture dangerous laser products. Under

this law, the employer shall take any and all measures necessary to ensure that the laser exposure does not exceed the prescribed allowed amount. In a workplace where there is use of dangerous laser equipment, the employer shall take all the necessary measures to ensure that all laser-related work is safe, and that all work using laser equipment is performed in accordance with the regulations.

Labor and Social Insurance

Israeli labor laws govern the length of the workday, minimum wages for employees, procedures for hiring and dismissing employees, determination of severance pay, annual leave, sick days, advance notice of termination of employment, equal opportunity and anti-discrimination laws and other conditions of employment. Subject to certain exceptions, Israeli law generally requires severance pay upon the retirement, death or dismissal of an employee, and requires employers and employees to make payments to the National Insurance Institute.

The Israeli Severance Pay Law, 1963 ("**Severance Pay Law**"), specifies that employees are entitled to severance payment, following the termination of their employment. Under the Severance Pay Law, the severance payment is calculated as one month salary for each year of employment, or a portion thereof. A company's liability for severance pay may be covered in whole or in part by the provisions of Section 14 of the Severance Pay Law ("**Section 14**"). Under Section 14, employees are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, contributed on their behalf to their insurance funds. Payments in accordance with Section 14 that are made from the employee's first day of employment release the employer from any future severance payments in respect of those employees.

Maternity leave

The Employment of Women Law, 1954, regulates employees' entitlement to maternity or paternity leave. In general, an employee is entitled to up to 26 weeks of maternity leave, of which up to 14 weeks are paid by the National Insurance Institute. This period may be extended as unpaid leave for a period of up to 12 months, depending on an employee's seniority with employer before taking leave. An employee returning from maternity leave has the right to return to work for at least 60 days, during which period employment may not be terminated nor may termination proceedings be initiated. A male employee is entitled to paternity leave to the extent his spouse is entitled to and has not utilized her right to maternity leave, provided however that the first 6 weeks of maternity leave are reserved for the mother.

Termination of employment

Absent a contractual arrangement setting a longer notice period than the minimum requirements, the mandatory notice period for full-time employees who have completed at least one year of employment is 30 days. During the first year of employment, the mandatory notice period is 1 day for each month of employment during the first 6 months of employment and an additional 2.5 days for every additional month thereafter.

Sick leave

The Sick Pay Law, 1976, regulates the amount of paid sick leave an employee is entitled to absent special provisions in a collective agreement or personal employment contract. Under this law, employees are entitled to accrue 1½ sick days per month of employment, or 18 days per year, up to a maximum of 90 days.

Annual leave

The Annual Leave Law, 1951, requires an employer to grant every employee an annual vacation during which the employee receives full pay. The minimum mandatory number of paid vacation days is a function of how long the employee has been employed by the employer. As of January 1, 2017, employees with a five day work-week are entitled to a minimum of 12 work days of annual vacation in each of their first five years of employment. The entitlement to vacation days increases with seniority at the workplace, and individual employment contracts or company policy may provide for additional days.

Intellectual Property

The Israeli intellectual property law regime covers the acquisition, maintenance and enforcement of intellectual property rights. Intellectual property law provides for monopolies limited in time and scope with respect to, *inter alia*, inventions, trademarks, and works of copyright, including computer software, films and recorded music. Upon expiration of an intellectual property right, the underlying invention or work of copyright automatically becomes part of the public domain and may be freely used by the public and further developed or improved to make new inventions and new developments or works of copyright.

International treaties in the field of intellectual property set forth minimum monopoly standard levels that contracting states agree to maintain in their territory. Israel is a member of most international intellectual property treaties and maintains standards that often exceed the minimal standards set in those treaties.

The Israel Patent Office ("**ILPO**") is the authority in Israel which provides legal protection of industrial intellectual property through the registration of patents, designs, trademarks and appellations of origin. The office is part of the Israeli Ministry of Justice. The granted right is subject to the examination of an application. In addition, the ILPO provides information and guidance to the public regarding its functions and responsibilities as well as in matters relating to patents, designs and trademarks. Israel does not maintain a formal copyright registry.

Patents

The Patents Law, 1967, as amended, and the Patents Regulations (Office Practice, Rules of Produce, Documents and Fees), 1968, are the primary legislative bases for patent law in Israel. Israel is a member of the Paris Convention for the Protection of Industrial Property, and a party to the Patent Cooperation Treaty ("**PCT**").

In general, under Israeli patent law the owner of a patentable invention may apply to the ILPO for a patent. A patentable invention is defined under the law as an invention, whether a product or a process in any technological field, which is new, useful, applicable for industrial use and non-obvious. Each of the above has detailed criteria under the Patent Law. Israeli patent law has adopted the "first to file" standard; if more than one applicant applied for a patent for the same invention, the patent will be granted to the applicant who first validly applied for it.

The term of a patent is 20 years from the first filing (which is the priority date), but it is possible to receive an extension under certain circumstances described in the Patent Law. The Patent Law includes provisions granting relief by way of injunction and compensation in actions for infringements. In addition, there are special provisions in the Patent Law relating to the State's ability to limit the patent registrar's authority under the law in order to protect state security as well as with respect to mandatory licensing arrangements in certain cases as set out in the law. Alma Lasers is the registered owner of various patents issued in Israel.

Trademarks

The Trade Marks Ordinance, 1972, provides protection for trademarks, which are defined as marks containing letters, numbers, words, images, symbols or a combination thereof, which are used to identify goods. Service marks are a type of trademark used in connection with services. Registration of marks may be pursued either nationally or internationally in accordance with the provisions of the Israeli Trade Marks Ordinance and the Madrid Protocol. Specific classes for which protection is sought are designated in the application filed with the Trademark Office. The registration of the mark confers upon its owner the exclusive use of the mark in relation to the products or services for which it is registered. Registration also serves to protect the public against deception regarding the origin of the goods or services in question. Non-registered marks may also benefit from protection in certain cases. Trademarks that are well-known in Israel as a mark owned by a person or entity that is a citizen of a member state of the Paris Convention for the Protection of Industrial Property or a member of the World Trade Organization, can also be protected even if not actually registered in Israel.

There are many types of marks that cannot be registered, such as: (i) a mark identical with or similar to emblems of exclusively religious significance; (ii) flags and emblems of the State of Israel or its institutions, flags and emblems of foreign states or international organizations, and any mark resembling any of these; or (iii) a mark likely to deceive the public, a mark which contains a false indication of origin, and a mark which encourages unfair trade competition.

The registration of a trade mark is valid for 10 years from the date of filing of the application and the registration may be renewed for additional periods of 10 years in accordance with the provisions of the law. Alma Lasers holds registrations for various trademarks in Israel.

Copyright

The Copyright Law, 2007, protects matters of literary and artistic expression, including computer software. Israel is a party to the Berne Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention and the TRIPS Agreement.

A copyright in a work means the exclusive right to do with the work, or a substantial part thereof, one or more of the following acts, in accordance with the type of the work: (i) reproduction with respect to all categories of works; (ii) publication in respect of a work not yet published; (iii) public performance in respect of a literary work, dramatic work, musical work and sound recording; and/or (iv) broadcasting in respect of all kinds of works.

Copyright subsists in the following works: (i) original works that are literary works, artistic works, dramatic works or musical works, fixed in any form; and (ii) sound recordings. Originality of a compilation means the originality in the selection and arrangement of the works or of the data embodied therein. Moral rights are also protected under the Copyright Law, although there are no moral rights in computer software. Under Israeli law, moral rights cannot be assigned. Copyright in a work subsists during the life of the author and for 70 years after her death.

Designs

The Patents and Designs Ordinance, 1924, protects such visual features of a design as shape, configuration, pattern or ornament applied to any article by any industrial process or means, whether manual, mechanical or chemical, separate or combined. To gain protection, the design should be novel and should not include any mode or principle of construction or anything which is in substance a mere mechanical device. As such, a design cannot be registered for the shape of a product dictated only by its functional considerations. Examples for products that qualify to be registered as designs include: jewelry, watches, clothes, toys, telephones, furniture and all instruments and working tools, subject to the requirements set out in the Ordinance. Holders of design rights may prevent third parties from exploiting the registered design in the territory of registration — that is, the State of Israel. A registered design is protected for a period of five years but may be extended for two additional periods of five years each for a total of 15 years of protection.

Trade secrets

Patent rights and copyrights have limited terms and, as such, one may choose to protect one's intellectual property as a trade secret. Trade secrets include know-how, formulae, business plans, and non-public technical information. A trade secret is defined as any information the confidentiality of which provides its proprietor with an advantage over competitors and which the owner takes reasonable measures to protect from disclosure. Trade secrets are protected under the Commercial Torts Law, 1999 from unlawful appropriation or unauthorized use by other parties. The court may, at the plaintiff's request, award damages for every wrong, without proof of actual damage, in an amount of no more than NIS100,000. It should be noted that a trade secret is confidential for so long as it is not in the public domain or easily available, provided that the owner uses sufficient measures to preserve its confidentiality. Failure to take sufficient measures to maintain the confidentiality of the know-how may result in the loss of trade secret protection.

Laws and Regulations Relating to Taxation

The following description is not intended to constitute a complete analysis of all tax consequences relating to the purchase, ownership or disposition of the Shares. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign, including Israel, or other taxing jurisdiction.

Certain Israeli tax considerations

The following is a brief summary of certain Israeli income tax laws applicable to us. This section also contains a discussion of certain Israeli tax consequences concerning the purchase, ownership and disposition of our New Shares. This summary does not discuss all the Israeli tax aspects that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. To the extent that the summary below discusses new legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure that the relevant tax authorities or the courts will accept the views expressed in this discussion. This summary is based on laws and regulations in effect as of the date hereof and does not take into account possible future amendments which may be under consideration.

General corporate tax structure in Israel

Israeli resident companies (as defined below), such as the Company, are generally subject to corporate tax currently at the rate of 24% (scheduled to be reduced to 23% in 2018) with respect to their taxable income, as at January 1, 2017.

Capital gains derived by an Israeli resident company are generally subject to tax at the same rate as the corporate tax rate. Under Israeli tax legislation, a corporation will be considered an "Israeli resident" if it meets one of the following: (i) it was incorporated in Israel; or (ii) the control and management of its business are exercised in Israel.

Law for the Encouragement of Industry (Taxes), 5729-1969

The Law for the Encouragement of Industry (Taxes), 1969, ("**Industry Encouragement Law**"), provides several tax benefits for "Industrial Companies", which are defined as Israeli resident-companies which 90% or more of their income in any tax year is derived from an "Industrial Enterprise" which must be located in Israel, that it owns, or an enterprise whose principal activity in a given tax year is industrial production. Eligibility for benefits under the Industry Encouragement Law is not contingent upon approval of any governmental authority.

The following corporate tax benefits, among other things, are available to "Industrial Companies":

- amortization over an eight year period of the cost of purchasing a patent, rights to use a patent and rights to know-how, which are used for the development or advancement of the company, commencing in the year in which such rights were first exercised;

- under limited conditions, an election to file consolidated tax returns with related Industrial Companies; and

- deductions of expenses related to a public offering in equal amounts over a three year period.

Currently, Alma Lasers is qualified as an "Industrial Company" within the meaning of the Industry Encouragement Law, while the Company is not qualified as such. There can be no assurance that the Company will qualify as an "Industrial Company" in the future or that Alma Lasers will continue to qualify as an "Industrial Company" and continue to benefit from the Industrial Encouragement Law.

Law for the Encouragement of Capital Investments, 5719-1959

The Law for the Encouragement of Capital Investments, 1959 ("**Capital Encouragement Law**"), provides certain incentives for capital investments in production facilities (or other eligible assets). The Capital Encouragement Law was significantly amended effective April 1, 2005 and further amended as of January 1, 2011 ("**2011 Amendment**"). The 2011 Amendment introduced new benefits to replace those granted in accordance with the provisions of the Capital Encouragement Law in effect prior to the 2011 Amendment.

Tax benefits under the 2011 Amendment

The 2011 Amendment canceled the availability of the benefits granted to Industrial Companies under the Capital Encouragement Law prior to 2011 and, instead, introduced new benefits for income generated to a "Preferred Company" through its "Preferred Enterprise" (as such terms are defined in the Capital Encouragement Law) as of January 1, 2011.

The definition of a Preferred Company includes a company incorporated in Israel that is not fully owned by a governmental entity, and that has, among other things, a Preferred Enterprise and is controlled and managed from Israel. Under a recent amendment announced in December 2016, beginning in 2017 and in each year thereafter, a Preferred Company may be entitled to reduced corporate tax rates of 16%, or 7.5% in case the Preferred Enterprise is located in a specified development zone. Income derived by a Preferred Company from a "Special Preferred Enterprise" (as such term is defined under the Capital Encouragement Law) would be entitled, during a benefit period of ten years, to further reduced tax rates of 8%, or 5% if the Special Preferred Enterprise is located in a certain development zone. Also, income derived by a Preferred Company from a "Preferred Technology Enterprise" (as such term is defined under the Capital Encouragement Law) would be subject to a reduced corporate tax rate of 12% or 7.5% where the "Preferred Technology Enterprise" is located in a specified development zone. Where the Preferred Company derives income from a "Special Preferred Technology Enterprise" (as such term is defined under the Capital Encouragement Law) the tax rate can be further reduced to 6%.

As of January 1, 2014, dividends paid out of income attributed to a Preferred Enterprise are subject to withholding tax at source at the rate of 20% unless a different tax rate is provided under an applicable tax treaty. However, if such dividends are paid to an Israeli company, no tax is required to be withheld.

Currently, Alma Lasers is entitled to receive certain tax benefits available for Preferred Companies, however, there can be no assurance that Alma Lasers will continue to be entitled to receive such benefits at any time in the future. Furthermore, there can be no assurance that even if in the future Alma Lasers meets the relevant requirements for such tax benefits, that such tax benefits will be available to Alma Lasers at all.

Taxation of our Israeli individual shareholders on receipt of dividends

Israeli residents who are individuals are generally subject to Israeli income tax for dividends paid on our ordinary shares (other than bonus shares or share dividends) at a rate of 25%, or 30% if the recipient of such dividend is a Substantial Shareholder (as defined below) at the time of distribution or at any time during the preceding 12 month period. An additional tax at a rate of 3% may be imposed upon individual shareholders whose annual taxable income from all sources exceeds a certain amount, as described below.

A "Substantial Shareholder" is generally a person who alone, or together with his or her relative or another person who collaborates with him or her on a regular basis, holds, directly or indirectly, at least 10% of any of the "means of control" of a corporation. "Means of control" generally include the right to vote, receive profits, nominate a director or an officer, receive assets upon liquidation or instruct someone who holds any of the aforesaid rights regarding the manner in which he or she is to exercise such right(s), all regardless of the source of such right.

With respect to individuals, the term "Israeli resident" is generally defined under Israeli tax legislation as a person whose center of life is in Israel. The Israeli Tax Ordinance states that in order to determine the center of life of an individual, consideration will be given to the individual's family, economic and social connections, including: (i) place of permanent residence; (ii) place of residential dwelling of the individual and the individual's immediate family; (iii) place of the individual's regular or permanent occupation or the place of his or her permanent employment; (iv) place of the individual's active and substantial economic interests; (v) place of the individual's activities in organizations, associations and other institutions. The center of life of an individual will be presumed to be in Israel if: (i) the individual was present in Israel for 183 days or more in the tax year; or (ii) the individual was present in Israel for 30 days or more in the tax year, and the total period of the individual's presence in Israel in that tax year and the two previous tax years is 425 days or more. Such presumption may be rebutted either by the individual or by the assessing officer.

Payers of dividends on our ordinary shares, including the Israeli stockbroker effectuating the transaction, or the financial institution through which the securities are held, are generally required, subject to any of the foregoing exemptions, reduced tax rates and the demonstration of a shareholder regarding his, her or its foreign residency, to withhold tax upon the distribution of dividend at the rate of 25%, so long as the shares are registered with a nominee company.

Taxation of Israeli resident corporations on payment of dividends

Israeli resident corporations are generally exempt from Israeli corporate income tax with respect to dividends paid on ordinary shares held by such Israeli resident corporations as long as the profits out of which the dividends were paid were derived in Israel and received from another corporation that is liable to Israeli corporate tax.

Capital gains taxes applicable to Israeli resident shareholders

The income tax rate applicable to real capital gains derived by an Israeli individual resident from the sale of shares that were purchased after January 1, 2012, whether listed on a stock exchange or not, is 25%. However, if such shareholder is considered a Substantial Shareholder at the time of sale or at any time during the preceding 12 month period, such gain will be taxed at the rate of 30%. In addition, as noted above, beginning in 2017, an additional tax at a rate of 3% may be imposed upon individual shareholders whose annual taxable income from all sources exceeds a certain amount, as described below.

Moreover, capital gains derived by a shareholder who is a dealer or trader in securities, or to whom such income is otherwise taxable as ordinary business income, are taxed in Israel at ordinary income rates (currently 24% for corporations and up to 50% for individuals).

At the sale of securities traded on a stock exchange a detailed return, including a computation of the tax due, must be filed and an advanced payment must be paid on January 31 and July 31 of every tax year in respect of sales of securities made within the previous six months. However, if all tax due was withheld at source according to applicable provisions of the Ordinance and regulations promulgated thereunder the aforementioned return need not be filed and no advance payment must be paid. Capital gain is also reportable on the annual income tax return.

Taxation of non-Israeli shareholders on receipt of dividends A1A31

Non-Israeli resident shareholders are generally subject to Israeli income tax on the receipt of dividends paid on our Shares at the rate of 25% (or 30%, if such holder is a Substantial Shareholder at the time when he or she receives the dividends or on any date in the 12 months preceding such date). Such tax on the dividend will be withheld at source by the Company, unless, a shareholder applies to the Israel Tax Authority and obtains an approval that it is entitled to a reduced tax rate under an applicable tax treaty between Israel and the shareholder's country of residence.

A shareholder who is entitled to a reduced tax rate under an applicable tax treaty between Israel and the shareholder's country of residence, but had not obtained an approval from the Israel Tax Authority prior to a payment of a dividend, may apply for a tax refund by submitting Form 1301 to the Israel Tax Authority together with the relevant identity document(s) and such other documents as may be required by the Israel Tax Authority and the confirmation of the taxes withheld (referred to below). The Form 1301 and details of how to apply for a tax refund can be obtained from the website of the Israel Tax Authority at **www.taxes.gov.il**. The application for a tax refund may be submitted to the Israel Tax Authority for a period of seven years from the end of the year in which such dividend was distributed.

In the year following the payment of the dividends until the end of that year, the Company may apply to the Israel Tax Authority and obtain a formal confirmation for all taxes withheld in the previous year for its statutory tax reporting requirements.

There is no reporting obligation in Israel for non-Israeli residents applying for tax benefits available under a tax treaty with Israel.

With respect to Hong Kong resident shareholders, there is currently no tax treaty between Israel and Hong Kong that gives rise to any tax benefits on the receipt of dividends from the Company. There is, however, a tax treaty between Israel and the PRC pursuant to which shareholders who are residents of the PRC may be entitled, under certain circumstances, to tax benefits available under that treaty. These benefits provide, where applicable, that dividends paid to a shareholder who is a resident of the PRC may be taxed in Israel at a rate of 10%.

Capital gains income taxes applicable to Non-Israeli shareholders

According to Israeli tax law, non-Israeli resident shareholders are exempt from Israeli capital gains tax on any capital gains derived from the sale, exchange or disposition of our Shares, provided the following conditions are met:

(1) such gains were not derived from a permanent establishment or business activity of such shareholders in Israel; and

(2) the Shares were purchased by the non-Israeli resident pursuant to the Global Offering or following the listing of the Shares on the Stock Exchange.

Notwithstanding the above, non-Israeli resident shareholders who are legal entities will not be entitled to the foregoing exemption if Israeli residents (i) have a controlling interest of more than 25% in such non-Israeli entity or (ii) are the legal beneficiaries of or are entitled to 25% or more of the revenues or profits of such non-Israeli entity, whether directly or indirectly.

In addition, a sale of securities by a non-Israeli resident shareholder may also be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty.

Foreign brokers (including CCASS Participants) are not required to withhold Israeli tax at source with respect to a sale of our Shares.

Excess tax

Individuals who are subject to tax in Israel are also subject to an additional tax at a rate of 3% on annual income exceeding a certain threshold (NIS640,000 for 2017, which amount is linked to the annual change in the Israeli consumer price index), including, but not limited to, dividends, interest and capital gains.

Estate and gift tax

Israeli law presently does not impose estate or gift taxes.

Stamp Duty

Israeli law presently does not impose a stamp duty on the transfer of shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

PRC REGULATORY OVERVIEW

PRC Regulatory Framework in Relation to Medical Devices

Our products are subject to PRC regulatory controls governing medical devices. We are subject to the regulation and oversight by different levels of food and drug administrations in the PRC, in particular, the CFDA. The Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), provides the basic legal framework for the production and business operation of medical devices in the PRC. We are subject to other PRC laws and regulations that regulate the business operation of medical devices, including the Measures on Supervision and Administration of Business Operations of Medical Devices (《醫療器械經營監督管理辦法》).

Category of Medical Devices

In accordance with the Regulations on Supervision and Administration of Medical Devices category-based administration for medical devices is introduced according to the degree of risk of such devices. Medical devices of category I refer to medical devices with low degree of risk, whose safety and effectiveness can be ensured through routine administration. Medical devices of Category II refer to medical devices with medium degree of risk, which shall be strictly controlled and administered to ensure their safety and effectiveness. Medical devices of Category III refer to medical devices with higher degree of risk, which shall be strictly controlled and administered by taking special measures to ensure their safety and effectiveness.

The evaluation of the degree risk of medical devices shall take consideration of the intended purpose, structural features, use methods and other factors of such devices. The food and drug administration of the State Council shall be responsible for formulating the categorization rules and catalogue of medical devices, and, according to the information on the production, business operation

and use of medical devices, timely analyzing and evaluating the risks of medical devices, and adjusting the catalogue. Opinions from manufacturers, business operators, users and trade organizations of medical devices shall be comprehensively collected and the international classification practice in respect of medical devices shall be referred in formulation and adjustment of the catalogue of medical devices. The catalogue of medical devices shall be made public.

The medical device products shall satisfy the mandatory national standards for medical devices, and, in the absence of such standards, satisfy the mandatory industrial standards. The catalogue of single-use medical devices shall be formulated, adjusted and made public by the food and drug administration of the State Council jointly with the health and family planning authority of the State Council. The medical devices whose safety and effectiveness can be ensured when being reused shall not be listed in the catalogue of single-use medical devices. The medical devices whose safety and effectiveness can be ensured when being reused upon the improvements of designs, production technologies, disinfection and sterilization technologies shall be removed from the catalogue of single-use medical devices.

Registration and Recordation of Imported Medical Devices

In accordance with the Regulations on Supervision and Administration of Medical Devices, a registration and recordation system is applied for imported medical devices. To file imported Category I medical devices for record, an overseas medical device manufacturer shall, through its representative office established in the PRC or the corporate enterprise designated as its agent in the PRC, submit record filing documents and documents supporting the market launch of such medical devices approved by the competent department of the country (region) where the overseas medical device manufacturer is located to the CFDA for record filing. To export Category II and/or Category III medical devices to the PRC, an overseas medical device manufacturer shall, through its representative office established in the PRC or the corporate enterprise designated as its agent in the PRC, submit to the CFDA the registration documents and the documents supporting market launch of such medical devices approved by the competent department of the country (region) where the overseas medical device manufacturer is located. The imported medical devices of Category II and Category III which meet the safety and effectiveness requirements shall receive approval for issuance of registration certificates and a medical device registration certificate shall be valid for five years. If the medical device registration certificate needs to be renewed upon the expiration of its validity period, an application for registration renewal shall be filed with the original registration authority six months before the validity period expires.

In the event that there are substantial changes to the design, raw materials, production process, scope of application and method of use of a Category II or III medical device that has been registered, which might affect the safety and effectiveness of the medical device, the registrant of such medical device shall complete formalities for modification of registration with the original registration authority. Non-material changes that do not affect safety and effectiveness of the medical device shall be filed for record with the original registration authority.

In accordance with the Regulations on Supervision and Administration of Medical Devices, if an entity produces or manages Category II and/or III medical devices without a registration certificate, or an entity engages in business operation of Category III medical devices without a permit, the food

and drug administration of a people's government at county level or above will confiscate the illegal gains, illegally produced or managed medical devices as well as the tools, equipment, raw materials and other articles that are used for illegal production or business operation. If the goods value of illegally produced or managed medical devices is less than RMB10,000, a fine ranging from RMB50,000 to RMB100,000 will be imposed. If the goods value of illegally produced or managed medical devices is not less than RMB10,000, a fine ranging 10 to 20 times the goods value will be imposed. If the illegal gains are not less than RMB10,000, a fine of five to ten times the illegal gains will be imposed. In a serious case, an application for a large medical equipment deployment permit filed by the relevant liable person or the entity will not be accepted within five years.

Clinical Trials of Medical Devices

Clinical trials are not required for the record filing of Category I medical devices, but necessary for the registration of Category II and III medical devices. However, medical devices may be exempt from clinical trials under any of the following circumstances:

- the medical device has a clear working principle, shaped design and mature production technology, as well as the on-sale medical device of the same category has been applied for clinical purpose for years with no record of serious adverse event, and it has not changed the general purpose;

- the safety and effectiveness of such medical device can be proved through non-clinical evaluation; or

- the safety and effectiveness of such medical device can be proved through the analysis and evaluation of the data obtained from the clinical trials or clinical application of medical devices of the same category.

In accordance with the Guideline for Clinical Trial of Medical Devices (《醫療器械臨床評價技術指導原則》), for the imported medical devices, if clinical trials have been conducted offshore and such clinical trials meet relevant requirements under the PRC laws, regulations and registration guidelines, clinical trials materials submitted to medical devices administration department offshore can be submitted to the CFDA directly. However, medical devices listed in the Catalogue of Medical Devices of Class III Subject to Approval for Clinical Trials (《需要進行臨床試驗審批的第三類醫療器械目錄》) are subject to clinical trials within the PRC.

The clinical trials of medical devices shall be conducted in qualified clinical trial institutions in accordance with the requirements of the quality management norms for the clinical trials of medical devices, and be filed for record to the food and drug administration of the people's governments of the provinces, autonomous regions or municipalities directly under the central government where the clinical trial presenters are located. The medical devices of Category III which may pose relatively high risks to human bodies according to the clinical trials thereof shall be approved by the food and drug administration of the State Council.

Distribution of Medical Devices

In accordance with the Measures on Supervision and Administration of Business Operations of Medical Devices (《醫療器械經營監督管理辦法》), an enterprise engaged in distribution of Category II medical devices must file for record with the local food and drug administration at the level of city divided into districts, and an enterprise engaged in distribution of Category III medical devices must apply to the food and drug administration at the level of city divided into districts for a License for Business Operations of Medical Devices (《醫療器械經營許可證》 which is valid for five years and the enterprise shall file an application for renewal of the License for Business Operations of Medical Devices with the original issuing authority six months before it expires.

Inspection of Imported Medical Devices

In accordance with the Regulations on Supervision and Administration of Medical Devices imported medical devices shall be inspected by the entry-exit inspection and quarantine institutions. The medical devices unqualified upon inspection shall not be imported.

Intellectual Property Rights of Medical Devices

In accordance with the Patent Law of the PRC (《中華人民共和國專利法》) and the Implementation Regulations for the Patent Law of the PRC (《中華人民共和國專利法實施細則》), patent includes three categories. The term "invention" refers to any new technological scheme proposed for a product, a process or the improvement thereof. The term "utility model" refers to any applicable and practical new technological scheme proposed for the shape or structure of a product or a combination thereof. The term "design" refers to any new design proposed for the shape or pattern of a product or a combination thereof and a combination of colors and shape or pattern which is full of aesthetic sense and is suitable for industrial application. The validity period of patent rights for an invention shall be 20 years, the validity period of patent rights for a utility model or a design shall be 10 years, the validity period shall commence from the date of application.

Where any foreigner, foreign enterprise or other foreign organization that does not have a permanent address or business address in the PRC makes a patent application in the PRC, the application shall be processed in accordance with the agreement entered into between the home country and the PRC or an international treaty participated by both the home country and the PRC or the reciprocity principle.

Existing patents can become invalid or unenforceable due to a number of factors, including known or unknown prior act, deficiencies in patent application, and lack of originality in technology.

Any persons and entities using the patent in the absence of authorization from the patent owner or conducting other activities which infringe upon patent rights will be held liable for compensation to the patent owner, subject to fines charged by the relevant administrative authorities and may include criminal liabilities.

The Trademark Law of the PRC (《中華人民共和國商標法》) and the Implementation Regulations for the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) provide the basic legal framework for the regulation of trademarks in the PRC. The trademark office is responsible for the registration and administration of trademarks throughout the country. A foreign trademark can be protected by law after it was approved to be registered by the trademark office. Like patents, a "first-to-file" principle is adopted with respect to trademarks. The period of validity of a registered trademark is 10 years from the date of registration; The renewal is allowed thereafter and the period of validity of each renewal is 10 years. The administration for industry and commerce department of the State Council possesses the power to investigate and handle any act of infringement towards the exclusive right to use a registered trademark according to law. Where the case is so serious as to constitute a crime, it shall be transferred to the judicial authority.

Product Liability and Protection of Consumers

Pursuant to the General Principles of the Civil Law of the PRC (《中華人民共和國民法通則》), sellers of defective products causing property damage or injury shall incur civil liabilities.

The Product Quality Law of the PRC (《中華人民共和國產品質量法》) strengthens the quality control of products and protect consumers' rights. Under this law, operators who sell defective products may be subject to the confiscation of earnings from such sales, the revocation of business licenses and imposition of fines, and where the case constitutes a crime, criminal liability shall be pursued.

The Law of the PRC on the Protection of Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》 protects consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they sell goods and/or provide services to customers. Under its amendment on October 25, 2013, all business operators are responsible for protecting the customers' privacy which they obtain during the business operations. For business operators which violate the provisions of this law in the provision of goods or services and infringe the legitimate consumer rights and interests, where the act constitutes a criminal offence, criminal liability shall be pursued.

Under the Tort Law of the PRC (《中華人民共和國侵權責任法》), if product defects are discovered after the products are put in circulation, the manufacturer and the seller shall promptly adopt remedial measures such as warning and product recall. In the event of damages caused by a failure to adopt remedial measures promptly or failure to adopt effective remedial measures, the manufacturer and the seller shall bear tort liability. Where defective products are manufactured or sold despite knowledge of the product defects and have caused death or serious health problems, the infringed party shall have the right to request for the corresponding punitive compensation.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW OF THE GROUP'S HISTORY

The Company was incorporated on April 25, 2013 and has been a non-wholly owned subsidiary of Fosun Pharma since its incorporation. In May 2013, the Company acquired 95.2% of the share capital of Alma Lasers from TA Associates and other independent shareholders for a total consideration of approximately US$221.6 million. On June 26, 2016, the Company completed the Company Buy-out and Alma Lasers became a wholly owned subsidiary of the Company. A1A5 A1A28(2)

Alma Lasers, our principal operating subsidiary, was incorporated under the laws of Israel under the name of MSQ, Ltd. ("**MSQ**") by Dr. Ziv Karni, Mr. Nadav Bayer, Mr. Yoav Avni and Mr. Evgeni Kudritki (the "**Founders**") in October 1999. Dr. Ziv Karni and Mr. Nadav Bayer still hold positions with the Group as chief executive officer of Alma Lasers and Vice President of Research, Development and Engineering of the Group, respectively. Mr. Evgeni Kudritki is an electrical engineer who worked at MSQ from October 1999 to October 2001. Mr. Yoav Avni served as Vice President of Research & Development of the Group and was responsible for the mechanical team until July 2012. GL86-16 1D 3.3(a) GL86-16 1D 3.3(d)

In October 2005, MSQ changed its name to Alma Lasers Ltd. In March 2006, TA Associates, Inc. ("**TA Associates**") a private equity firm, acquired 73.3% of the share capital of Alma Lasers from its then existing shareholders (including the Founders).

Since Alma Lasers' incorporation in 1999, it has been principally engaged in designing, developing, producing and selling energy-based medical aesthetic treatment systems used in the provision of medical aesthetic, beauty and minimally invasive treatments. Since its inception, the Group has been headquartered in Israel.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of the key corporate and business development milestones since the incorporation of Alma Lasers:

Year	Event	
1999	MSQ (now Alma Lasers) established in Israel by the Founders and commenced operations in Israel	GL86-16 1D 3.3(a)
2002	Released its first diode laser hair removal platform, the "Mythos 500"	
2003	Introduced a multi-application aesthetic treatment platform based on the patented "Advanced Fluorescence Technology" of Alma Lasers	
	Entered the Asian market through its relationship with its PRC Distributor in China	

Year	Event
2004	Launched its proprietary radiofrequency technology for aesthetic treatment, "Unipolar Technology" Launched Harmony product for skin rejuvenation Established Orion Lasers Inc. (subsequently changed its name to Alma Lasers Inc.), a Delaware corporation, holding 25% at its share capital
2005	Acquired the remaining 75% of the share capital of Orion Lasers Inc., and enhanced the direct sales and marketing operations in the United States Launched Accent and Aria products
2006	Launched the first fractional ablative laser with the Erbium Pixel Extended fractional ablative technology to CO_2 lasers Launched "In-Motion SHR" technology TA Associates acquired a 73.3% interest in the share capital of Alma Lasers from its then existing shareholders (including the Founders)
2007	Launched patented cold ultrasound shear wave technology for body contouring treatments
2008	Successfully developed and began marketing a product line targeted at the spa market by tailoring the existing product lines to meet regulatory standards for use by non-physicians
2009	Expanded the direct distribution platform into Canada
2011	Developed the "iTED" skin barrier solution, the first method of "Trans Epidermal Delivery" based on the fractional ablation and ultrasonic energy, which is featured in IMPACT module product
2012	Alma Lasers acquired the business of dermatologic laser and light-based systems and treatment solutions for medical and aesthetic applications from the Quantel Group Companies Alma Lasers established Alma Lasers GmbH in Germany, as a wholly owned subsidiary to commence its direct sales and marketing operations in Germany
2013	Established surgical division, Alma Surgical The Company was incorporated as a non-wholly owned subsidiary of Fosun Pharma The Company acquired 95.2% of the share capital of Alma Lasers
2014	Established subsidiary in India, Alma Medical Private Ltd., as a wholly owned subsidiary of Alma Lasers
2015	Launched the Alma Beauty brand for aestheticians
2016	The Company completed the Buy-out of the remaining minority shareholders of Alma Lasers and Alma Lasers became a wholly owned subsidiary of the Company

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THE ACQUISITION OF THE GROUP BY THE FOSUN PHARMA GROUP

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The Company was incorporated on April 25, 2013 for the purpose of acquiring a 95.2% shareholding interest in Alma Lasers. CML, Ample Up and Magnificent View owned as to 36.17%, 30.03% and 33.80%, respectively, of the share capital of the Company. The acquisition comprised the purchase of 95.2% of the share capital of Alma Lasers by the Company from TA Associates and certain other independent shareholders (the "**Alma Acquisition**") pursuant to a share purchase agreement dated April 26, 2013.

The total consideration payable was approximately US$221.6 million on completion of the Alma Acquisition on May 27, 2013. The consideration was based on an enterprise value of US$220 million plus an adjusted cash balance which was payable at completion. The Company satisfied payment of the consideration by internal cash resources and bank borrowings.

SHAREHOLDERS' AGREEMENT AMONG CML, AMPLE UP AND MAGNIFICENT VIEW

On April 26, 2013, the Company, Ample Up, CML and Pramerica-Fosun Fund entered into a shareholders' agreement, which was subsequently amended by an amendment agreement dated June 6, 2013, among the Company, Ample Up, CML, Pramerica-Fosun Fund and Magnificent View (the "**Shareholders' Agreement**"). The Shareholders' Agreement confers certain rights upon each of Ample Up, CML and Magnificent View with respect to the Company, including, among other things:

- **Information Rights**: to obtain certain financial information of the Company, including unaudited but reviewed financial statements and the audited financial statements;

- **Right of first refusal and tag-along right**: a right of first refusal and a tag-along right in the event any shareholder desires to sell, transfer or otherwise dispose of any of its Shares to a third party;

- **Pre-emptive right**: a pre-emptive right in the event the Company proposes to issue or sell any Shares to any third party; and

- **Reserved matters**: the following reserved matters are subject to the consent of each of Ample Up, CML and Magnificent View: any material change in line of business of the Company, Alma Lasers or any of its subsidiaries; any merger, acquisition or other forms of business combination between the Company or Alma Lasers and Ample Up, CML or any of their respective affiliates; any issuance of any new shares by the Company or Alma Lasers; any change of share capital; incurring any indebtedness other than in the ordinary and usual course of business; and amendments of the Articles or the articles of association of Alma Lasers.

The Shareholders' Agreement will be terminated upon the earlier of: (i) the consummation of the sale, transfer or other disposition of all of the shares in the Company or Alma Lasers by its shareholders as the case may be; (ii) the consummation of the sale, transfer or other disposition of all or substantially all of the Company's or Alma Lasers' assets; (iii) the consummation of the merger or consolidation of the Company or Alma Lasers, as the case may be, with or into another entity (subject to certain exemptions); or (iv) the consummation of an initial public offering of the Company's or Alma Laser's ordinary shares to the public, as the case may be, in a bona fide public offering and the listing of such shares for trading on an internationally recognized stock exchange. As a result, the Shareholders' Agreement will terminate automatically on completion of the Global Offering.

THE ACQUISITION OF THE REMAINING 30% SHAREHOLDING INTEREST IN CML BY FOSUN PHARMA

As part of a corporate restructuring exercise being implemented by Fosun Pharma, which was approved by the shareholders of Fosun Pharma on June 30, 2014, Fosun Pharma announced that Ample Up and Chindex Medical Holdings (BVI) Limited ("**Chindex (BVI)**") had entered into a share purchase agreement on April 7, 2017, pursuant to which, Ample Up agreed to acquire the remaining 30% shareholding interest in CML from Chindex (BVI) (the "**CML Acquisition**"). The consideration for the CML Acquisition was RMB263,589,343, which was based on the net asset value of CML and mutually agreed by the parties. The CML Acquisition was completed in April 2017. Upon completion of the CML Acquisition and as at the Latest Practicable Date, CML is 100% owned by Ample Up.

CORPORATE STRUCTURE

Corporate structure as at the date of this prospectus

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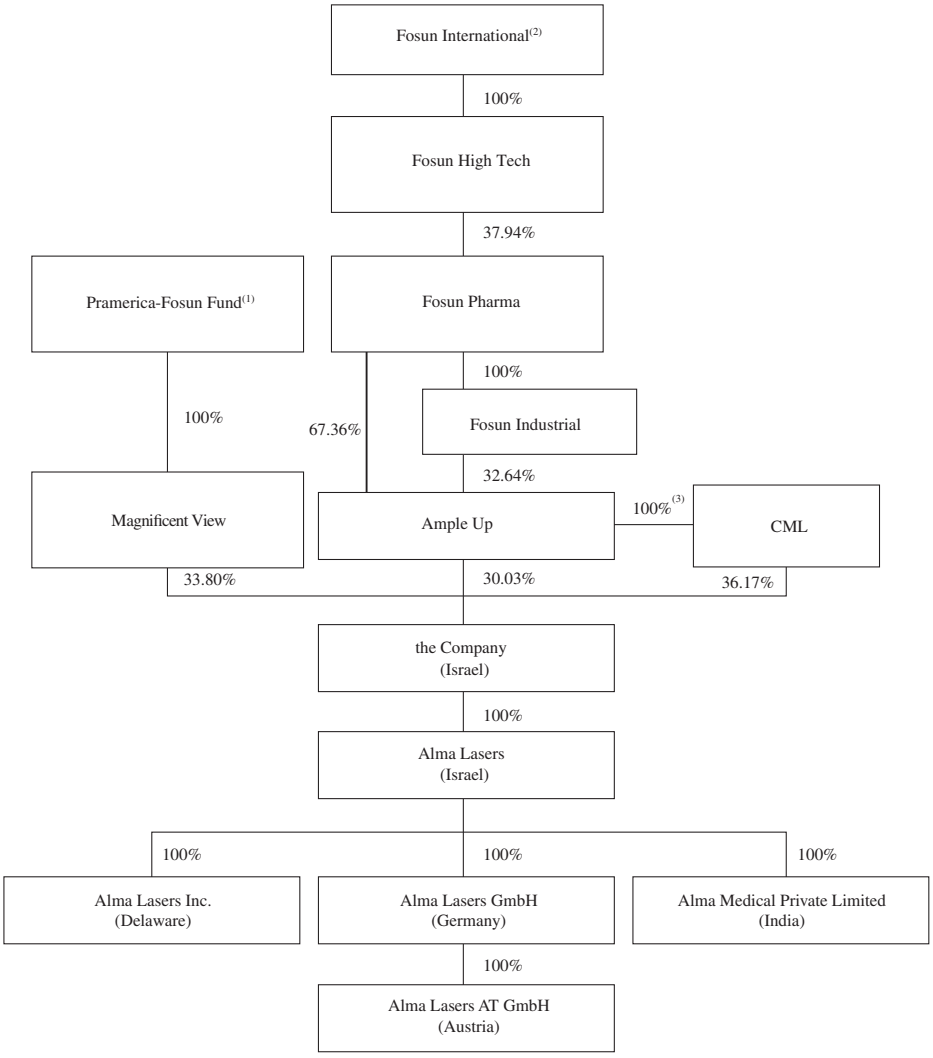
The simplified corporate structure of the Group as at the date of this prospectus is as follows:



Notes:

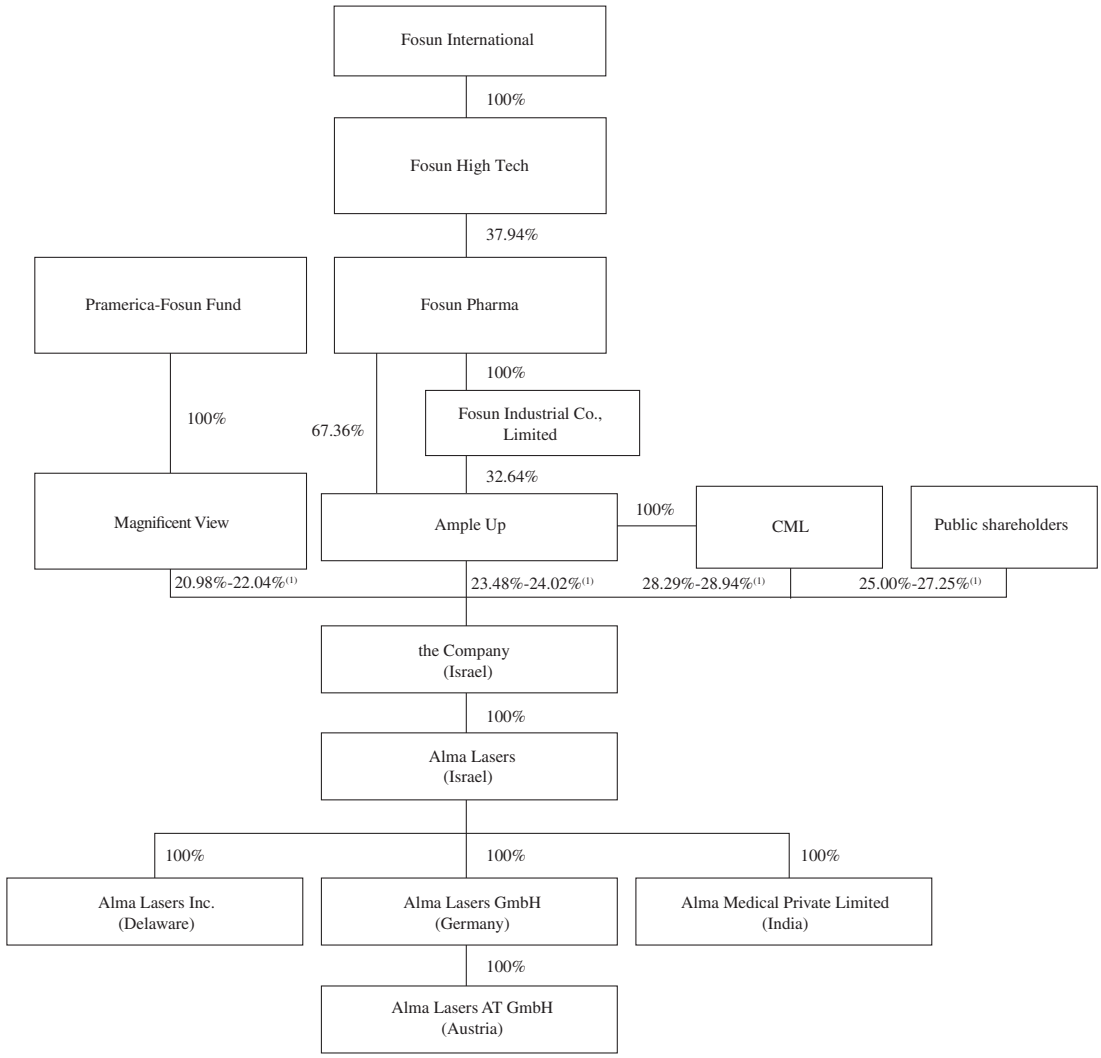
(1) Pramerica-Fosun Fund was incorporated in the Cayman Islands on March 3, 2011. The general partner of the Pramerica-Fosun Fund is Fosun Equity Investment Ltd. (a wholly owned subsidiary of Fosun International) and the limited partners of the Pramerica-Fosun Fund are Prudential Insurance Company of America and Prudential Legacy Insurance Company of New Jersey, which are Independent Third Parties.

(2) As at the Latest Practicable Date, Fosun International is 71.83% owned by FHL, a wholly owned subsidiary of FIHL. FIHL was owned as to 64.45%, 24.44% and 11.11% by Mr. Guo Guangchang, Mr. Liang Xinjun and Mr. Wang Qunbin, respectively, as at the Latest Practicable Date.

(3) In April 2017, Ample Up acquired the remaining 30% shareholding interest in CML which it did not own. For details of the acquisition, please refer to "The Acquisition of the Remaining 30% Shareholding Interest in CML by Fosun Pharma" in this section for further details.

Corporate structure immediately following the completion of the Capitalization Issue and the Global Offering

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised), the simplified corporate structure of the Group will be as follows:



Note:

(1) Please refer to "— The Reorganization — Capitalization Issue" below for details of the Capitalization Issue. The number of Shares to be issued pursuant to the Capitalization Issue is dependent on the final Offer Price. Accordingly, the shareholding percentages have been calculated based on the indicative Offer Price range of HK$8.88 per Offer Share to HK$12.35 per Offer Share.

THE REORGANIZATION

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In connection with the Global Offering, the Reorganization was implemented, and will be completed, in the manner described below.

(a) **Company Buy-out**

Following the Alma Acquisition, the Company entered into agreements with the remaining shareholders (comprising 13 individuals) of Alma Lasers (the "**Individual Alma Shareholders**"), respectively, on May 27, 2013. Pursuant to these agreements, the Company granted the Individual Alma Shareholders certain buy-out options pursuant to which each such Individual Alma Shareholder (at their sole option) had the right to transfer their shares in Alma Lasers (the "**Alma Shares**") to the Company at a pre-agreed price mechanism from May 27, 2016 (being the third anniversary of the date of the option grants) (the "**Buy-out Option**").

Before May 27, 2016 and at the time of the departures from the Group, four of the Individual Alma Shareholders entered into share transfer agreements with the Company, respectively, for the transfer of all of their respective shares held in Alma Lasers. These transfers comprised 54,046 Alma Shares, 324,745 Alma Shares, 171,476 Alma Shares and 493,255 Alma Shares, respectively, which were transferred on February 2, 2015, February 2, 2015, September 7, 2015 and January 5, 2016, respectively. The consideration for each of the transfers was based on the pre-agreed price mechanism, being US$19,449.00, US$116,846.00, US$61,688.00 and US$168,630.00, respectively.

As part of the Reorganization, the Company acquired the remaining Alma Shares (comprising approximately 4.7% of the Alma Shares) from the nine remaining Individual Alma Shareholders at the pre-agreed price mechanism in accordance with the Buy-out Option (the "**Company Buy-out**") in June 2016, for a total consideration of US$9,683,755.29. For the sole purpose of funding the Company Buy-out, the Company obtained a shareholder loan in the amount of US$9,690,000 from Fosun Industrial Co., Limited (a wholly-owned subsidiary of Fosun Pharma and a company holding a 32.64% shareholding interest in Ample Up) (the "**Buy-out Loan**"). The Buy-out Loan is subordinated to the Facility Agreement and will be repaid upon completion of the Global Offering using part of the net proceeds of the Global Offering.

On completion of the Company Buy-out on June 26, 2016, Alma Lasers became a wholly-owned subsidiary of the Company. No new Shares were issued by the Company in connection with the Company Buy-out and on its completion, the Shareholders' proportionate interests in the Shares remained the same.

(b) **Increase in Authorized Share Capital of the Company**

On August 30, 2017, in preparation for the Global Offering and as part of the Reorganization, the existing Shareholders passed resolution to increase the authorized share capital of the Company from NIS10,000 comprising 1,000,000 shares of NIS0.01 each to NIS10,000,000 comprising 1,000,000,000 shares of NIS0.01 each, such additional Shares to rank *pari passu* in all respects with existing Shares.

(c) **Capitalization Issue**

In connection with the Global Offering, the Company will undertake the Capitalization Issue, comprising the capitalization of part of the share premium of the Company and the capitalization of the Capital Notes. Details of the Capitalization Issue are set out below.

(i) ***Capitalization of the share premium***

Conditional upon the share premium account of the Company being credited as a result of the allotment and issue of the Offer Shares pursuant to the Global Offering, the amount of NIS2,222,136.48 from such account will be capitalized and used to pay in full the issue of a total of 222,213,648 Shares at par value to the existing Shareholders, on a *pro rata* basis.

(ii) ***Capitalization of the Capital Notes***

At the time of the Alma Acquisition, the Company's shareholders made equity contributions and granted the Company additional cash amounts against the issue of interest-free long-term capital notes with a term from May 2013 to May 2018 (the "**Capital Notes**") in proportion to their respective shareholding interests in the Company. Details of their equity contributions, the Capital Notes and the actual total investment are set out in the following table:

Shareholders	Shareholding interests	Equity	First Capital Notes	Second Capital Notes	Total investment
		(US$ equivalent)	*(US$)*	*(US$)*	*(US$)*
CML	36.17%	361,701	7,234,014	45,907,050	53,500,000
Ample Up	30.03%	300,299	6,005,986	38,113,990	44,420,000
Magnificent View	33.80%	338,000	6,760,000	42,898,960	50,000,000
Total	**100.00%**	**1,000,000**	**20,000,000**	**126,920,000**	**147,920,000**

As part of the Reorganization and with a view to ensuring financial independence from its existing Shareholders, and subject to the Global Offering becoming unconditional, the Company will capitalize the Capital Notes (instead of repaying the Capital Notes in cash) by the issue of new Shares at the Offer Price, to its existing Shareholders on a *pro rata* basis immediately prior to completion of the Global Offering.

In connection with the Capitalization Issue, on August 30, 2017, the existing Shareholders passed certain resolutions pursuant to which, among other things, conditional upon the satisfaction (or waiver) of the conditions set out in "Structure of the Global Offering—Conditions of the Global Offering" in this prospectus and pursuant to the terms set out therein, the Capitalization Issue was approved and the Directors shall allot and issue the new Shares for the purposes of the Capitalization Issue.

The Capitalization Issue will not result in a change in the existing Shareholders' proportionate interests in the Shares nor any change of control in the Company.

SPIN-OFF OF THE GROUP FROM FOSUN INTERNATIONAL AND FOSUN PHARMA

Each of Fosun International and Fosun Pharma believes that the spin-off and separate listing of the Group from Fosun International and Fosun Pharma (the "**Spin-off**") will better position the Remaining Fosun International Group, the Remaining Fosun Pharma Group and the Group for growth in their respective businesses and deliver benefits to each of their respective groups. The Spin-off will provide investors with a clear indicator of the standalone market valuation of the Company, which may enhance the overall value of each of Fosun International and Fosun Pharma.

Through the Spin-off, the Group is expected to enhance its brand and business development in the PRC, to improve its operational and financial transparency and resource allocation efficiency, and to further accelerate its development due to its enlarged capital base and its ability to raise additional funds through the Hong Kong equity capital markets. The revenues and profits of the Company will continue to be consolidated in the financial statements of Fosun International and Fosun Pharma following the Spin-off, which will benefit the overall financial performance, respectively, of Fosun International and Fosun Pharma. In addition, the Spin-off will further consolidate the core competitiveness of Fosun International and Fosun Pharma. Finally, the Spin-off will create a new investor base for the Company as it will be able to attract new investors who are seeking investments specifically in the medical devices sector.

The Spin-off, if it proceeds, will not constitute a notifiable transaction for Fosun International or Fosun Pharma under the Listing Rules. As required under applicable PRC laws and regulations, the approval of the shareholders of Fosun Pharma for the Spin-off was obtained at the extraordinary general meeting of Fosun Pharma held on August 31, 2016.

The proposal in relation to the Spin-off was submitted by Fosun International and Fosun Pharma to the Stock Exchange for approval pursuant to Practice Note 15 of the Listing Rules ("**Practice Note 15**"), and the Stock Exchange has confirmed that Fosun International and Fosun Pharma may proceed with the proposed Spin-off. The Spin-off by Fosun International and Fosun Pharma complies with the requirements of Practice Note 15. Practice Note 15 requires Fosun International and Fosun Pharma to have due regard to the interests of their respective existing shareholders by providing them with an assured entitlement to the Shares, either by way of a distribution *in specie* of existing Shares or by way of a preferred application in the offering of existing or new Shares ("**Assured Entitlement**"). Practice Note 15 provides that the respective minority shareholders of Fosun International and Fosun Pharma may by resolution in general meeting resolve to waive the Assured Entitlement.

In relation to Fosun Pharma, a shareholders' meeting of A shareholders and H shareholders was held on August 31, 2016 to approve the proposed Spin-off and to provide the Assured Entitlement to Shares to H shareholders only. Due to the provisions of certain PRC laws and regulations, Fosun Pharma is restricted from providing the Assured Entitlement to its A shareholders on an equal basis. In addition, due to the restrictions on profit distribution under PRC laws and the articles of association of Fosun Pharma, Fosun Pharma will not be able to, by way of distribution *in specie*, distribute the Shares to its A shareholders in order to provide them with the Assured Entitlement.

At such Fosun Pharma shareholders' meetings, the resolution to approve the provision of the Assured Entitlement to the Fosun Pharma H shareholders only was approved only by Fosun Pharma H shareholders but not by its A shareholders. As a result, no Assured Entitlement will be provided to Fosun Pharma H shareholders.

In relation to Fosun International, it will provide the Assured Entitlement to the Qualifying Fosun International Shareholders by way of the Preferential Offering.

In respect of the Preferential Offering, the Company has been advised by the Company's PRC legal adviser that pursuant to Article 23 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Programme, CSDCC does not provide services relating to the subscription of newly issued shares. Accordingly, Beneficial Fosun International Shareholders who hold Fosun International Shares through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect cannot participate in the Preferential Offering and will not be able to take up their respective Assured Entitlement to the Reserved Shares under the Preferential Offering through the trading mechanism of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. See "Structure of the Global Offering" in this prospectus for further details of the Preferential Offering.

BUSINESS

OVERVIEW

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We are a leading global provider of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which often feature our innovative and proprietary technologies. We believe that our "Alma" brand, as well as the brands of many of our products such as "Soprano", "Harmony", "Accent" and "FemiLift", are widely recognized and well-regarded among treatment providers and treatment recipients internationally. We acquired Alma Lasers, our principal operating subsidiary, in 2013. We have also been the largest provider of energy-based medical aesthetic treatment systems in the PRC market and one of the leaders in the medical aesthetic treatment system market globally, in terms of revenue in 2016, according to the Medical Insight Report. We sell our treatment systems in approximately 80 countries and jurisdictions worldwide.

We develop and produce treatment systems, which can be used for a broad range of energy-based non-invasive medical aesthetic and minimally invasive treatments. We have a comprehensive portfolio of treatment systems, including our Core product line and Beauty product line, which can be utilized to perform non-invasive medical aesthetic treatments such as hair removal, skin rejuvenation, skin resurfacing, treatment of vascular and pigmented lesions, tattoo removal, acne treatment, cellulite reduction, body contouring and skin tightening. Our treatment systems can also be utilized to perform minimally invasive treatments such as vaginal rejuvenation, laser-based liposuction, treatment of varicose veins and treatment of hyperhidrosis. Our flagship offerings include (i) the Soprano family, primarily used for hair removal, (ii) the Harmony family, a versatile multi-application platform that can be used to treat up to 65 different FDA-cleared indications, and (iii) the Accent family, primarily used for body contouring and skin tightening, all of which belong to our Core product line, and (iv) FemiLift, a minimally invasive treatment system for treating feminine conditions (such as vaginal rejuvenation). In addition, we offer Beauty product line treatment systems such as Rejuve and Reform.

We primarily sell our treatment systems either (i) by direct sales to treatment providers or (ii) to distributors, that on-sell to treatment providers who use our treatment systems to perform medical aesthetic procedures. These treatment providers primarily include core physicians (plastic surgeons and dermatologists), non-core physicians (including primary care physicians, obstetricians, gynecologists, and ear, nose and throat specialists) and aestheticians. Since Alma Lasers, our principal operating subsidiary which we acquired in 2013, launched its first commercial launch in 2002 and up to the Latest Practicable Date, it has sold cumulatively over 27,400 main consoles and 118,100 applicators for treatment systems.

In the United States, Canada, Germany, Austria and India, we sell primarily to treatment providers directly, and in rest of the world, we sell primarily to distributors, who acquire title to our treatment systems and on-sell them to treatment providers who are their customers. We have a global sales and distribution network, with 26.2%, 27.7%, 21.8%, 11.4%, 7.6% and 5.3% of our total revenue in the year ended December 31, 2016 attributable to North America, Europe, PRC, Asia Pacific (excluding PRC), Latin America and Middle East and Africa geographic segments, respectively.

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, revenue from distributors with which we had entered into written distribution agreements represented 66.1%, 64.4%, 61.1% and 62.0% of our total revenue, respectively. For the same periods, revenue from direct sales customers represented 30.1%, 33.3%, 35.9% and 34.6% of our total revenue, respectively. Our largest customer is our PRC Distributor, which is our sole and exclusive distributor in the PRC. During the Track Record Period, a small percentage of our revenue for each period was attributable to distributors, on-sellers and other dealers with which we have not entered into written distribution agreements, which purchase treatment systems from us on an *ad hoc* basis and on-sell them to treatment providers.

We are a leading company in the innovation of energy-based medical aesthetic technology. Driven by our focus on research and development, we have developed numerous proprietary technologies. As at the Latest Practicable Date, we had 38 registered patents and 10 patent applications in various jurisdictions which are material to our business. Furthermore, since our inception, we have successfully focused on organic growth, having developed most of our products and technologies internally. For the years the ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, respectively 91.8%, 93.0%, 93.7% and 93.9% of our revenue from the sales of products was derived from products that we developed in-house. Moreover, we believe that the safety, reliability and quality of our products underlie our strong brand image. A majority of our production procedures are performed in-house in our facilities. In particular, in accordance with our stringent quality control procedure, each of our final products is quality tested in-house. A1A28(5)

For the years ended December 31, 2014, 2015 and 2016, our total revenue was US$101.3 million, US$110.4 million and US$118.2 million, respectively, representing a CAGR of 8.0%. For the three months ended March 31, 2017, our total revenue was US$32.6 million. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our profit for the year/period (under IFRS) was US$6.7 million, US$8.6 million, US$8.5 million and US$5.1 million, respectively, representing 6.6%, 7.8%, 7.2% and 15.5% of our revenue. Please see "—Summary financial information—Consolidated statements of profit or loss" for our consolidated statements of profit or loss for the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017. Our profit for the year/period (under IFRS) experienced an overall increase during the Track Record Period, primarily driven by an overall increase in revenue from the sales of our products, caused by, among other things, an increase in customer demand. Our net profit margin (equals to our profit for the year/period divided by our revenue for the same period, each, under IFRS) fluctuated during the Track Record Period, primarily due to shifts in our product mix and our one-time listing expense incurred in 2016. Please see "—Period to period comparisons of results of operations" and "—Key financial ratio—Net profit margin" in this prospectus for further details on the reasons of such fluctuations.

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our adjusted net profit, which is not a financial measure defined under IFRS, was US$14.5 million, US$16.6 million, US$20.4 million and US$7.1 million, respectively, representing 14.3%, 15.0%, 17.2% and 21.9% of our revenue for the same periods[(1)]. For the years ended December 31,

Note:

(1) The term adjusted net profit is not a financial measure defined under IFRS. Please see "Financial Information—Non-IFRS measures—Adjusted net profit and adjusted net profit margin" in this prospectus for the definition of this non-IFRS measure and the important limitations of using it as an analytical tool.

2014, 2015 and 2016 and the three months ended March 31, 2017, our Adjusted EBITDA, which is not a financial measure defined under IFRS, was US$22.1 million, US$23.8 million, US$28.0 million and US$9.5 million, respectively, representing 21.8%, 21.5%, 23.7% and 29.0% of our revenue for the same periods.(2)

We believe that we are well positioned to benefit from the expected growth in the markets in which we operate. The total global consumer expenditure for medical aesthetic treatments was US$25.9 billion in 2016, and is expected to increase to US$34.1 billion in 2021, representing a CAGR of 5.7%. The global revenue from the direct sales of energy-based medical aesthetic treatment systems and consumables amounted to US$2.7 billion in 2016, and is expected to reach US$4.4 billion in 2021, representing a CAGR of 10.4%. In the PRC, revenue generated from the sale of energy-based medical aesthetic treatment systems is expected to increase from US$158.9 million in 2016 to US$326.8 million in 2021, representing a CAGR of 15.5%, in each case according to the Medical Insight Report.

OUR COMPETITIVE STRENGTHS

We attribute our success to the following competitive strengths:

The largest provider of energy-based medical aesthetic treatment systems in the PRC and one of the leaders in the energy-based medical aesthetic treatment system market globally, well-positioned to take advantage of the expected global growth in demand for energy-based medical aesthetic treatment systems

We were the largest provider of energy-based medical aesthetic treatment systems in the PRC in terms of revenue in 2016, with a market share of 16.2% in 2016, according to the Medical Insight Report. Furthermore, according to the Medical Insight Report, we were ranked fifth globally in 2016 in terms of revenue derived from sales of energy-based medical aesthetic treatment systems, with a market share of 4.4%.

As a global market leader, we believe that we are well-positioned to take advantage of the anticipated global growth in demand for energy-based medical aesthetic treatment systems. According to the Medical Insight Report, the global energy-based medical aesthetic treatment system market is expected to grow from approximately US$2.7 billion to US$4.4 billion from 2016 to 2021, representing a CAGR of 10.4%. According to the Medical Insight Report, key growth drivers of the global medical aesthetic treatment market include, among other things, an overall increase in discretionary income globally, increased awareness and acceptance of medical aesthetic treatments and growing consumer preference for non-invasive energy-based treatments over more invasive cosmetic procedures. Please see "Industry Overview" in this prospectus for further details regarding our industry.

Note:

(2) The term adjusted EBITDA is not a financial measure defined under IFRS, and adjusted EBITDA is not a measure of profit for the year/period, operating profit or liquidity presented in accordance with IFRS. Please see "Financial Information—Non-IFRS measures—Adjusted EBITDA and adjusted EBITDA margin" in this prospectus for the definition of this non-IFRS measure and the important limitations of using it as an analytical tool.

As the market leader in the fast-growing PRC aesthetic medical treatment system market, we expect to continue capitalizing on the growth of this market. According to the Medical Insight Report, the PRC market is expected to grow from US$158.9 million to US$326.8 million from 2016 to 2021, representing a CAGR of 15.5%, with key growth drivers including, among other things, an increase in health expenditure, a growing economy with increasing disposable income for individuals and aging population and longer life expectancy. Please see "Industry Overview—PRC medical aesthetic treatment market" in this prospectus for further details. Furthermore, we expect that our market leading position and our growth prospects in the energy-based medical aesthetic treatment systems market in the PRC will be further strengthened by cooperation with our Controlling Shareholder, Fosun Pharma, a leading healthcare company in the PRC, which among other things, controls and operates a network of several healthcare institutions in the PRC. Please see also "—Our strategies—Continue to strengthen our position as the largest provider of energy-based medical aesthetic treatment systems in the PRC" in this prospectus for further details.

In addition to the non-invasive treatment systems which have been the focus of our business since establishment, we began developing and offering energy-based minimally invasive treatment system market segment in 2013. According to the Medical Insight Report, the global energy-based vaginal rejuvenation treatment system market is expected to grow from US$105.5 million to US$332.4 million from 2016 to 2021, representing a CAGR of 25.8%, and the global sales revenue from the sale of energy-based treatment systems for the treatment of leg veins is expected to grow from US$156.8 million in 2016 to US$187.4 million in 2021, representing a CAGR of 3.6%. Our offerings of energy-based minimally invasive treatment systems are designed to address a number of indications, including the ones discussed above, which have traditionally been treated mainly with invasive surgical procedures. By leveraging on our strengths and brand image in the energy-based non-invasive medical aesthetic treatment system market, we believe that we are well-positioned to strengthen our market position in the energy-based minimally invasive treatment system market segment. We intend to do so by expanding our minimally invasive product offerings and entering into geographic markets which we believe are underpenetrated, such as India, Japan, Thailand, Indonesia, and Eastern European countries including Poland. During the Track Record Period, we successfully established our presence in the minimally invasive market segment by growing the sales of our FemiLift, LipoLife and VascuLife systems and we believe that we can build on this momentum for future growth.

Broad technology platform and comprehensive product offerings with a wide range of applications, enabling us to meet the diverse and specific needs of various treatment providers and their treatment recipients

We believe that the breadth of our technology and product offerings enables us to appeal to a diverse field of treatment providers across (i) multiple types of treatment providers, including core physicians, non-core physicians and aestheticians, (ii) different market tiers, including users of high-end and entry-level systems, and (iii) different geographic regions, including both developed markets such as the United States and Europe and developing markets such as the PRC, India and Latin America, which have different regulatory requirements and market demands. In addition, we have the capability and flexibility in our production process to customize treatment systems in order to meet certain treatment providers' specific needs. Please see "—Production" in this prospectus for further details.

Since Alma's first commercialized medical aesthetic treatment system in 2002, we have developed, produced and sold over 50 different models of treatment systems and over 100 different models of applicators. Since Alma's inception and up to the Latest Practicable Date, we have sold cumulatively over 27,400 main consoles and 118,100 applicators. Our non-invasive medical aesthetic treatment products can be used for hair removal, tattoo removal, scar removal, body and face contouring, skin rejuvenation and tightening, skin remodeling and lifting, reduction of acne, treatment of pigmented lesions and vascular lesions and improvement of uneven skin tone and texture, among other things. Our minimally invasive products can be used for treatment of feminine conditions (such as vaginal rejuvenation), liposuction, treatment of varicose veins and treatment of hyperhidrosis.

Our broad product portfolio includes both treatment systems with a wide range of applications and treatment systems with a more specialized focus, thus catering to the varying needs of different treatment providers depending on their treatment offerings, specialties, treatment recipient profiles, financial resources and scale of operations. Our treatment systems with a broader range of applications, such as the Harmony family, utilize multiple technologies and provide a wide variety of treatment options, affording treatment providers with the flexibility to upgrade and expand their systems as their aesthetic practices grow by purchasing additional applicators. Such systems also allow treatment providers to combine different technologies and energy sources, such as ultrasound and radiofrequency, in a single system to achieve more noticeable clinical results as compared to using only one technology and energy source. For example, the Harmony XL Pro main console is compatible with up to 16 applicators, allowing users to effectively address a broad range of indications, such as skin rejuvenation, hair removal, treatment of vascular and pigmented lesions, scar removal and skin tightening. On the other hand, we also offer more specialized treatment systems with narrower applications, which are configured specifically to treat certain indications. We sell such systems as our Aesthetic Precision series under our Core product line, which includes treatment systems such as the SINON, ARION, 308 Excimer, IDAS, BURANE II and Alma-Q. These products cater to core physicians and other specialist doctors who demand highly precise systems for certain specialized practices or who focus on treating certain specific indications. For example, our SINON system features a specific type of laser called Q-switched ruby laser, which is designed and configured specifically for treating pigmented lesions and multi-color tattoo removal.

Our medical aesthetic treatment systems incorporate multiple types of energy sources and technologies, including various type of lasers (such as diode, Nd:YAG, ultraviolet B, CO_2 and Er:YAG laser), Advanced Fluorescence Technology or AFT (our proprietary advanced form of intense pulsed light), Pixel (our fractional resurfacing technology), infrared, radiofrequency and Cold Ultrasound Shear Wave (our patented ultrasound technology). This broad platform of technologies allows us to design products tailored for varying needs of different treatment providers, in accordance with their practices, local treatment recipient preferences and the local regulatory environment. When incorporated into our treatment systems, different technologies enable treatment providers to address a range of aesthetic procedures and treatment recipient skin types with the most appropriate energy source and to tailor combination therapies to further customize treatment regimens.

A proven track record of delivering innovative products that keep pace with evolving market demands, enabled by our commitment to research and development based on a systematic and user-oriented approach which promotes organic growth

Our ability to continue launching a wide range of products and developing new technologies is rooted in our research and development capability. Since our inception, we have focused on A1A28(5)

developing our own technologies and product offerings. For the years the ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, 91.8%, 93.0%, 93.7% and 93.9% of our revenue from the sales of products was derived from products that we developed in-house. Furthermore, we have a track record of launching new products at a frequent pace. As at the Latest Practicable Date, we had approximately 11 new products already launched in 2017 or that we intend to launch by the end of 2017. Please see "—Our solutions and products—Recently launched products and product pipeline" for further description of our product pipeline.

Our research and development efforts focus on meeting the specific needs of treatment providers using a systematic and user-oriented approach. We begin by anticipating and identifying treatment providers' evolving and unmet demands by, among other things, actively participating in various industry conferences and initiating and maintaining active and direct dialogues with physicians (including our key opinion leaders) and other treatment providers such as aestheticians. Once we identify a market need, we attempt to develop a new product or technology concept. We deploy our strong technology and engineering capability, and design and/or customize new products to realize the concept. We believe that our ability to bring our products to market quickly enables us to effectively serve our customers in our industry, which is characterized by continual technological advances.

We are a leading company in innovation of energy-based medical aesthetic technology. Our innovations have, among other things, made measurable improvements in causing less treatment recipient pain, minimizing the need to use pre-treatments consumables (e.g., skin-cooling gels or pain-relieving creams), improving efficacy and decreasing treatment time, which help to enhance treatment providers' practices and operating efficiency. Examples of our innovations include employing a trio clustered diode laser for laser hair removal, the application of multiples type of radiofrequency in a single treatment system, development of fractional resurfacing therapies, and our proprietary technologies including AFT, SHR and In-Motion. In particular, the development of the trio clustered laser, which is used in our Soprano ICE Platinum treatment system, is an innovative laser hair removal treatment system that combines three different laser wavelengths into a single pulse, thereby enabling simultaneous treatment of all skin types at different tissue depths of the skin and different hair follicles depth, leading to a more comprehensive, comfortable and safe laser hair removal procedure than other similar technologies. During the Track Record Period, over 100 studies regarding our technologies and products were published in recognized, peer-reviewed medical journals, such as the *Journal of Cosmetics and Laser Therapy* and *Cosmetic Dermatology*. Please see "—Our solutions and products" in this prospectus for further description of our innovative technologies and products.

Our research and development department is headed by the chief executive officer and co-founder of Alma Lasers, our principal operating subsidiary, Dr. Ziv Karni, which underscores the strength of the department as well as our commitment to research and development. Dr. Karni has been involved in medical laser research and development since 1980 and has more than 30 years of experience in the development and sale of medical and aesthetic laser systems. A1A28(5)

As at March 31, 2017, our research and development team had 56 full-time employees, substantially all of whom had an undergraduate degree or above. Please see "—Research and development" in this prospectus for further details regarding our research and development team. We believe that our long-serving personnel, coupled with a relatively flat reporting structure, result in a nimble team in an atmosphere encouraging efficient implementation of new product concepts.

Premium brand name associated with quality and reliable products, as well as high level of customer service, enabling us to attract and retain customers

We believe that "Alma" and many of our products and technologies, such as our signature Soprano and Harmony families of products and SHR technology, are known brand names in the global medical aesthetic treatment system market. Our products and technologies have received positive commentary from physicians globally (including our key opinion leaders, many of which are leaders in the medical aesthetic field), and have also won a number of awards and recognitions. For example, our Soprano Ice treatment system was awarded "The Choice of Specialists" by the Aesthetic Guide in 2015, and our Soprano Ice treatment system won "Best Hair Removal Platform" award from the Aesthetic Guide in 2015. In 2016, one of our top-five distributors obtained an award, "Most Innovative Treatment", from My Face My Body Awards for our Soprano Ice Platinum treatment system. We believe that the strength of our brand image and products is also well-illustrated by repeat purchases by our direct sales customers. During the Track Record Period, a significant amount of our North America segment revenue (in which we primarily engage in direct sales to treatment providers) were generated from existing direct sale customers.

We believe that our brand has a reputation for safety, reliability and high quality. All of the technologies that we utilize in our current products are registered with CE and approved for sale in Europe, and all our products being sold in the U.S. have obtained the required FDA's 510(k) clearance. Furthermore, since our inception and up to the Latest Practicable Date, we had not made any product recalls.

We are able to maintain the quality of our products through our stringent quality control over the production process and supply chain. Substantially all of our research and development processes are performed in Israel, and we produce all applicators, as well as a majority of the main consoles of our treatment systems, in our own facilities. For production processes handled by our subcontractors, we provide them with the entire design and production procedure of the semi-finished products, which may not be altered. We also require our subcontractors to purchase all necessary components, subassemblies and other raw materials only from the qualified suppliers that we designate. In addition, we purchase most of our key raw materials and components from our approved suppliers in Israel, the United States, Germany, the United Kingdom and Spain. Importantly, in accordance with our stringent quality control procedure, each of our products is quality tested in-house.

We and/or our distributors also offer high level of customer service and support to treatment providers purchasing our products (either directly from us or when on-sold by our distributors). We believe that we are recognized for fast and on-time product delivery to our customers. To help ensure that our sales force provides professional support and guidance to treatment providers, each of our salespersons is required to undergo a clinical and technical training program when they first start working with us, and they are also required to attend our on-going internal trainings to keep updated on key technical changes and developments. Our distributors, who are responsible for providing service and support to treatment providers that purchase products from them, are also required to undergo similar clinical and technical trainings. In terms of after-sale services for our direct sales

customers, we offer a broad range of product support measures, including, for customers with premium warranties, 24-hour turnaround on loaner systems and typically next-day service on replacement parts, to help minimize their equipment downtime. Our distributors also offer their customers after-sale services such as maintenance and repair of treatment systems.

Efficient mix of global sales and distribution channels adapting to different market dynamics, allowing access to multiple customer segments and resulting in high profitability

During the Track Record Period, we sold our treatment systems in approximately 80 countries and jurisdictions worldwide primarily to our direct sales customers and to our distributors. Each channel has its own advantages and benefits that may be more suitable for a particular geographic market at a particular time. We have deep practical experience in operating both channels in order to select the most appropriate channel or combination of channels while building our sales and distribution network in a geographic market.

In the United States, Canada, Germany, Austria and India, we primarily engage in direct sales to treatment providers through our subsidiaries. We strive to maintain a lean and efficient direct sales team and structure capable of effective sales and marketing without making unnecessary capital investment or incurring other unnecessary expenses. Due to our sales effort in the United States, we have developed strong relationships with and gained access to treatment providers of different operating scales and offering varying services, including core physicians, non-core physicians and aestheticians, medical aesthetic centers, beauty and spa chains as well as clinics and other smaller sole proprietors. In India, where we had only sold our products to distributors until recent years, we established a local subsidiary to engage in direct sales and it became profitable within its first year of establishment.

In our other geographic markets including the PRC and rest of the Asia Pacific region, EMEA and Latin America, we sell our products primarily to our distributors, who in turn sell the products to treatment providers. Our distributors are also responsible for after-sale services and support to their customers. We place great emphasis on our relationships with distributors and endeavor to achieve favorable results for both ourselves and the distributors. As a result, we have generally enjoyed stable long-term relationships with our distributors, as evidenced by the fact that we have had at least three years of business relationships with over 40 of our distributors. As at December 31, 2016, we had entered into written distribution agreements with 82 distributors globally, all of whom are Independent Third Parties. We also have a track record of successfully adding new distributors to our network, evidencing our ability to expand and deepen our market presence globally. We believe that by using distributors, we are able to take advantage of their knowledge of the local business and regulatory environments and their access to local treatment providers and other market participants. Working with distributors also provides us with increased flexibility to price our products competitively (with respect to our sales to distributors) based on the varying pricing dynamics in different local markets and substantially lower our up-front costs and investments in entering a new market, enabling us to expand our sales coverage at a faster pace and with lower fixed costs than operating on a direct sales model in the same market.

As an illustrative example, our success in the PRC market is partially attributable to our cooperation with our sole and exclusive distributor in the PRC with which we have had a business relationship for over 10 years. As at the Latest Practicable Date, our PRC Distributor has confirmed to us that it operated a large scale sales network in the PRC consisting of 14 offices located across the PRC. We have been able to take advantage of our PRC Distributor's deep local knowledge and strong relationships with various market participants in the PRC such as treatment providers and regulators. Please see "—Sales, distribution and marketing—Sales to distributors—Our distributors—Our relationship with our PRC Distributor" in this prospectus for further information regarding our relationship with our PRC Distributor.

As a result of our streamlined direct sales force and effective use of distributors, during the Track Record Period, our selling and distribution and general and administration expenses, which consists of, among other things, expenses of operating a direct sales force, ranged from 23.8% to 29.1% of our total revenue, which we believe to be relatively low among the leading companies in our industry, and is a key factor in our profitability. Please see "Financial Information—Description of major components of our results of operations" and "Industry Overview—Global energy-based medical aesthetic treatment systems market—Overview—Competitive landscape" in this prospectus for further details.

Highly qualified, experienced and dedicated management team with a proven track record and a Controlling Shareholder, Fosun Pharma, which is a leading healthcare company in the PRC

Our senior management comprises a group of highly qualified and experienced professionals in the field of developing and producing energy-based medical aesthetic treatment systems. Our executive Director and chief executive officer, Mr. Lior Moshe Dayan, has 15 years of experience in the laser industry with operational, logistic, financial and sales expertise and joined Alma Lasers, our principal operating subsidiary, in 2008 and has held various management positions within the Group. Mr. Dayan works closely with Dr. Karni, Alma Lasers' chief executive officer and co-founder, who has more than 30 years of experience in the development and sale of medical and aesthetic laser systems.

Mr. Dayan and Dr. Karni are supported by a team of senior professionals, many of which have over 10 years of experience in the medical aesthetic industry, and had been with Alma Lasers for many years, forming a seasoned team that has a proven track record of success in identifying market opportunities and executing our strategies. Furthermore, our non-executive Directors have significant experience in the healthcare industry, and are expected to be an invaluable resource to our senior management.

Fosun Pharma, our Controlling Shareholder, is a leading healthcare company in the PRC and listed on the Stock Exchange and the Shanghai Stock Exchange. We believe that our senior management team will be able to leverage the insights and industry information possessed by Fosun Pharma, particularly with respect to the PRC.

OUR STRATEGIES

Our goal is to become the largest global provider of energy-based medical aesthetic treatment systems. The key elements of our business strategy are to:

Continue to promote our brands and increase market awareness and sales of our products, as well as grow our sales and distribution channels

Capitalizing on our global reach, we intend to continue promoting our brands and expanding the market awareness and sales of our products by, among other things, strategically targeting selected geographic markets, broadening our customer base and increasing our marketing activities. We intend to expand in selected under-penetrated geographic regions where we currently have a relatively limited or growing presence, including Brazil, India, Japan, Southeast Asian countries including Indonesia and Thailand, and Eastern European countries including Poland.

We plan to work closely with our distributors in these regions and provide additional support to them in order to increase the sales of our products, and where needed engage additional distributors to expand our distributor network. We also plan to increase our market share in the United States, Canada, Germany and India by increasing the number of our sales representatives, as well as engaging distributors for certain geographic regions within such countries.

We plan to further increase the sales of our products (whether by us or by our distributors) to our diverse range of treatment providers from core physicians to aestheticians. We intend to continue targeting core physicians by investing in the education of treatment providers and enhancing product awareness. We intend to do so through increased participation and expenditure on industry conferences, commissioning of clinical studies, speaking engagements of key opinion leaders and other measures. We also plan to establish additional "centers of excellence", which are clinics or medical centers with which we have working relationships, where our products may be demonstrated to treatment providers for educational and marketing purposes.

We also intend to continue to focus on marketing efforts that directly reach treatment recipients, through, among other things, increased investment in global digital marketing and utilization of social media, our official website content management, symposiums, workshops, public relation events, physician media, providing treatment recipient materials to treatment providers and also direct-to-treatment recipient advertising (as permitted by relevant local laws and regulations).

Continue to meet the evolving demands and varying needs of treatment providers and treatment recipients by launching a broad range of innovative products driven by our research and development strength A1A34(1)(c)

We are a leading company in innovation of energy-based medical aesthetic technology. Our goal is to offer the broadest suite of medical aesthetic technologies in the market with leading-edge products across all the major energy sources and applications.

We intend to continue expanding our product offerings by targeting indications with anticipated high growth in demand, such as body contouring, fat grafting and gynecology. We are also committed

to developing products with new applications, such as the treatment of snoring. Please see "—Our solutions and products—Recently launched products and product pipeline" for further description of products we recently launched and our product pipeline that we intend to launch by the end of 2017. In particular, we believe that there has been a growing market demand, particularly by top-level physicians, for high-end, more powerful and more precise energy-based treatment systems, which allow for technological specifications that are better tailored to specific applications. Our Aesthetic Precision series caters to such demand and we plan to expand our offering of such products. Our Alma-Q (within the Aesthetic Precision series) system was launched in July 2016 and the SINON II is expected to launch by the end of 2017.

We plan to continue focusing on research and development including by increasing spending to support such endeavors, which we expect to represent a higher percentage of our revenue as compared to our historical expenditure for research and development. We intend to conduct additional clinical studies in the United States, continue to strengthen our relationships with key opinion leaders and researchers at hospitals, and increase collaboration efforts with universities and other academic institutions. In addition, in order to complement our intended increase in product offerings, we also aim to further increase the pace at which we launch our products into the market, primarily by being more proactive in the regulatory approval process for our new products through working closely with applicable regulatory authorities in the relevant jurisdictions and accelerating the readiness of new products for regulatory approvals. In support of such endeavor, we have, among other things, consulted specialist attorneys in the United States to facilitate our communication with and to review our filings to the FDA.

In addition, we intend to improve our production capabilities as well as operational efficiency by upgrading and remapping our production lines to, among other things, enhance efficiency and increase throughout, optimizing our informational technology infrastructure. We expect such efforts to enable us to lower our per unit costs and produce a wider range of products at a faster rate. We also intend to explore opportunities in establishing facilities in our growth markets to allow us to respond more quickly to customer demands.

Continue to increase our market share in the global energy-based minimally invasive treatment system market

The global energy-based minimally invasive treatment system market has continued to grow and represents an attractive opportunity for us. Having enjoyed initial success with the launches of FemiLift, LipoLife and VascuLife, we believe that we are well-positioned to gain additional market share through introducing new minimally invasive treatment systems to our product line. We are in the process of developing additional applicators for our existing minimally invasive treatment systems, which aim to enhance the functionality of these products. In addition, we are in the process of developing new treatment systems for additional indications, including out-patient aesthetic indications such as proctology. We are also in the process of improving and expanding the fat grafting (stem cells) capability of our updated treatment systems. A1A34(1)(c)

In order to support the expansion of our minimally invasive treatment system product line, we plan to increase our direct sales force, as well as engage additional distributors, who have the requisite

specialized knowledge and market access to the treatment providers that we will be targeting. In particular, our current plan is to hire additional country managers and sales representatives in the United States and Germany to expand our on-the-ground sales force in these two markets, particularly in relation to the sales of minimally invasive treatment systems.

Continue to strengthen our position as the largest provider of energy-based medical aesthetic treatment systems in the PRC

We believe that as the largest provider of energy-based medical aesthetic treatment systems in the PRC, we are well-positioned to take advantage of the fast-growing PRC market, and to further increase our market share. The total value of the energy-based medical aesthetic treatment market in the PRC was approximately US$158.9 million in the PRC in 2016 and is expected to grow to US$326.8 million in 2021, according to the Medical Insight Report. Please see "Industry Overview—PRC medical aesthetic treatment market" in this prospectus for further details. We intend to work closely with our PRC Distributor to support its expansion into additional cities, provinces and regions, particularly lower tier cities, as well as identify new treatment provider groups that we can target throughout the PRC. Furthermore, we intend to increase the breadth of our product offerings in the PRC. Currently, our PRC Distributor is primarily selling medical aesthetic treatment systems, such as the Accent, Harmony and Soprano families of treatment systems, as well as the Beauty treatment systems. We intend for our PRC Distributor to introduce additional treatment systems of ours including the Alma-Q, SINON II, LipoLife, and Accent Prime treatment systems. Our PRC Distributor is also increasingly targeting specialist treatment providers in the PRC for our minimally invasive range of products, including Pixel CO_2 and FemiLift, which historically had a relatively small contribution to our sales but which we believe have strong growth potential in the PRC. We also plan to further raise the awareness of our brands and products among physicians and aestheticians in the PRC through increased marketing efforts such as trade shows, exhibitions and workshops. In addition, we are investing in direct-to-treatment recipient marketing in the PRC, including television advertisement campaigns and social media accounts and activities.

Furthermore, we plan to take advantage of the network and access of our Controlling Shareholder, Fosun Pharma, to further strengthen our market-leading position in the PRC. We have gained initial experience from having our medical aesthetic treatment systems sold by our PRC Distributor to the laser center of Foshan Chancheng Central Hospital, a healthcare institution in the PRC controlled and operated by Fosun Pharma. We plan to, among other things, replicate our initial success with the laser center of Foshan Chancheng Central Hospital by facilitating a business relationship between our PRC Distributor and several other healthcare institutions operated and controlled by Fosun Pharma. Moreover, we intend to leverage Fosun Pharma's existing infrastructure and national presence to further strengthen our brand image and awareness in the PRC.

Capture growth opportunities and add new revenue streams through acquisitions or strategic partnerships globally

In addition to focusing on research and development to promote organic growth, subsequent to the Global Offering, we intend to explore and evaluate acquisition opportunities of other products, technologies or intellectual properties that are potentially synergistic to our existing business. We intend to identify opportunities in acquiring, entering into strategic partnerships and licensing

arrangements with companies that (i) have innovative and potentially break-through products and technology offerings in the energy-based medical aesthetic treatment systems market that are complementary to our current product lines and technologies, such as additional minimally invasive product lines (e.g. treatment systems for urology indications) (ii) enable us to consolidate and expand our shares in key geographic markets such as the PRC, North America and Europe, or provide access to new geographic markets, or (iii) are operating in related product areas that are marketed through similar channels and to similar end users as ours, as well as medical aesthetic service providers such as treatment clinic chains. We will seek potential targets through internal market research and/or recommendations from our business partners. In evaluating targets, we will consider various relevant factors including the level of synergy, the degree of innovation of the underlying technology, as well as the potential growth and profitability of the business.

In terms of partnerships and strategic cooperations, we intend to focus on opportunities to develop additional revenue streams (which we expect to remain a relatively small part of our business in terms of revenue as compared to energy-based medical aesthetic treatment systems). We intend to grow our partnership with a European company that produces injectable medical aesthetic products including derma fillers, with which we entered into a letter of intent in July 2017. Please see "—Our solutions and products—potential strategic cooperation" in this prospectus for further details. We also intend to seek strategic partnership opportunities with reputable companies in the biotechnology industry.

In addition, we expect to benefit from the reputation and resources of our Controlling Shareholder, Fosun Pharma, in particular with regards to acquisitions and partnerships in the PRC. In carrying out any such acquisitions, we may also consider external equity and/or debt financing, in addition to the net proceeds from the Global Offering and our internal funding sources. As at the Latest Practicable Date, we have not identified any specific targets, or adopted any concrete timetable or expected capital expenditure plan to implement any specific acquisitions, and we have not entered into any letter of intent or definitive agreement in relation to any acquisition.

OUR BUSINESS MODEL

A1A25(1)(a)

We are a leading global provider of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which often feature our innovative and proprietary technologies. Since our inception, we have focused on developing our own technologies and product offerings. For the years the ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, 91.8%, 93.0%, 93.7% and 93.9% of our revenue from the sales of products was derived from products that we developed in-house. During the Track Record Period, we sold our products in approximately 80 countries and jurisdictions worldwide to our direct sales customers and our distributors.

Our products utilize one or more energy sources, including laser, light-based, radiofrequency and ultrasound, which can be used to treat a broad range of skin types and indications, as well as to enhance the physical appearance of individuals. Our research and development capabilities have been

a pillar of our continued success. Many of our treatment systems incorporate technologies and solutions which we developed in-house. Please see "—Research and Development" in this prospectus for further information. We produce most of our products in-house, and in accordance with our stringent quality control procedure, each of our products is quality tested in-house.

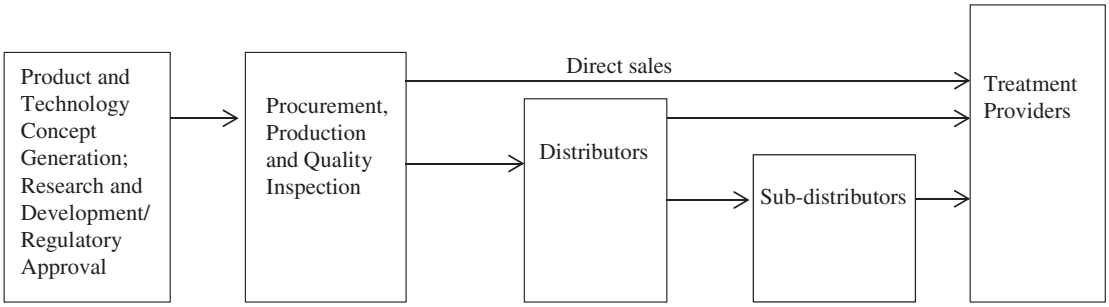
During the Track Record Period, over 90% of our total revenue was generated from the sales of our treatment systems, primarily including energy-based (i) non-invasive and (ii) minimally invasive treatment systems. In addition, we derive a small portion of our revenue from our rendering of services in relation to our treatment systems and the sale of consumables, primarily one-off items associated with using our minimally invasive treatment systems, such as accessories for our FemiLift treatment systems.

We sell our products either (i) by direct sales to treatment providers or (ii) to distributors who on-sell to treatment providers, who use our treatment systems to perform procedures on their treatment recipients. These treatment providers primarily include core physicians (plastic surgeons and dermatologists), non-core physicians (including primary care physicians, obstetricians, gynecologists, and ear, nose and throat specialists) and aestheticians. Such treatment providers render their services at institutions and establishments such as hospitals, medical clinics, laser centers, medical spas, as well as beauty spas.

For sales of our products to distributors, our distributors are our customers; our distributors receive title to our products from us and on-sell such products to their customers at such prices as they determine. We do not receive any proceeds from the sales of our products by our distributors to their customers. Our relationship with our distributors is one of seller and buyer, and not principal and agent. Please see "—Sales, distribution and marketing" in this prospectus for further details.

We also derive revenue from providing services, which primarily comprise fees from after-sale services to direct sales customers, the sales of warranty extensions and sales of replacement applicators (for applicators that have a limited number of uses) to direct sales customers (while sales of the same products to distributors are recorded in our financial accounts as product sales).

The following diagram summarizes our business model:



Our treatment systems generally consist of:

(i) a main console, to which an applicator can be attached; and

(ii) the attached applicator, which are inter-changeable for some systems.

For example, the main console of our Harmony XL Pro treatment system can have attached to it, among other things, a handpiece using laser for treating pigmented lesions and another handpiece using AFT for skin rejuvenation.

The following pictures show the main console of a treatment system and a handpiece that can be attached to it:

A FemiLift main console

A handpiece for Accent Prime treatment system

The main console of a treatment system is typically sold to a treatment provider along with at least one applicator, such as a handpiece or another accessory, as a package, as most main consoles need to be attached to an applicator to be functional. Applicators are also purchased by treatment providers on an individual basis:

- certain treatment systems such as those of the Harmony and Accent families have multiple applicators for different purposes, and treatment providers may choose to upgrade their systems as their businesses or practices develop by purchasing additional applicators; and

- some of the applicators for our treatment systems need to be replaced from time to time after certain number of uses. For example, users of our certain laser-powered handpieces for our Harmony family of treatment systems need to purchase replacement handpieces from time to time.

Revenue by Product Line

The following table sets forth our revenue breakdown by revenue streams and main product lines and as a percentage of our total revenue for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ in thousands, except for percentages)									
Sale of Goods:										
Non-invasive medical aesthetic:										
Core	75,975	75.0%	84,719	76.7%	88,249	74.7%	20,315	73.6%	25,309	77.5%
Beauty	7,937	7.8%	10,045	9.1%	7,412	6.3%	2,525	9.1%	1,673	5.1%
Subtotal	83,912	82.8%	94,764	85.8%	95,661	81.0%	22,840	82.7%	26,982	82.6%
Minimally invasive	8,214	8.1%	7,707	7.0%	14,165	12.0%	2,400	8.7%	3,361	10.3%
	92,126	90.9%	102,471	92.8%	109,826	93.0%	25,240	91.4%	30,343	92.9%
Services and Others	9,195	9.1%	7,935	7.2%	8,330	7.0%	2,365	8.6%	2,304	7.1%
Total	**101,321**	**100.0%**	**110,406**	**100.0%**	**118,156**	**100.0%**	**27,605**	**100.0%**	**32,647**	**100.0%**

During the Track Record Period, we sold our products in approximately 80 countries and jurisdictions worldwide to direct sales customers and our distributors. The following table sets forth our revenue by geographic segments (as defined by the location of our direct sales customers and our distributors) for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ in thousands, except for percentages)									
Europe	26,355	26.0%	26,492	24.0%	32,729	27.7%	7,511	27.2%	9,054	27.7%
North America[(1)]	25,192	24.9%	28,383	25.7%	31,001	26.2%	6,475	23.5%	7,366	22.6%
PRC	20,096	19.8%	25,845	23.4%	25,733	21.8%	6,193	22.4%	7,187	22.0%
Asia Pacific (excluding PRC)	13,820	13.6%	14,831	13.4%	13,516	11.4%	3,405	12.3%	3,694	11.3%
Latin America	10,403	10.3%	9,067	8.2%	8,989	7.6%	2,061	7.5%	3,458	10.6%
Middle East and Africa	5,455	5.4%	5,788	5.3%	6,188	5.3%	1,960	7.1%	1,888	5.8%
Total	**101,321**	**100.0%**	**110,406**	**100.0%**	**118,156**	**100.0%**	**27,605**	**100.0%**	**32,647**	**100.0%**

Note:

(1) North America includes the United States and Canada (and excludes Mexico).

Please see "Financial Information—Period to period comparison of results of operations" in this prospectus for further information regarding reasons for the period to period changes in our revenue by geographic segments.

The following table further breaks down our revenue by main product lines and by geographic segments for the periods indicated:

	For the three months ended March 31, 2017						
	Europe	North America	PRC	Asia Pacific (excluding PRC)	Latin America	Middle East and Africa	Total
	(US$ in thousands)						
Sale of Goods:							
Non-invasive medical aesthetic							
Core	7,562	4,728	6,273	2,335	3,205	1,206	25,309
Beauty	611	131	202	422	95	212	1,673
Minimally invasive	630	1,219	652	428	109	323	3,361
Services and others:	251	1,288	60	509	49	147	2,304
Total	**9,054**	**7,366**	**7,187**	**3,694**	**3,458**	**1,888**	**32,647**

	For the year ended December 31, 2016						
	Europe	North America	PRC	Asia Pacific (excluding PRC)	Latin America	Middle East and Africa	Total
	(US$ in thousands)						
Sale of Goods:							
Non-invasive medical aesthetic							
Core	26,551	17,060	23,619	9,096	8,166	3,757	88,249
Beauty	2,344	1,451	382	1,872	320	1,043	7,412
Minimally invasive	2,692	7,519	1,458	1,352	312	832	14,165
Services and others:	1,142	4,971	274	1,196	191	556	8,330
Total	**32,729**	**31,001**	**25,733**	**13,516**	**8,989**	**6,188**	**118,156**

	For the year ended December 31, 2015						
	Europe	North America	PRC	Asia Pacific (excluding PRC)	Latin America	Middle East and Africa	Total
	(US$ in thousands)						
Sale of Goods:							
Non-invasive medical aesthetic							
Core	23,091	18,344	21,435	10,811	7,714	3,324	84,719
Beauty	1,687	1,237	3,688	1,819	385	1,229	10,045
Minimally invasive	1,300	4,179	516	1,087	314	311	7,707
Services and others:	414	4,623	206	1,114	654	924	7,935
Total	**26,492**	**28,383**	**25,845**	**14,831**	**9,067**	**5,788**	**110,406**

	For the year ended December 31, 2014						
	Europe	North America	PRC	Asia Pacific (excluding PRC)	Latin America	Middle East and Africa	Total
	(US$ in thousands)						
Sale of Goods:							
Non-invasive medical aesthetic							
Core	21,450	17,315	16,322	8,510	9,288	3,090	75,975
Beauty	1,572	867	1,787	2,389	242	1,080	7,937
Minimally invasive	1,615	2,417	1,862	1,208	227	885	8,214
Services and others:	1,718	4,593	125	1,713	646	400	9,195
Total	**26,355**	**25,192**	**20,096**	**13,820**	**10,403**	**5,455**	**101,321**

Our revenue from our Core product line increased by 11.5% from US$76.0 million for the year ended December 31, 2014 to US$84.7 million for the year ended December 31, 2015, and further increased by 4.2% to US$88.2 million for the year ended December 31, 2016, primarily as a result of the overall growth in sales volume in various regions including Europe and the PRC. In Europe, the revenue from the sales of our Core product line experienced an overall growth from 2014 to 2016, primarily attributable to an increase in our sales volume in various European countries. In the PRC, the revenue from the sales of our Core product line experienced an overall growth from 2014 to 2016, primarily attributable to an increase in our sales volume of various Core treatment systems, such as the Accent Ultra V, which we believe was partially due to the promotion efforts made by our PRC Distributor.

Our revenue from our Beauty product line increased by 26.6% from US$7.9 million for the year ended December 31, 2014 to US$10.1 million for the year ended December 31, 2015, followed by a decrease of 26.2% to US$7.5 million for the year ended December 31, 2016. Such fluctuation was primarily driven by fluctuations of the sales volume of our Beauty product line in the PRC during the relevant periods.

Our revenue from our minimally invasive product line decreased by 6.2% from US$8.2 million for the year ended December 31, 2014 to US$7.7 million for the year ended December 31, 2015, followed by an increase of 83.8% to US$14.1 million for the year ended December 31, 2016. The overall growth was driven primarily by the continued growth in sales volume in the United States from 2014 to 2016, and sales volume also increased in 2016 in Europe and PRC after a relatively slow year in 2015.

Please see "Financial Information—Period to period comparison of results of operations" in this prospectus for further details.

Operating Metrics

Sales volume

During the Track Record Period, our revenue was materially affected by the number of main consoles of treatment systems we sold. The following table sets forth the volume of main consoles we sold by major product lines for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
			(units sold)		
Non-invasive:					
Core	1,946	2,418	2,386	575	656
Beauty	431	567	310	115	76
Minimally-invasive	244	172	298	52	81
Total	**2,621**	**3,157**	**2,994**	**739**	**813**

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, revenue from our Core product line represented 75.0%, 76.7%, 74.7% and 77.5% of our revenue, respectively, and its contribution to our revenue and profitability remained at a relatively consistent level. In certain jurisdictions, the launch of the new Core product line treatment systems increased our revenue and gross profit margin in certain periods. Please see "Financial Information—Period to period comparison of results of operations" in this prospectus for further details.

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, revenue from our Beauty product line represented 7.8%, 9.1%, 6.3% and 5.1% of our revenue, and for the same periods, revenue from our minimally invasive product line represented 8.1%, 7.0%, 12.0% and 10.3% of our revenue. During the Track Record Period, as a whole, we had a shift in product mix towards minimally invasive products and away from Beauty products, primarily attributable to the expansion of our minimally invasive business and our efforts to phase out older and cheaper models of our Beauty products. Overall, this has resulted in an increased gross profit margin. Please see "Financial Information—Period to period comparison of results of operations" in this prospectus for further details.

We typically sell main consoles and handpieces as a package, and we offer a wide range of combination of main consoles and handpieces; accordingly we believe that average selling prices of our systems is not useful information for evaluating our business.

OUR SOLUTIONS AND PRODUCTS

We offer a broad portfolio of energy-based treatment systems, which are used in the provision of medical aesthetic treatments, and can be used to treat a broad range of skin types and indications, as well as enhance the physical appearances of individuals. Our non-invasive medical aesthetic products can be used to provide treatments such as hair removal, tattoo removal, scar removal, body and face contouring, skin rejuvenation and tightening, skin remodeling and lifting, reduction of acne, treatment of pigmented lesions and vascular lesions and improvement of uneven skin tone and texture. Our minimally invasive products can be used for, among other things, treatment of feminine conditions (such as vaginal rejuvenation), liposuction, treatment of varicose veins and treatment of hyperhidrosis.

Our Solutions

We develop and design products that are intended to help treatment providers deliver safe and effective medical aesthetic treatments to treatment recipients. In addition, we strive to make our products easy to use and flexible for treatment providers, while also seek to provide treatment recipient comfort and convenience. The following describes some of the representative technologies and solutions that we have developed and incorporated into our treatment systems, which we believe make our products more effective and versatile:

- *In-Motion technology:* our patented In-Motion technology involves the treatment provider sweeping an energy-emitting device repeatedly over the treatment area while using relatively less intensive energy, in contrast to more traditional energy-based treatments, where the treatment provider focuses highly intensive energy on the treatment area to achieve the desired effect. Focusing highly-intensive energy, such as laser, on the treatment area, may cause a certain degree of treatment recipient discomfort and pain (and therefore may require the use of analgesics) and other side effects. Traditionally, some energy-based treatments have involved a tradeoff between pain, speed and the amount of power or energy applied, which impacts efficacy. However, our In-Motion technology is based on the principle that repetitive sweeping movements of the treatment device (emitting a relatively lower level of energy) over the treatment area, which allows the skin to absorb the same amount of energy as compared to more traditional approaches. As such, our In-Motion technology allows for relatively pain-free treatments without reducing the amount of overall power or compromising the therapeutic effect of the treatment.

  Moreover, as our treatment systems using In-Motion technology do not require oral or topical analgesics to numb the skin, it helps treatment providers to avoid the risk of analgesics masking treatment recipient pain, thereby reducing the risk and occurrence of adverse events.

- *SHR (Super Hair Removal):* the application of our In-Motion technology (as described above) in our hair removal treatment systems. This technology enables gradual heating of the skin in a controlled manner that effectively damages the hair follicles and prevents hair

re-growth, rather than exposing the hair follicles to a single high-energy pulse that may cause trauma to the skin and surrounding tissues. SHR delivers short pulses into the skin at a high repetition rate, achieving high average power and therapeutically effective heat build-up.

- *Unipolar Pro and Depth Control*: our patented technology for body and face contouring and skin tightening, which operates via a single electrode and can deliver concentrated radiofrequency at various depths of the skin, allowing for focused and deep heating of skin tissue. Integrated in our recently launched Accent Prime system, this technology gives treatment providers the flexibility to target treatment towards the desired depth of the skin in order to enhance results. Deep and superficial treatment approaches may also be combined for fully customized treatments, depending on the skin area, the skin type/thickness and the indication being treated.

- *Cold Shear Wave:* our patented ultrasound technology, which is used in face and body contouring. The ultrasound vibrations disrupt fat cell membranes, leading to gradual breakdown and release of stored fat.

- *ClearLift*: a fractional non-ablative Q-Switched Nd: YAG laser, primarily used for the treatment of skin imperfections associated with aging, and which we believe is more effective and results in a more comfortable treatment recipient experience as compared to more traditional laser procedures. Unlike most traditional laser procedures which rely on *heating* to stimulate collagen renewal (such heating on the skin has been linked to a certain level of treatment recipient discomfort), ClearLift targets a relatively deep layer of the skin and *mechanically* creates a wound, relying on the wound-healing process to stimulate collagen growth and tightening of the skin tissue (the deeper skin layer mechanical wound has been shown to be relatively more comfortable for the treatment recipient).

- *IMPACT*: used in conjunction with our fractional laser treatments, an ultrasound technology that uses microchannels within the skin to allow topical compounds (such as creams) to reach the desired depth of the skin more effectively, thereby maximizing effective skin repair and aesthetic enhancement.

- *Pixel*: a proprietary skin rejuvenation technology that we developed, which is based on fractional resurfacing technology. In fractional therapy, a single beam of light is split into multiple beams resulting in a dispersion of light. This type of therapy leaves areas of untreated skin adjacent to areas of treated skin, which stimulates repair and rejuvenation by inducing the skin's natural healing response.

- *AFT (Advanced Fluorescence Technology)*: an advanced form of our proprietary intense pulsed light technology, which we believe offers more efficient energy per pulse, increased safety, extended applicator lifetime and enhanced effectiveness.

Our Products

We design, develop and offer a broad portfolio of energy-based medical aesthetic treatment systems. Our product offerings include non-invasive medical aesthetic treatment systems (which are further divided into our Core product line and Beauty product line) and minimally invasive treatment systems.

Our Core product line consists of systems ranging from those that are more versatile—modular, multi-application treatment systems that provide a wide range of technologies and treatment options for a lower upfront investment and provide treatment providers with the flexibility to upgrade and expand their treatment systems as their medical aesthetic practices grow—to those that are more specialized—systems that provide certain medical professionals with targeted features that are suited to their practice. Our Beauty product line consists of treatment systems that are more economically priced and are targeted for use by aestheticians and other non-medically trained therapists. Our minimally invasive treatment systems are targeted for use by specialist physicians who offer or wish to offer relevant minimally invasive treatments.

The following table sets forth our representative treatment systems and related information. In addition to the below, prior models of certain of our product families had been sold and continue to be used by treatment providers.

Product	Energy Source(s)	Year of Launch[1]	Number/Type of Associated Applicators[2]	Intended Indications
Non-invasive medical aesthetic - Core				
Soprano XL	Laser	2006	2 handpieces	Hair removal and skin tightening
Soprano Accord[3]	Laser	2009	2 handpieces and 1 accessory	Hair removal
Soprano XLI	Laser	2010	2 handpieces	Hair removal and skin tightening
Soprano ICE	Laser	2014	4 handpieces and 1 accessory	Hair removal
Soprano ICE Platinum	Laser (three combined wavelengths)	2016	5 handpieces and 3 accessories	Hair removal

Notes:

(1) The year when the product was first launched in any market globally. Some products were launched in different years across various geographic markets. We may not be selling the product in all markets.

(2) Not all applicators and accessories were available when the treatment systems were first launched and more applicators and accessories may be developed for the same main consoles.

(3) Also named as Pontiac and Soprano Lite in certain jurisdictions.

Product	Energy Source(s)	Year of Launch[1]	Number/Type of Associated Applicators[2]	Intended Indications
Harmony XL	Laser; ultrasound; AFT; NIR and LED	2007	16 handpieces	Over 65 indications, such as skin rejuvenation, hair removal, treatment of vascular and pigmented lesions, scar removal and skin tightening.
Harmony XL Pro	Laser; ultrasound; AFT; NIR and LED	2014	Same as Harmony XL (above), plus 3 handpieces	Same as above, and in addition, acne scars reduction
Accent XL	Radiofrequency	2009	3 handpieces	Skin tightening and cellulite reduction, skin resurfacing
Accent Ultra V	Radiofrequency and ultrasound	2011	9 handpieces	Body and face contouring, skin tightening and cellulite reduction and skin resurfacing
Accent Prime[3]	Radiofrequency and ultrasound	2016	12 handpieces	body and face contouring, skin tightening, skin resurfacing and rejuvenation and cellulite reduction
Legato II	Radiofrequency and ultrasound	2012	3 handpieces	Skin resurfacing and pigmentations
Pixel CO_2	CO_2 Laser and ultrasound	2012	7 laser spot patterns	Skin rejuvenation and tightening
Alma-Q	Laser	2016	3 handpieces	Skin rejuvenation and pigmentations
PicoClear	Laser	2016	Wide range of laser spot sizes	Tattoo removal and pigmentation

Notes:

(1) The year when the product was first launched in any market globally. Some products were launched in different years across various geographic markets. We may not be selling the product in all markets.

(2) Not all applicators and accessories were available when the treatment systems were first launched and more applicators and accessories may be developed for the same main consoles.

(3) Also known as ThermoLift in some geographic markets.

(4) Resulting from the acquisition of certain assets of Quantel Group Companies in 2012.

Product	Energy Source(s)	Year of Launch[1]	Number/Type of Associated Applicators[2]	Intended Indications
SINON[4]	Laser	2012[4]	1 handpiece and 2 accessories	Pigmented lesions and multi-color tattoo removal
ARION[4]	Laser	2012	3 handpieces	Hair removal, pigmented lesions and
308 Excimer[4]	Light	2012	several accessories	Pigmentation disorders
IDAS[4]	Laser	2012	5 different spot sizes	Vascular indications and pigmented skin changes
Burane II/ Burane II XL[4]	Laser	2012	2 handpieces	Skin resurfacing and rejuvenation; smoothing of scars
Non-invasive medical aesthetic - Beauty				
Remove	Laser	2015	1 handpiece and several accessories	Hair removal
Rejuve	AFT, Dye, NIR	2015	5 applicators	Skin rejuvenation and tightening, face and body contouring, and hair removal
Reform[3]	Radiofrequency Microplasma	2015	5 applicators	Contouring and tightening of body and face
Reboost	Ultrasound	2015	1 accessory	Improving the appearance of skin imperfections including: • Skin rejuvenation • Skin whitening • Skin tightening • Oily or problematic Skin
Spa RF Pro[4]	Radiofrequency	2015	2 applicators	Skin tightening and body contouring
Spa Slim[4]	Ultrasound	2015	1 accessory	Body contouring
Minimally invasive				
FemiLift	CO_2 Laser	2013	9 applicators	Vaginal rejuvenation, stress urinary incontinence (SUI), vaginal dryness and recurrent infections, post-menopause—GSM and post-delivery

Product	Energy Source(s)	Year of Launch[1]	Number/Type of Associated Applicators[2]	Intended Indications
VascuLife	Laser	2015	1 applicator	Varicose veins
LipoLife	Laser	2016	4 applicators	Body contouring, liposuction and fat grafting

Notes:

(1) The year when the product was first launched in any market globally. Some products were launched in different years across various geographic markets. We may not be selling the product in all markets.

(2) Not all applicators and accessories were available when the treatment systems were first launched and more applicators and accessories may be developed for the same main consoles.

(3) Previously branded as SPA RF series, now rebranded as Reform.

(4) Sold in the PRC only.

In addition, to cater to the specific preferences and needs of treatment providers or as requested by our distributors in certain countries and regions, we have offered alternative versions of some of our treatment systems, and in some cases under different trademarks. We are phasing out this marketing practice, however, as we intend to achieve further uniformity in marketing our brand image.

The following are pictures of some of our products:

Soprano Ice Platinum

Accent Prime

FemiLift

Non-invasive medical aesthetic treatment systems

We categorize our non-invasive medical aesthetic treatment systems into the Core product line and the Beauty product line. We further categorize our Core product line by the major families and series, including the Soprano, Harmony and Accent families of treatment systems, as well as the Aesthetic Precision series.

Core product line

Soprano family

The Soprano family is one of our flagship series of treatment systems, which is primarily used for laser hair removal. Soprano ICE Platinum, our newest product in the Soprano family, features an innovative trio clustered diode technology, which combines three laser wavelengths (at 755nm, 810nm and 1065 nm) into a single handpiece. As compared to more traditional laser hair removal treatment systems that typically only feature only one laser wavelength, having three wavelengths enables treatments that simultaneously target different skin tissue depths and anatomical structures within the hair follicle.

Harmony family

The Harmony family is one of our flagship series of treatment systems and is an expandable, multi-application platform for energy-based medical aesthetic treatments utilizing laser, light-based and ultrasound technologies. Harmony XL Pro, the newest generation of the Harmony family, enables treatment providers to utilize multiple distinct energy sources and up to 16 different applicators with one treatment system, allowing them, while owning only one single treatment systems, effectively to perform a broad range of treatments, including skin rejuvenation, hair removal, treatment of vascular and pigmented lesions, scar removal and skin tightening. Harmony XL PRO is the newest generation of our Harmony family of treatment systems, which can address over 65 FDA-cleared indications, and incorporates, among other things, our ClearLift, IMPACT and Speed AFT technologies.

Accent family

The Accent family is one of our flagship series of treatment systems for which we just celebrated the 10th anniversary of its launch, and is mainly used for body contouring, skin tightening and aesthetic enhancement treatments. Accent Prime is the newest generation of our Accent family of treatment systems, which incorporates our latest developments in combining ultrasound and radiofrequency technologies. Accent Prime combines our Cold Shear Wave (ultrasound) and Unipolar Pro (radiofrequency) technologies for the purposes of body and face contouring, which we believe achieves better results than using either ultrasound or radiofrequency technology alone. Cold Shear Wave is used to break down fat cells while Unipolar Pro is used to tighten the skin. The associated UltraSpeed applicator is a new product, which combines ultrasound technology and an extra-large applicator plate for high-speed body contouring.

Aesthetic Precision series

Our Aesthetic Precision series, which includes certain products we inherited from the acquisition of certain assets of Quantel Group Companies and certain products we developed internally, includes SINON, ARION, 308 Excimer, IDAs, Burane II/Burane II XL, PicoClear, and Alma-Q. In general, our Aesthetic Precision treatment systems are more powerful than our multi-application platforms. These treatment systems have a narrower focus and as such, this product line offers a choice to core physicians and other specialist doctors, who (i) demand highly precise systems that are used for certain specialized practices or (ii) focus on treating certain specific indications in their practices. For example, a physician who focuses on pigmented lesions and multi-color tattoos may choose our SINON systems which are designed specifically for those functions, rather than one of our multi-application systems.

Beauty product line

In general, our beauty line treatment systems target users who are non-medically trained treatment providers and, when compared to our core non-invasive medical aesthetic treatment systems, are less expensive, slightly less powerful, and capable of treating fewer, as well as less complicated, indications. The beauty product line is particularly popular among treatment providers in the PRC market.

Examples of our beauty line treatment systems include Remove, a laser hair removal treatment system using an 810 nm diode laser featuring our SHR and IN-Motion technologies. Another example is and Rejuve, a light-based treatment system featuring our AFT, NIR and Dye technologies, which has multiple applications, including vascular and pigmented lesions, as well as hair removal.

Minimally invasive treatment systems

FemiLift

FemiLift is a minimally invasive treatment system which entails the application of fractional CO_2 laser to vaginal tissues. The procedure intends to restore the mucosal quality of the vaginal walls. The indications for this treatment system mainly include vaginal laxity and stress urinary incontinence.

LipoLife

LipoLife is a laser-based minimally invasive treatment system, which offers an all-in-one solution covering all stages of liposuction and fat grafting procedures. One of the key features of LipoLife is that its dual mode cannula applicator allows for simultaneous lasing and suction, which in turn facilitates the grafting of excised fat cells.

VascuLife

VascuLife is a minimally invasive treatment system for performing endovenous laser ablation, which is intended to treat varicose veins, using laser and other light-based technologies. The technique involves delivering light energy to a targeted vein through a laser fiber which is inserted through the vein. The energy is absorbed by the vein wall, causing the blood to coagulate and the vessel to collapse. As the vein is treated, the laser fiber is pulled back until the entire length of the vein is destroyed. A key feature of this system is a robotic pull-back fiber system.

Price range

During the Track Record Period, the list price range (inclusive of sales to direct customers and to distributors) of (1) our Core product line generally ranged from approximately US$10,000 to US$135,000 per main console, and US$1,000 to US$25,000 per applicator, (2) our Beauty product line generally ranged from approximately US$11,000 to US$59,000 per main console, and US$1,000 to US$15,000 per applicator and (3) our minimally invasive products generally ranged from approximately US$10,000 to US$100,000 per main console, and US$3,000 to US$10,000 per applicator.

Recently Launched Products and Product Pipeline

We continue to strive to develop new and innovative products. The table below sets forth certain of our latest products that we launched recently and our product pipeline, which includes both new treatment systems and additional applicators which add functionality to our current treatment systems:

Product	Brief Description	Launch Date/Expected Launch Date[(1)]
Zero	A Harmony XL Pro handpiece using cryotherapy to treat excessive sweating	January 2017
Liposense	A non-ablative CO_2 laser applicator for the Lipolife	January 2017
SINON II	The new generation of our SINON treatment system, which features a Q-Switched Ruby laser configured specially for treatment of pigment lesions and multi-color tattoo removal	March 2017
HomoGenius handpiece	Additional Alma-Q handpiece	March 2017
Lipolife handpiece	(1) Lipotight, an additional handpiece that allows treatment on small areas like face (2) Vibrating handpiece for LipoLife, an additional handpiece that allows treatment providers to enhance the LipoLife	June 2017

Note:

(1) The timing when the product was first launched/is expected to be launched in any market globally.

Product	Brief Description	Launch Date/Expected Launch Date[1]
Two additional Alma-Q handpieces	Spectrum-Y and Spectrum R, which extend the capability of Alma Q to remove difficult-to-remove tattoo colors	August 2017
New generation Soprano System	Our next generation of the Soprano family of treatment systems	December 2017
Pixel Handpiece for snoring	A minimally invasive system of treatment of snoring	December 2017
Accentuate, hands-free body contouring treatment system	A treatment system utilizing radiofrequency that allows treatment providers to provide body contouring treatments without manually operating the system	April 2018
Alma Hybrid	A new high-end treatment system that combines two lasers and can be used for skin rejuvenation, skin tightening and feminine conditions	April 2018
Focused Ultrasound Handpiece	A treatment device utilizing high-intensity focused ultrasound	August 2018

Note:

(1) The timing when the product was first launched/is expected to be launched in any market globally.

We may experience delays or difficulties in obtaining regulatory approvals for certain products in certain markets. Please see "Risk Factors— Risks relating to our Business— We or our distributors may be unable to obtain or maintain applicable regulatory qualifications or approvals for our current or future products and indications, which could materially and adversely affect our business, results of operations, financial condition and prospects" in this prospectus for further details.

After-sale Services

We and our distributors support treatment providers with a range of after-sale services, including installation and product training, as well as product service and maintenance.

In connection with the direct sales of our treatment systems, we arrange for the system installation and initial product training. For the treatment providers to whom we sell directly in the United States, Canada, Germany, Austria, and certain regions within India, our team members install our systems and our clinical support staff provides customer training. In connection with our direct sales, the cost of installation and initial training is included in the purchase price of our products. In connection with the occasional direct sales other than the above countries, we typically arrange for our distributor located in or near the country of the relevant customer to assist in providing after-sale services.

Our distributors, which we train, install our systems and provide customer training to the treatment providers to which they sell our treatment systems. Our distributors are also responsible for servicing and maintaining our products for their customers.

We have designed many of our products in a modular fashion to enable quick and efficient service and support. Specifically, we produce these products with several separate components that can be easily removed and replaced when the product is being serviced.

We offer a service call center to help the treatment providers to which we sell directly to diagnose and resolve issues concerning our products. In cases where a product requires service or repair that cannot be addressed by our call center: (i) if in the United States, we arrange for shipment of the defective component of the product to our U.S. service center, repair the component and ship it back to the customer; or (ii) if outside the United States, we arrange for shipment of the defective component of the product to either one of our facilities or a distributor's facility (depending on logistics), repair the component and ship it back to the customer.

Revenue from services and others

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, 9.1%, 7.2%, 7.0% and 7.1% of our total revenue, respectively, was recorded as revenue from services and others, primarily comprising fees from after-sale services to direct sales customers, the sales of warranty extensions to direct sales customers and sales of replacement applicators (for applicators that have a limited number of uses) to direct sales customers. We believe that we have an opportunity to increase our recurring customer revenue by increasing the percentage of direct sales customers who extend their warranty and purchase other service contracts for our systems when the initial warranty period expires.

We provide a warranty for our products to both our distributors and treatment providers to which we sell directly. Please see "—Customers—Product returns and warranty" in this prospectus for further details regarding the terms of our product warranty.

Potential Strategic Cooperation

In July 2017, we entered into a letter of intent with a European company (the "**strategic partner**") that produces, among other things, injectable medical aesthetic products including derma fillers. Pursuant to the letter of intent, the parties agreed to explore the feasibility of forming a distribution arrangement where we will act as a distributor for the strategic partner's derma fillers (and potentially other products) in the PRC, Hong Kong and India (the "**Territories**"). Before deciding whether to enter into a formal exclusive distribution agreement, we agreed to complete the following preparatory steps within 2017:

- Research and compile registration and other regulatory requirements for the distribution of the strategic partner's products in each of the Territories; and

- Present a detailed market survey and business plan for the sale and distribution of the strategic partner's products in each of the Territories.

Upon completion of the above steps, the strategic partner plans to determine in the first quarter of 2018 whether to move forward with the strategic cooperation arrangement with us and enter into a formal exclusive distribution agreement. As at the Latest Practicable Date, we had not entered into any formal distribution agreement with the strategic partner.

PRODUCTION

Production Process

All of our products are produced using raw materials, components, subassemblies and semi-finished products purchased from third-party suppliers. Subassemblies, which are assembled by our third-party subcontractors, are (i) more sophisticated components; or (ii) multiple smaller components assembled together, that we further use in our production process. Semi-finished products are partially to almost-finished main consoles of treatment systems and may be produced either internally or by third-party subcontractors.

Accordingly, our production operations primarily consist of assembling and testing our treatment systems, integrating our proprietary software and customizing the finished products in accordance with customer orders. Our production process can be generally divided into five main stages: (i) product design, research and development, (ii) forecasting, (iii) procurement, (iv) assembly of semi-finished products, and (v) calibration, integration, customization and testing.

Product design, research and development

We produce our products based on proprietary product design blueprints and plans which are generated in-house through our research and development processes. Such product design blueprints and plans incorporate our representative technologies and solutions, many of which are patent-protected or are otherwise trade secrets. We believe that our core advantages lie in the way in which our products are put together reflecting our technological and engineering capabilities. In addition, our competitiveness also lie in (i) our ownership of numerous proprietary technologies, which include technologically-advanced, patent-protected components and internally-developed software systems that are integral and indispensable to the production of our treatment systems, coupled with (ii) our engineering capability to integrate and put together such components and software systems into the treatment systems, and to accurately fine-tune them to optimize performance, all of which involve technically-sophisticated and complex processes requiring skilled and trained workers. Furthermore, the proprietary software loaded in each of our treatment systems controls the functionality and setting of all treatment systems, thereby differentiating our products from those of other competitors.

We take various measures to protect our know-how and proprietary software. For example:

- many of our key technologies are patented in key jurisdictions where we sell our products;

- our proprietary software loaded in each of our treatment systems is developed and installed in-house, to which other parties would not have access;

- we have maintained long-term relationships with our key subcontractors and have established measures to prevent leakage of intellectual property; and

- we have maintained relationships with designated suppliers from which the subcontractors are required to procure certain components and parts required to complete the assembly or production of our treatment systems, thereby controlling the source of supply.

Furthermore, we believe that our track record of launching new and upgraded products regularly also discourages potential competitors from replicating our technologies, as such competitors may need to invest a substantial amount of time and effort to replicate our existing technology, which may become obsolete when we launch our new and upgraded products.

Please see also "—Our solutions and products—Our solutions", "—Research and development" and "—Intellectual property" in this prospectus for further details regarding our proprietary technologies and the ways in which we protect them. We believe our technological advantages can also be attributed to our commitment to research and development and our ability to deliver innovative products at a regular pace to meet market demands. Please see "—Our solutions and products—Recently launched products and product pipeline" for further details. Please also see "Risk Factors—Risks relating to intellectual property— Protection of our intellectual property is limited. If we were unable to obtain or maintain intellectual property rights relating to our technology and products or if others infringe our intellectual property rights, or if we are involved in lawsuits to protect or enforce our intellectual property rights, our business and ability to compete may be materially and adversely affected" in this prospectus.

Production by forecast

Generally, we strive to achieve a lead-time from receiving the purchase order to delivery of as little as 14 days, although unusually large orders take longer. In order to achieve shorter delivery times and optimize the utilization of our production capacity, we assemble semi-finished products, or order our third-party subcontractors to assemble semi-finished products largely in accordance with our production forecast, rather than only upon customer orders. We manage our production forecast with the assistance of our ERP system, and such forecast takes into account input from our distributors, direct sales teams and our historical experience. In addition, our procurement team uses this forecast to schedule purchasing of supplies to help ensure that we have adequate stock of supplies for our production needs. This allows us to more quickly perform the calibration, integration, customization and final quality testing processes upon receiving actual purchase orders.

Procurement of components, subassemblies and other raw materials

Our procurement department, utilizing the data from our ERP system which is based on our forecasts, purchases the supplies we need for our product process. Please see "—Sourcing and procurement" in this prospectus for further details.

Production orders and production of semi-finished products

In-house assembly of semi-finished products

Based on our forecasting, customer orders and orders from our research and development team, as well as suggestions from our ERP system, our production control manager issues production orders for the assembly process for semi-finished main consoles as well as applicators for treatment systems. Pursuant to production orders, raw materials and components would be provided by the production team from our inventory.

Our technicians, mainly using manual tools, assemble the semi-finished main consoles and applicators for the treatment systems from supplies purchased from our third-party suppliers such as diodes, polymers, power supplies, electronic boards, umbilical harnesses, plastics parts, machined metal parts and certain subassemblies. Some of these components, such as metal parts in particular shapes, are tailor-made by our third-party suppliers for our products. We also further take subassemblies provided by our third-party subcontractors, such as water systems and electrical modules, and assemble them together with our internally assembled parts of semi-finished products.

For a substantial majority of the main consoles of our treatment systems and substantially all applicators for our treatment systems, the production process of the semi-finished product is conducted in-house in our production facilities in Caesarea, Israel. For a very small portion of certain products, the final steps of production and assembly products are conducted in Germany.

Semi-finished products assembled by our subcontractors

Depending primarily on the maturity of a treatment system, the potential need for further modifications to the product design and our internal capacity when we receive a particular purchase order, we outsource the process of assembling the semi-finished product of the main consoles of certain treatment systems to our subcontractors. This approach allows us to maintain flexibility in our production capacity. We do not outsource the production of applicators.

The main consoles of our Accent Ultra V, Harmony XL, Harmony XL Pro, Legato II, Rejuve and Remove treatment systems can be assembled by our third-party subcontractors. The components, subassemblies and other raw materials used by our subcontractors are from our approved suppliers and the procedures used by our subcontractors are designed to be substantially the same as our in-house procedures. Depending on the specific product, the number of production steps for producing the relevant semi-finished products that is outsourced varies.

We primarily use two third-party subcontractors in Israel to provide such subassembly services. We have long-term relationships with these subcontractors and we have trained them to assemble our products. Please see "—Sourcing and procurement—Suppliers—Subcontractors" in this prospectus for further information regarding our subcontractors.

Quality inspection of semi-finished products

Each of the semi-finished products, whether assembled in-house or assembled by our subcontractors, is forwarded to our semi-finished products warehouse for quality inspection.

Calibration, integration, customization and testing

Pursuant to actual purchase orders and orders from our research and development team, our production team produces final products from the semi-finished products. Key steps include calibrating the main consoles and applicators for the treatment systems, loading our software (which is proprietary and controls the functionality and settings of our treatment systems) into the treatment system and adjusting the user interface, customizing, assembling the outer plastic covers of the treatment systems and undertaking final quality control testing. Please see "—Quality Control" in this prospectus for further information for our quality control procedures.

Customers may request certain customizations of the products they purchase and we try to meet such requests. Examples include colors of covers, various logos and labels, software system adjustments (e.g., visuals and pictures on the treatment screen), as well as customized quantities of holsters and antennas. Such customization options may not be offered to all customers. For example, in general, in the United States, we offer standard models of treatment systems to treatment providers.

OEM

PicoClear

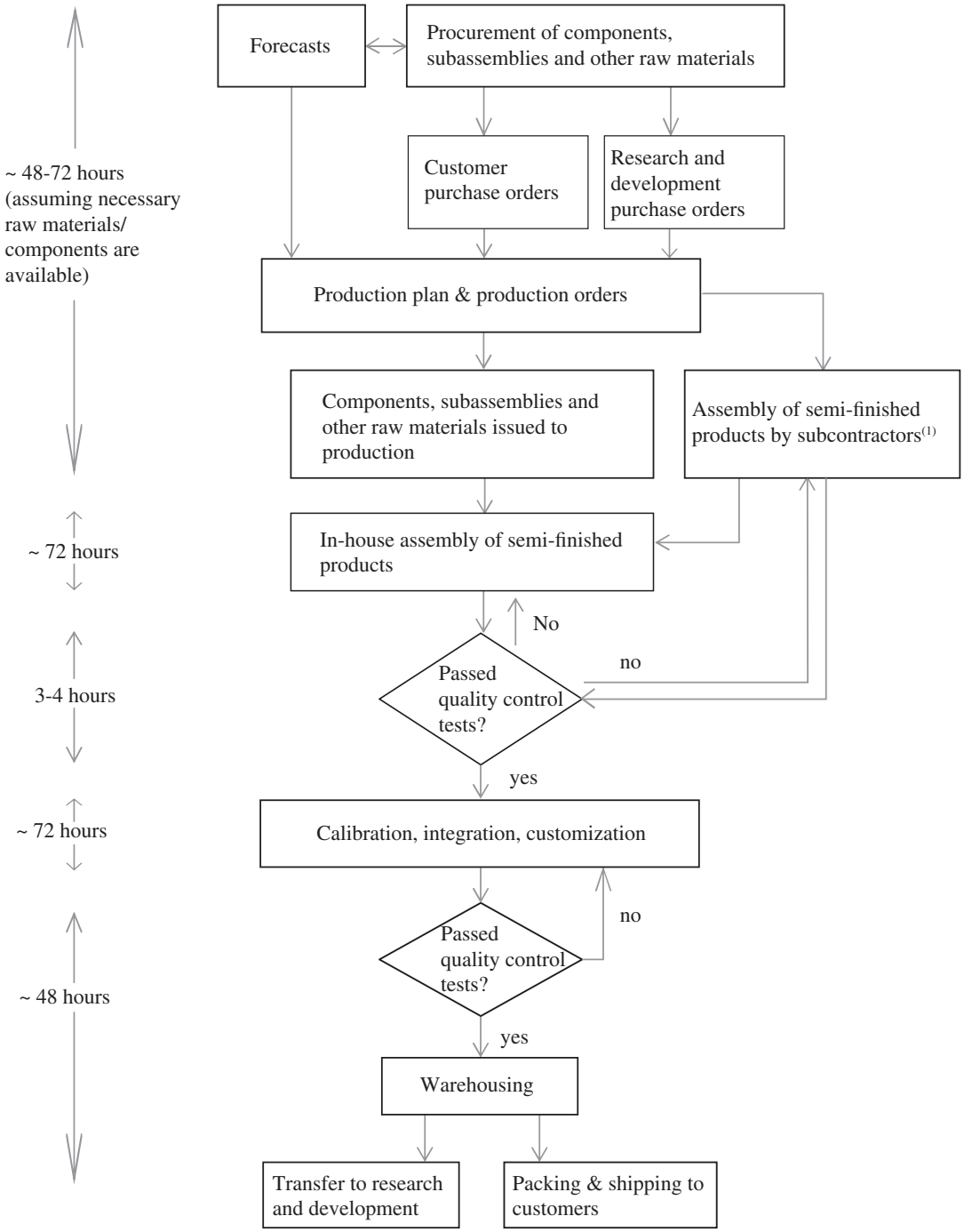
Currently, the PicoClear system is the only system for which we engage a subcontractor, located in the United States, on a purchase order basis, to perform a full OEM service. We have adopted this approach as we expect that going forward, the sales of PicoClear will continue to remain a very minor portion of our revenue, such that developing relevant in-house production capacity does not justify the investment.

Product line acquired from Quantel SA

During the Track Record Period, the production of the product line acquired through an acquisition of certain assets of Quantel Group Companies (most of which have subsequently become part of our Aesthetic Precision product line) was subcontracted to Quantel SA on an OEM basis as we needed time to relocate the relevant production capabilities to our facilities. This OEM arrangement was terminated in 2015. Please see "History and Corporate Structure" in this prospectus for further information regarding the asset acquisition from Quantel Group Companies.

The following flowchart illustrates our production process generally:

Production and Assembly Process



Note:

(1) Semi-finished products by subcontractors, depending on the degree of completion, may need to go through further in-house assembly or directly go to quality control tests.

Production Facilities

A1A29(2)

The following table summarizes the primary function and gross floor area of our production facilities, as at December 31, 2016. Our facilities in Caesarea, Israel are within walking distance of each other.

Building	Location	Available G.F.A (sq.m.)	Primary Function
Ofek 2	Caesarea, Israel	2,732	Primarily offices and also certain production facility (approximately 500 sq.m.)
Ofek 3	Caesarea, Israel	1,536	Office, service center and production facility
Ofek 9	Caesarea, Israel	1,904	Production facility and warehouse
Germany office	Nuremberg, Bavaria, Germany	817	Office, service center and certain production facility and warehouse

Please see also "—Properties" in this prospectus for further information.

Expansion plans

In the first half of 2016, we entered into a new lease for an additional building, "Ofek 3", in Caesarea, Israel, which added 1,536 sq.m. of available space for our production and operations, which we have yet to fully utilize. Currently, we do not have any other immediate expansion plans for our production facilities. We did not during the Track Record Period, and we do not expect to, experience any material issues arising from lack of facility space for our production activities.

Equipment and tools

We do not require any specialized equipment for our production process, which principally involves assembly of treatment system components, subassemblies, integration of our proprietary software and quality control testing. Examples of our tools include screwdrivers, scales and power measurement devices.

Production capacity and utilization rate

Our production processes are mainly done by trained production employees using widely available tools. Therefore, our production capacity is mainly constrained by the man-hours that we have available. The table below sets forth, without taking account into work done by our subcontractors, our estimated utilization rate and production capacity for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,
	2014	2015	2016	2017
Total actual production time logged *(hours)*	106,955	127,439	141,700	41,899
Estimated maximum production time available[(1)] *(hours)*	183,954	198,080	224,783	61,490
Number of production employees as at the end of the period indicated	69	74	85	85
Number of available working days in the period[(2)]	248	249	246	65
Utilization rate[(3)]	58%	64%	63%	68%
Actual production:				
Number of main consoles produced in the period *(pieces)*	3,165	3,972	3,174	870
Number of applicators produced in the period *(pieces)*	10,584	11,810	10,458	3,497
Production capacity[(4)]:				
Main consoles *(pieces)*	5,444	6,174	5,035	1,277
Applicators *(pieces)*	18,204	18,356	16,590	5,132

Notes:

(1) Estimated by multiplying (i) the number of production employees as at the end of the period indicated, by (ii) ten hours and forty-five minutes of working hours a day per worker (the maximum allowed under the relevant Israeli law taking into account necessary break time during each day) and (iii) the number of available working days (according to the Israeli government) in the relevant period.

(2) According to a schedule of working days published by an Israeli government agency.

(3) Calculated by dividing total actual product time logged by estimated maximum production time available.

(4) Calculated by dividing the number of actual production by utilization rate.

Our utilization rate increased from 58% in 2014 to 64% in 2015, remained stable at 63% in 2016 and further increased to reach 68.1% in the three months ended March 31, 2017. The overall increase was because of increased production demands driven by rising demand from customers and improved sales performance. We can hire and train additional production workers to increase our capacity as needed within approximately three months. As such, we do not foresee any material difficulties in managing our production capacity.

SOURCING AND PROCUREMENT

Sourcing of Components, Subassemblies and other Raw Materials

We assemble our treatment systems from components, subassemblies and other raw materials purchased from our suppliers. As such, our supplies mainly comprise (i) subassemblies, (ii) semi-finished products, (iii) components emitting energy sources of treatment systems such as diodes, laser rods, light filters, radiofrequency and ultrasound, (iv) display screens of treatment systems, (v) electronic boards and processors, (vi) molds and plastic casings for our treatment system, (vii) power supplies, (viii) cooling systems and (ix) machined metal parts.

We and our subcontractors purchase, and in some cases we procure on behalf of our subcontractors, components, sub-assemblies and other raw materials for our products from a list of our approved suppliers. In some cases our subcontractors are also the suppliers of the relevant subassemblies. We have the flexibility to adjust the number and the delivery schedules of such components that we procure. Utilizing our ERP system, we order raw materials, components and sub-assemblies based largely on production forecasts, which in turn are based on historical demands and future plans. Delivery lead-times may vary significantly depending on the size of the purchase order, time required to produce and test the ordered components, specific order requirements and current market demand for the ordered components. We reduce the potential for delays of supply by maintaining relationships with more than one component suppliers for each important type of component. In particular, there are certain components which have been cleared by the relevant regulators as part of the designs of our treatment systems that were submitted for obtaining regulatory clearances, such as components emitting energy sources, display screens, electronic processors and power supplies. In such cases, we maintain at least two suppliers for the qualified components so as to minimize risks of any potential delays in our production process, given the time it would take to qualify alternative components and/or designs with the relevant regulators. Please see also "Risk Factors—Risks relating to our business—We rely upon third-party suppliers for the components and subassemblies of many of our products, making us vulnerable to supply shortages and price fluctuations, which could materially and adversely affect our business, results of operations, financial condition and prospects" in this prospectus for further details.

As at the Latest Practicable Date, we had not experienced any significant delays in procuring any of our supplies, or any significant manufacturing delays, and we believe that our suppliers have sufficient capacity to meet our forecasted production demands. During the Track Record Period, we did not experience any material fluctuation in the prices of our supplies. When we issue our internal suggested prices to our sales team, we take into account our cost of supplies. When we launch a new generation system, it also allows us to adjust our pricing to reflect increases (if any) in the costs of our supplies.

Suppliers

The components, subassemblies and semi-finished products that make up our products are purchased from over 700 third-party suppliers, substantially all of which are located in Israel, the United States, Germany, the PRC, Japan, the United Kingdom and Spain, and all of which are Independent Third Parties. For some of our suppliers located outside Israel, we liaise directly with their sales agents located in Israel. In some cases, we place orders with such local agents.

The following table sets forth a summary of several of our largest suppliers for the periods indicated:

Name of supplier	Location of supplier	Year as one of our five largest suppliers	Approximate years of business relationship with us as at December 31, 2016	Our major purchases from the supplier
Supplier 1	U.S.	2014, 2015 and 2016	4	Diodes
Supplier 2	Israel	2015 and 2016	6	Subcontracting services
Supplier 3	Israel	2016	8	Subcontracting services and sheet metals
Supplier 4	Japan	2014, 2015 and 2016	15	Display screens of treatment systems
Supplier 5	Israel	2014, 2015 and 2016	10	Machining of metal parts
Supplier 6	Israel	2014 and 2015	15	Electronic boards and computer boards
Supplier 7	Germany	2014	4	OEM treatment systems (Quantel line)

We do not enter into long-term framework supply contracts with our suppliers and we procure supplies from them using purchase orders. However, we are implementing standardized purchase order forms, that set out our on-going business terms with our suppliers, such as (to the extent applicable in each case) our rights to inspection and testing, transfer of title and risk, credit terms and indemnities given to us. While we do not have long-term contracts obligating our suppliers to supply our requirements, some of our suppliers with which we have had long-term relationships, such as our suppliers for certain basic raw materials such as screws, nuts and bolts, as a matter of business practice customarily maintain at least 30 days of inventories for us. We generally are given credit terms of 60 days by our suppliers.

We maintain an approved suppliers list and a process through which our suppliers qualify for inclusion on this list. We evaluate our suppliers and potential suppliers based on a number of factors, such as (i) their formal accreditation (e.g., ISO 13485 and ISO 9001), certifications and regulatory

approvals, (ii) lead-time needed in satisfying our orders, (iii) price of their supplies, (iv) quality of their supplies and (v) results of our on-site inspections. For each important type of component or subassembly, we try to identify more than one supplier in order to avoid reliance on any individual supplier.

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, purchases from our five largest suppliers represented 29.2%, 29.8%, 36.5% and 29.5% of our total purchases, respectively. For the same periods, purchases from our largest supplier represented 7.6%, 10.1%, 11.4% and 8.7% of our total purchases, respectively. A1A28(1)(b)(i) A1A28(1)(b)(ii)

None of our Directors or any Shareholder who owns more than 5% of our issued share capital immediately following the completion of the Capitalization Issue and the Global Offering (without taking into account the exercise of the Over-allotment Option) nor any of their respective close associates, to the knowledge of our Directors, has any interest in any of our five largest suppliers during the Track Record Period. A1A28(1)(b)(v)

Subcontractors

We engage subcontractors, all of which are Independent Third Parties, for assembling subassemblies and semi-finished products. Similar to our other suppliers, we order from our sub-contractors on a purchase order basis and do not have long-term framework contracts with them.

We primarily use the services of two subcontractors in Israel (supplier #2 and supplier #3 in the above table), with which we had an average relationship of approximately seven years as at December 31, 2016, to produce sub-assemblies and semi-finished products for us. We strictly oversee the work performed by our subcontractors. Upon completion of design and prototype development, detailed product specification documents are provided to such subcontractors for production of the relevant subassemblies and semi-finished products. We have provided on-site training to both subcontractors' staff at the beginning of our working relationships. In addition, we have imposed the following requirements to our subcontractors:

- their employees are required to receive training by us;
- they must use our designated supplies and suppliers;
- they are not allowed to deviate from our production specification in terms of procedures or raw materials and components used without our explicit permission; and
- they are not permitted to power-on our semi-finished products (which helps us safeguard our intellectual property).

Each of the subassemblies and semi-finished products delivered to us is individually inspected for quality and defects using the same standards we use to inspect internally-produced products, and we work with our subcontractors to resolve any issues that we discover.

We select our subcontractors having considered their respective financial strength, quality of work and production lead-time. At the beginning of a working relationship with a subcontractor, we also test its capability by sending it a sample product that we internally produced and then asking it to reproduce a test-batch based on our sample. We examine the test-batch to ensure their quality of work meets the same standards we set for the products we produced internally.

If any of our two current main subcontractors were to cease to provide services to us, our Directors believe that our production and business would not be materially and adversely affected. This is because:

- we have sufficient in-house capacity to handle such an event, particularly on a short-term basis, while alternative arrangements are being made;

- each of our current main subcontractors, to the best of our knowledge, has sufficient capacity and capability to cope with our demand and requirements; and

- we have on-going business relationships with other subcontractors, with which we could increase our purchase orders and provide relevant training to their staff in a relatively short period of time, to take up the work of any out-going subcontractor (and per our practice of using more than one subcontractors).

Inventory Control

Our inventory comprises mainly (i) raw materials and components, such as diodes and laser rods; (ii) work-in-progress, including semi-finished products and subassemblies; and (iii) finished goods. We believe that controlling inventory levels is important to our overall profitability. In general, we manage our inventory through our ERP system, which calculates our purchasing and production based on the data that we input into the system.

Inventory turnover days

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our average inventory turnover days were 127 days, 137 days, 142 days and 138 days, respectively. As at December 31, 2014, 2015 and 2016 and March 31, 2017, the balance of our inventory represented 23.2%, 25.1%, 23.1% and 23.3% of our current assets, respectively. Please see "Financial Information—Selected items of consolidated statements of financial position—Inventories" in this prospectus for a detailed analysis of our inventory levels.

Inventory of incoming supplies

We have designated employees who receive supplies and who perform physical counts upon receipt. Our more expensive raw materials and components are kept in a special warehouse, where only designated employees are permitted entry.

Inventory of work-in-progress

Work-in-progress inventories include, among other things, our semi-finished products produced internally and subassemblies. Semi-finished products produced by subcontractors, depending on the number of steps subcontracted, may be classified as work-in-progress or finished goods. As each of our products is assigned a unique tracking number, once production begins pursuant to a production order, we can check the physical count against purchase orders as needed.

Inventory monitoring of our finished goods

As we generally begin final integration and testing after receipt of purchase orders and we strive to deliver our products to customers as soon as we can, our inventory of finished goods is relatively low. Our finished products are placed in a secured warehouse with customized anti-theft features, such as 24-hour security video recording.

QUALITY CONTROL

Quality control is important to us, and we are committed to developing and producing high quality products in compliance with international and applicable local standards, regulations and directives. We have established what we believe to be a stringent quality management system, which is documented in our quality management manuals and govern various aspects of our operations. Our products have on average, over two years of mean time between failures, which is a statistical estimate of our product reliability based on our internal records regarding the time between occurrence of each maintenance request for our products, which we believe is relatively long. Each of our final products is quality tested in-house in accordance with our stringent quality control procedure.

Our quality management system conforms to the requirements of ISO 9001:2008 and ISO 13485:2012 international standard, which is the applicable standard for a company designing, manufacturing and inspecting of medical lasers and radiofrequency devices. Our quality management system also complies with various international quality requirements for production of medical devices, such as DA Quality System Regulations, NF EN ISO 13485:2012, AN/CSA ISO 13485:03, Medical Device Directive 93/42/EEC 1993 as amended by 2007/47/EC of September 5, 2007 and Medical Devices Regulations SOR/98-282.

Quality Management Steps with respect to our Production Process

As part of our overall quality management system, we have specific supply incoming, in-process and final inspection and testing procedures, which are conducted to verify that our products conform to various specified quality requirements. We have established a system to document our testing and inspection results, which our management regularly reviews. In accordance with our protocols, we retain our quality control records for five years for reference.

Each of our products is assigned a unique serial number. As such, if quality or other similar issues arise, we can track the product through each step of the production process, thus enhancing our ability to identify the causes of the issues.

Inspection of incoming components, subassemblies and other raw materials

Designated personnel from the procurement department inspect incoming components, subassemblies and other raw materials upon delivery to us for quality and fitness to use in our treatment systems. This may include checking packages for signs of tampering or damages, reviewing relevant compliance certificates, and measuring and testing against the relevant specified requirements.

Quality inspection of semi-finished products and subassemblies

Once our semi-finished products have been assembled by our production team, or have been delivered by our subcontractors, each of the semi-finished products or subassemblies (whether a main unit or applicator) undergoes testing and quality inspection at our semi-finished products warehouse by our production and quality control personnel against the relevant specified requirements.

Burn-in tests and final inspection

According to our quality inspection protocols, after the calibration and software installation process, when the products are in final form and have been configured prior to delivery to customers, each final product (whether a main console or applicator) is required to be tested and inspected in-house in accordance with our stringent quality control procedures. Such testing procedures include functionality tests and also "burn-in testing", where the treatment systems are operated for a designated number of hours during which they are observed for any defects. Each of our products undergoes final inspection.

Lifespan of our Products

Because of our stringent quality control measures, our treatment systems, particularly the main consoles, generally have a long physical lifespan. However, due to the evolving technological standards in the medical aesthetics industry, to our knowledge, treatment providers often replace our treatment systems before the physical end of the machine lifespan in order to be able to offer newly developed treatment technologies to treatment recipients. Historically, we have launched a new generation of our flagship treatment systems from time to time, and some treatment providers, to our knowledge, may choose to upgrade and purchase such new systems upon their release.

Some of the applicators for our treatment systems need to be replaced from time to time after certain number of uses, and the specific lifespan of such applicators varies depending on the specific model and frequency of usage by the treatment provider. For example, based solely on our estimation, a treatment provider who uses a typical diode laser-powered handpiece fairly regularly would need to replace the handpiece in approximately 12 to 18 months.

SALES, DISTRIBUTION AND MARKETING

During the Track Record Period, we sold our products in approximately 80 countries and jurisdictions worldwide. Depending on the specific geographic location, we have two sales models (we use a combination of both in a few geographic markets): (i) we sell products directly to treatment providers or (ii) we sell our products to our distributors, who in turn on-sell our products to treatment providers (or in certain limited cases, to sub-distributors). Treatment providers to which we sell directly include core physicians, non-core physicians and aestheticians. As such, we regard (i) our customers as treatment providers to which we sell directly and (ii) our distributors who on-sell products that they purchase from us to their customers.

The following table illustrates our sales and distribution network:

Region	Sales model
Europe	
Germany and Austria	Primarily direct sales
Others	Primarily third-party distributors
North America	Primarily direct sales
PRC	Third-party distributor
Asia Pacific (excluding PRC)	
India	Primarily direct sales
Others	Primarily third-party distributors
Latin America	Primarily third-party distributors
Middle East and Africa	Primarily third-party distributors

We primarily engage in direct sales to treatment providers in the United States, Canada, Germany, Austria, and India. Other than in these countries, we sell primarily to distributors which on-sell our products. Depending on our business needs and in very limited cases, in some countries where we primarily engage in direct sales, we also engage some distributors (such as when certain distributors have access to treatment providers whom we intend to target), and conversely, in some countries where we sell primarily to distributors, we also engage in direct sales (such as for certain types of specific treatment providers which prefer to deal directly with us). A1A29(2)

The following table sets forth our revenue by customer type for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ in thousands, except for percentages)									
Direct sales customers	30,466	30.1%	36,812	33.3%	42,391	35.9%	9,619	34.8%	11,285	34.6%
Distributors with agreements[(1)]	66,985	66.1%	71,052	64.4%	72,198	61.1%	17,374	62.9%	20,239	62.0%
Other customers[(2)]	3,870	3.8%	2,542	2.3%	3,567	3.0%	612	2.3%	1,123	3.4%
Total	**101,321**	**100.0%**	**110,406**	**100.0%**	**118,156**	**100.0%**	**27,605**	**100.0%**	**32,647**	**100.0%**

Notes:

(1) Include distributors with which (a) we entered into written distribution agreements as at the Latest Practicable Date or (b) we had written distribution agreements during the relevant period of the related sales.

(2) Includes distributors, on-sellers and dealers with which we have not entered into written distribution agreements, who purchase products from us on an *ad hoc* basis and in relatively small quantities and on-sell them to treatment providers.

For direct sales to treatment providers, we recognize revenue either (i) upon shipment of our products or (ii) when after-sales obligations, such as installation and training, are fulfilled. For sales to distributors, we recognize revenue upon shipment of our products. Please see also "Financial Information—Description of major components of our results of operations" in this prospectus for further details.

In deciding whether to establish a direct sales force or engage a distributor for a particular geographic market, we generally consider the following factors: (i) potential synergies with our overall strategic goals; (ii) the availability and quality of potential distributors in the market; and (iii) the expected cost and benefits of spending the resources in establishing a direct sales force, which we expect to be mainly affected in turn by (a) the size of the market, (b) the diversity of opportunities in the market (e.g. different product segments), and (c) legal or other barriers to entry.

Direct Sales

A1A29(2)

North America (United States and Canada)

In North America, one of our most important markets, we sell primarily to treatment providers directly, as we believe direct sales are more suitable for this geographical location because the markets for medical aesthetic treatments are more developed in North America. For the year ended December 31, 2016, our sales in the United States and Canada in aggregate represented approximately 26.2% of

our revenue. Our sales and marketing efforts in North America are performed and managed by our U.S. subsidiary, Alma Lasers Inc., which is incorporated in Delaware and headquartered in Buffalo Grove, Illinois. The sales team of our U.S. subsidiary sells our products to and maintains our relationships with treatment providers directly.

Our sales in North America are managed by our North American vice president of sales, who manages three regional sale directors for our three North American regions (West, Southeast and Northeast regions, for both United States and Canada), each of whom in turn manages a sales team in each region. In addition, we have a sales director of national accounts, who reports to our North American vice president of sales, and is specifically tasked with the management of national sales of certain products to designated larger end-customers and local U.S. distributors.

As at March 31, 2017, our U.S. subsidiary employed 45 sales representatives for the U.S. market. In addition, as at the same date, we engaged five part-time U.S. independent sales representatives (for specific product lines or geographic regions within the United States) and four full-time independent sales representatives for the Canada market. In order to complement our direct sales operations and increase geographic coverage and penetration in a cost-effective manner in the large North America market, as at December 31, 2016, we had also engaged four distributors for certain product lines and in certain regions in North America. Sales to such distributors represented a very minor portion of our overall sales in North America during the Track Record Period.

Direct sales outside North America

German subsidiary

Our German subsidiary, located in Nuremberg, Bavaria, sells directly to treatment providers in Germany, Austria and occasionally Switzerland (we primarily sell to our distributors in Switzerland). As at March 31, 2017, our German subsidiary had 15 employees in the sales team, including a few that specialize in the Beauty product line. We intend to further expand the German sales team, particularly through the hiring of additional sale representatives that will specialize in selling our minimally invasive treatment systems. In addition, to further broaden our sales channels we occasionally agreed to engage independent sales representatives. Sales by independent sales representatives contributed to a minor portion of our German subsidiary's revenue during the Track Record Period.

We also engaged a few distributors in Germany and Austria who help us access certain target markets. Sales to distributors represented a very minor portion of our revenue in these markets during the Track Record Period.

India

We established our Indian subsidiary in December 2014, as we believed that it would be more effective than engaging distributors, since the distributors which we had been engaging prior to the establishment of our subsidiary did not meet our expectations. As at March 31, 2017, our Indian subsidiary had 12 sales team employees.

Commission paid to our sales force

In general, in addition to salaries, our sales representative employees who sell directly to treatment providers are paid commissions reflecting a percentage of sales for which they are respectively responsible. The specific percentage depends on, among other things, an individual representative's seniority, the sales representative's aggregate sales in a year compared to his or her annual sales target and the nature and complexity of the relevant treatment provider, that they serve. Our independent sales agents do not receive salaries but generally receive commission based on the sales for which they are respectively responsible, at rates that are generally higher than those paid to our employees.

Credit terms provided to direct sales customers

For direct sales by our U.S. subsidiary we offer customers a credit term from 30 days to 12 months. Customers that are given credit terms between four to six months are typically subject to a service fee of up to 2% of the relevant purchase price, while customers that are given a credit term of more than six months are subject to an annual interest rate of 10% of the relevant purchase price. In addition, we work with several third-party equipment financing companies, who may provide capital equipment finance, as well as leasing based programs, for some of our customers. We also require payment upon delivery to certain customers.

For direct sales by our German and Indian subsidiaries, most customers are required to pay a 10% to 50% deposit. In such cases, we generally offer a credit term for the remaining payments ranging from 30 days to 18 months.

Sales to Distributors

Distribution model

In countries and jurisdictions other than the United States, Canada, Germany, Austria, and India, we sell our products primarily to our distributors. We have granted most of our distributors geographic exclusivity for specific product lines or specific products. In some cases, distributors are allowed to sell in more than one country in a geographic region. In certain countries, our distributors engage sub-distributors in order to expand their sales channels and coverage. We believe that our distribution model is one of the typical distribution models adopted by other competitors in our industry. Our relationship with our distributors is one of seller and buyer, and not principal and agent. Our distributors purchase our products, take title to them and on-sell such products to their customers at the prices that they determine, and install and service such products for such treatment providers (with which we have no contractual relationship). We do not allow returns from our distributors, except in very limited cases.

We have generally enjoyed stable long-term relationships with our distributors, as evidenced by the fact we have had at least three years of working relationships with over 40 of our distributors. We believe that by engaging distributors, we can take advantage of their knowledge of the local business and legal environment and their access to local treatment providers and other market participants in a cost-effective manner. We believe that many of our distributors are among the more reputable

distributors of medical aesthetic treatment systems in their respective countries and regions. All of our distributors during the Track Record Period have been Independent Third Parties (i.e. they are not a member of the Fosun International Group or the Fosun Pharma Group or any other connected person of the Company) and to the best of our knowledge, none of our current or former employees are employees of such distributors.

As at March 31, 2017, we had 81 distributors with which we had entered into written distribution agreements. Over 95% of our revenue from distributors in the year ended December 31, 2016 and in the three months ended March 31, 2017 was derived from sales to such distributors. The following table sets forth the number and movements of such distributors globally for and as at the end of the periods indicated:

	For the year ended December 31,			For the three months ended March 31,
	2014	2015	2016	2017
Number of distributors with agreements as at the end of the previous period	67	76	80	82
Termination or non-renewal of distributors with agreements	5	8	12	2
Addition of distributors with agreements	14	12	14	1
Number of distributors with agreements as at the end of the period	76	80	82	81

During the Track Record Period, the number of distributors with written agreements increased primarily because we sold into a new country and we engaged additional distributors to specialize in a certain product or product line. In addition, we have also been enhancing our efforts in formalizing our relationships with our distributors by signing written distribution agreements. In addition, during the Track Record Period, we terminated distributors primarily because such distributors were not performing up to our expectations. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, revenue from distributors with written agreements that were terminated or not renewed during the Track Record Period represented 4.3%, 1.6%, 0.7% and 0.2% of our total revenue for the same periods, respectively. In line with our policy, we have not repurchased or accepted products that were unsold by our terminated distributors. However, we have sometimes helped to facilitate the transfer of unsold goods from the terminated distributor to our new distributor within the same territory. We have no financial involvement in such situation.

Our distributors provide installation services and initial training to treatment providers. Our distributors also provide such treatment providers with equipment, stock and supply maintenance and service parts for our systems, and they attend exhibitions and industry meetings where they promote

our products (which in some cases we attend together with them). Our distributors often commit to a minimum sales amount in order to gain or retain exclusivity in their respective regions for specific products or product lines. In some regions where we have granted exclusivity to our distributors, depending on our relationship and negotiations with the relevant distributors, we may have the right to sell directly to treatment providers in that region.

We manage our distributors primarily by way of distribution agreements, which govern our relationship with our distributors. While over 95% of our revenue from distributors in 2016 was derived from distributors with which we had entered into a written distribution agreement, we do not have written agreements in place with all our distributors. The distributors with whom we do not have written agreements may terminate their relationships with us and stop on-selling and servicing our products without giving us any notice. In addition, it may be more difficult for us to manage our relationship with, or enforce our rights against, such distributors with which we have not entered into a formal written distribution agreement. Please see "Risk Factors—Risks relating to our business—We have limited control over our distributors. If the distributors fail to fulfill their obligations under the relevant distribution agreements, our business, results of operations, financial condition and prospects may be materially and adversely affected" in this prospectus for further details.

Our distributors

We use distributors as part of our sales and distribution strategy. Most of our distributors are primarily engaged in the distribution of medical aesthetic treatment systems. We rely on our distributors' knowledge of their respective local markets, including customer preferences, competitive landscape and regulatory requirements, to penetrate our target markets globally. For instance, our distributors are required to have the necessary licenses and permits for selling medical products in their respective jurisdictions and help us register our products with the relevant local authorities (if applicable). Please see also "—Licenses and permits" in this prospectus for further details.

The following tables set forth a summary of our five largest customers, which are all distributors, for each of the periods indicated based on their purchase amounts. We have granted exclusivity in their respective countries for the products they distribute:

	For the three months ended March 31, 2017			
Name of Distributor	**Region**	**Approximate length of relationship with us as at March 31, 2017 (years)**	**The distributor's purchase amount as a percentage of our revenue**	**Products sold and background of distributor**
PRC Distributor	PRC	14	22.0%	Our sole distributor in the PRC
Distributor 2	Latin America	14	4.5%	Sells non-invasive medical aesthetic products
Distributor 5	Europe	4	2.8%	Sells non-invasive medical aesthetic products

	For the three months ended March 31, 2017			
Name of Distributor	Region	Approximate length of relationship with us as at March 31, 2017 (years)	The distributor's purchase amount as a percentage of our revenue	Products sold and background of distributor
Distributor 9	Middle East and Africa	9	2.4%	Sells non-invasive medical aesthetic products
Distributor 4	Europe	14	2.4%	Sells medical aesthetic products

	For the Year ended December 31, 2016			
Name of Distributor	Region	Approximate length of relationship with us as at December 31, 2016 (years)	The distributor's purchase amount as a percentage of our revenue	Products sold and background of distributor
PRC Distributor	PRC	14	21.8%	Our sole distributor in the PRC
Distributor 2	Latin America	14	3.0%	Sells non-invasive medical aesthetic products
Distributor 3	Asia Pacific	11	2.9%	Sells medical aesthetic products
Distributor 4	Europe	14	2.4%	Sells medical aesthetic products
Distributor 5	Europe	4	2.3%	Sells non-invasive medical aesthetic products

	For the Year ended December 31, 2015			
Name of Distributor	Region	Approximate length of relationship with us as at December 31, 2016 (years)	The distributor's purchase amount as a percentage of our revenue	Products sold and background of distributor
PRC Distributor	PRC	14	23.4%	Our sole distributor in the PRC
Distributor 2	Latin America	14	4.0%	Sells non-invasive medical aesthetic products
Distributor 6	Middle East and Africa	15	2.5%	Sells non-invasive medical aesthetic products
Distributor 4	Europe	14	2.4%	Sells medical aesthetic products
Distributor 3	Asia Pacific	11	2.0%	Sells non-invasive medical aesthetic products

	For the Year ended December 31, 2014			
Name of Distributor	Region	Approximate length of relationship with us as at December 31, 2016 (years)	The distributor's purchase amount as a percentage of our revenue	Products sold and background of distributor
PRC Distributor	PRC	14	19.8%	Our sole distributor in the PRC
Distributor 2	Latin America	14	3.8%	Sells non-invasive medical aesthetic products
Distributor 4	Europe	14	2.7%	Sells non-invasive medical aesthetic products
Distributor 7	Latin America	14	2.4%	Sells non-invasive medical aesthetic products
Distributor 8	Europe	10	2.3%	Sells non-invasive medical aesthetic products

Our PRC Distributor

Our PRC Distributor was our largest customer for each year during the Track Record Period and our sole and exclusive distributor in the PRC. Our PRC Distributor, to the best of our knowledge and as informed by it, had 14 offices across the PRC and over 200 employees as at March 31, 2017.

Our relationship with our PRC Distributor commenced in 2003, when our products were first introduced in the PRC. Since then, our business and its business have grown together. Our PRC Distributor has helped us navigate the business and regulatory environments in the PRC, including obtaining the CFDA approvals for our products. We continue to engage a sole distributor in the PRC given that we have enjoyed a successful long-term relationship with our PRC Distributor. We believe our PRC Distributor has a deep working knowledge of, and familiarity with, both our product offerings and the key market players in the PRC. We plan to continue to work with our PRC Distributor on an exclusive basis as we believe they will help us expand our market share in the PRC and contribute to our continued growth in the region.

Our PRC Distributor has the necessary licenses to sell and distribute Category II and Category III medical devices under the relevant Law—Measures on Supervision and Administration of Business Operations of Medical Devices (《醫療器械經營監督管理辦法》). Our products that are sold by our PRC Distributor in the PRC are Category II and Category III medical devices under this law.

Under the distributorship agreement dated January 15, 2013 entered into between our PRC Distributor and us, our PRC Distributor is authorized to exclusively sell in the PRC certain products purchased from us in such manner, at such price and upon such terms as the PRC Distributor shall determine. Our PRC Distributor is an Independent Third Party, not an agent, employee or representative of us. Under the terms of the distribution agreement, our PRC Distributor is required to maintain updated customer lists and sales records to track our products in the event of a recall or if we otherwise find it necessary. The agreement expires in January 2018 and we have the sole option to renew the agreement for another five years, which we intend to do. Our distribution agreement with

our PRC Distributor contains a right of first refusal to purchase the shares of our PRC Distributor should its shareholders offer their shares to any third parties. As at the Latest Practicable Date, we are not aware of any intent by the shareholders of our PRC Distributor to sell their shares in our PRC Distributor.

We sell our products at an agreed price to our PRC Distributor regardless of the end customers to which the PRC Distributor on-sells. In addition, consistent with our other distribution agreements we have in place, our PRC Distributor receives title to our products before it sells such products to its end customers. Our PRC Distributor is also responsible for providing its end customers with after-sale services and support, such as maintenance and repair of treatment systems. The prices at which we sell our product to our PRC Distributor are comparable or substantially similar to the prices at which we sell the same or similar products to any of our other third party distributors, subject to variance attributable mainly to our pricing strategy.

Certain "Alma" Trademarks in the PRC

Our PRC Distributor owns, and has applied for registration of, certain trademarks carrying "ALMA" English characters. On May 23, 2017, we entered into a strategic cooperation memorandum with our PRC Distributor regarding such trademarks (the "**Memorandum**"). Pursuant to the Memorandum, we authorized our PRC Distributor to register in its own name trademarks containing English characters "ALMA" in the PRC. In addition, the parties agreed that, for English, English and Chinese combined, and character and graphic combined trademarks carrying "ALMA" English characters for which our PRC Distributor has registered or applied for registration in its own name in the PRC as at the date of the Memorandum, our PRC Distributor shall apply to deregister the same in the PRC within 10 business days after the termination of all business cooperation between us and our PRC Distributor. In addition, the parties agreed that, from the date of the Memorandum, we shall directly apply to register in its own name all new "ALMA" English character trademarks, and grant our PRC Distributor an exclusive license to use such new trademarks. We can also legally use, free of charge, existing trademarks registered by our PRC Distributor in its own name that carry or are based on "ALMA" English characters (excluding those carrying our PRC Distributor's Chinese corporate name).

Purchase from Fosun Pharma

One of the end customers of our PRC Distributor during the Track Record Period was Fosun Pharma, our Controlling Shareholder, which purchased our products from the PRC Distributor in 2014, for the purpose of providing medical aesthetic treatments at the laser plastic surgery center of Foshan Chancheng Central Hospital in the PRC, a private healthcare institution controlled and operated by Fosun Pharma. Based on the sales records provided by the PRC Distributor, the purchase of our products by Foshan Chancheng Central Hospital from our PRC Distributor in 2014 was on arm's length basis and normal commercial terms, including pricing, and similar to those between the PRC Distributor and other third party private healthcare institutions. Such sales represented less than 1% of the revenue generated by our PRC Distributor from the sales of our products in the PRC in 2014. Save as described above, as informed by our PRC Distributor, Fosun Pharma did not purchase any other products from our PRC Distributor or us during the Track Record Period and up to the Latest Practicable Date.

Fosun Pharma has confirmed to us that following the completion of the Global Offering, any future purchases of our products by Fosun Pharma Group in the PRC will be made directly from our PRC Distributor. This is consistent with our engagement of our PRC Distributor as our sole and exclusive distributor in the PRC. All such purchases will be on arm's length and normal commercial terms, which will be similar to those between the PRC Distributor and other treatment providers that are independent from the Remaining Fosun Pharma Group.

Fosun Pharma has informed us that it expects to purchase more of our products in the future from our PRC Distributor for the purpose of providing medical aesthetic treatments at its laser plastic surgery centers based on its business demand. We and Fosun Pharma have not entered, and will not enter, into any agreement with respect to the sale and purchase of our products. Please see "—Our strategies—Continue to strengthen our position as the largest provider of energy-based medical aesthetic treatment systems in the PRC" above for further details of our planned future sales to the PRC Distributor. Fosun Pharma has informed us that it does not intend to purchase our products from our PRC Distributor for resale to other third parties in the PRC or for processing into its own products.

Subdistributors

Some of our distributors engage subdistributors to expand and broaden their sales channels as engaging sub-distributors can be an effective means to gain access to more treatment providers. However, we generally do not directly engage or instruct the sub-distributors of our distributors and do not enter into contractual relationships with them. We primarily rely on our distributors to manage and control their respective sub-distributors in accordance with the terms and conditions of our respective distribution agreements with the relevant distributors (where we have written agreements). Under our standard distribution agreements, distributors are responsible for overseeing their sub-distributors under the relevant distribution agreements, and are liable to indemnify us against damages arising from any breaches of such terms and conditions by the sub-distributors. During the Track Record Period, we did not experience any material disputes with, or receive any complaints from, treatment providers in respect of any sub-distributors engaged by our distributors.

Management of our relationships with distributors

We have no ownership or managerial control over any of our distributors. We primarily manage our relationships with our distributors through monitoring their compliance with our distribution agreements (to the extent that such agreements are in place), as well as on-going discussions and other requests that we may give them. Our sales team, led by our vice president of sales and marketing, and supported by our regional vice president of sales for APAC, Latin America and EMEA, respectively, as well as our director of sales for DACH, is responsible for the overall management of our relationships with our distributors. In addition, we have country managers, who are responsible for the on-the-ground management of our relationships with our distributors.

Each of our country managers is in charge of managing distributors in one or more countries and jurisdictions. A country manager is responsible for physically visiting the geographic markets for which he or she is responsible and learning about the market by, among other things, speaking to treatment providers including our key opinion leaders. Our country managers work closely with our distributors, in order to, among other things, set annual sales targets, share market insights,

communicate our business and marketing strategy, coordinate special configuration requests from treatment providers as well as provide direct performance feedback to our distributors. They are also responsible for collecting periodic forecasts of our distributors' purchase orders from us. Our country managers, who are responsible for overseeing our relationships with distributors, are awarded bonuses in part based on the sales performance (such as sales targets and objectives) of our distributors in the respective countries that they are managing.

We provide our distributors with standard sales and marketing materials of our products such as catalogues, specifications and promotional literature and encourage our distributors to use them. We also require our distributors to provide us with their advertising and promotional materials with respect to our products, which are subject to our approval.

We require our distributors to undergo a series of initial training provided by us before they start selling products they purchase from us, comprising (i) sales training, (ii) clinical training and (iii) technical training. Such training provides our distributors with our view on the selling points of our treatment systems, requisite knowledge and skills to service our treatment systems and the know-how necessary to assist the treatment providers in utilizing our treatment systems. We also broadcast regular webinars on our website to update and to continue to educate our distributors. In addition, we hold several regional distributor conferences annually, during which we host workshops and seminars to educate our distributors regarding our new products, provide further training to our distributors and discuss our overall business strategy. We also invite the relevant distributors to attend important regional trade shows with us.

There are limits to our ability to control our distributors. For example, we do not have direct day-to-day access to the sales and inventory levels of our distributors, and they are not required to share their customer lists or sub-distributor lists with us. For further details, please see "Risk Factors—Risks relating to our business—We have limited control over our distributors. If the distributors fail to fulfil their obligations under the distribution agreements, our business, results of operations, financial condition and prospects may be materially and adversely affected" in this prospectus for risks associated with management of our distributors. However, we believe that the frequent communication that our country managers have with our distributors allows us to gather sufficient information to check our distributors' performance and compliance with the terms of the distribution agreements, especially given that the sophisticated nature of products makes such frequent communication necessary for selling our products.

To avoid cannibalization among our distributors, in most of the countries and jurisdictions globally where our products are sold, we grant regional exclusivity for a product or product line. As a result, to our best knowledge, there is no material competition between any of our distributors. In the countries and jurisdictions where we both sell to distributors and to our direct sales customers, we strive to communicate clearly with the relevant distributors prior to selling directly to treatment providers and we generally only sell directly when direct sales would be the more appropriate channel given the specific circumstances—usually when specific larger scale treatment providers, such as a chain of medical aesthetic centers or beauty spa, want to work directly with us or when the distributor in the region does not have the capacity or expertise to work with such type of treatment providers.

There were a few instances during the Track Record Period where we also offered our distributors a very small commission when we sold directly to treatment providers in their exclusive territories, to help maintain good relationships with our distributors. Such commissions were immaterial compared to our sales.

A few of our distributors, including the ones in Italy and France, use our trade names, "Alma" and "Alma Lasers", in their corporate names. Some of these distributors conduct their businesses as Alma Italia and Alma France, respectively. We do not have formal arrangements with such distributors to regulate the use of our trade names in their corporate names. We are in the process of enhancing some of our relevant distribution agreements to include further requirements of explicit written approval from us to use our trade name and limitations of such uses of our trade names in certain jurisdictions in which our distributors operate. In addition, our current template distribution agreement includes explicit provisions prohibiting the registration of our trademarks or trade name and the use of our trade name in the distributor's corporate name without our written approval, which we intend to enforce more stringently going forward. Our PRC Distributor owns, and has applied for registration of, certain trademarks carrying "ALMA" English characters. Please see "—Our distributors—Our PRC Distributor—Certain 'Alma' Trademarks in the PRC" in this prospectus for further information. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material adverse issues arising from our distributors' use of our trade names. Going forward, we intend to include more protective provisions in our distribution agreements. Please see "Risk Factors—Risks relating to our business—Protection of our intellectual property is limited. If we were unable to obtain or maintain intellectual property rights relating to our technology and products or if others infringe our intellectual property rights or if we are involved in lawsuits to protect or enforce our intellectual property rights, our business and ability to compete may be materially and adversely affected" in this prospectus for further information.

Distribution agreements

Over 95% of our revenue from distributors in 2016 was derived from distributors with which we had entered into a written distribution agreement. We typically review our distribution agreements near their respective expiry dates to discuss renewal terms and conditions with the relevant distributors.

While specific terms vary from distributor to distributor, set forth below is a summary of the salient terms of our typical existing distribution agreements (where such agreement are in writing):

Duration	Most of our distribution agreements have a term of one to five years. Typically, distributors with longer terms have had long-term relationships with us.
Geographic or other exclusivity	In general, our distributors are authorized to sell specified products only within the designated geographic market as stipulated in their respective distribution agreements and are forbidden to sell outside their respective territories.

Most of our distributors are granted exclusivity within their respective region for specified product line or products. If we grant exclusivity to our distributors, except for a few countries, we generally are not precluded from selling directly to treatment providers in the relevant territories.

A few distributors have agreed to not sell products made by other treatment system producers that compete with ours.

Rights and obligations

Our distributors have rights to obtain from us sales and marketing information for relevant products and to attend technical, sales and service training sessions organized by us.

Most of our distributors are obligated to, among other things, (i) comply with the relevant laws and regulations and to obtain (in our name to the extent legally permissible), all licenses, permits and governmental approvals necessary for the sale of our products in the relevant territories, (ii) provide us with all of their advertising and promotional materials, which are subject to our approval and (iii) establish, train and maintain their own sales and service team to promote, market and sell the products and to provide professional maintenance and repair services.

We may request our distributors to provide us with quarterly forecasts of their purchases and certain other information upon request.

Sales and pricing policies

We set our selling prices to our distributors (which are reviewed annually). Our distributors are generally allowed to determine their selling prices to treatment providers to which they sell at their discretion.

Trademarks and proprietary rights

We generally retain sole and exclusive ownership of all trademark rights and know-how.

Obsolete stock/goods returns arrangements

Our distribution agreements do not have terms allowing our distributors to return products to us unless the products are defective.

We are obligated to notify distributors of any recalls or modification of products provided.

Minimum purchase amounts

We set annual minimum purchase amounts with many of our distributors. Should a distributor fail to meet such minimum purchase amount, we have the right to terminate the distribution agreement, modify terms or terminate the exclusivity given to the distributor.

Payment and credit terms	The payment and credit terms vary from agreement to agreement. Depending on our relationship with and our view on the credit-worthiness of the relevant distributor, we may agree to different payment terms such as (i) 40%-50% of the purchase price as down payment and 50%-60% payable within 60 days after delivery, (ii) payment by installments with the first installment as down payment or (iii) payment in advance of shipment. In some cases, the distribution agreements may provide that the payment terms may be renegotiated after a certain purchase amounts have been met.
Confidentiality	Distributors are required to keep confidential any information relating to our business which they may have obtained under the distribution agreements and which is not generally known in the trade. In addition, our distributors are prohibited from disassembling or decompiling our products, except for service or repair works which are done in accordance with our guidelines.
Indemnity	Our distributors indemnify us against claims and damages arising from any breach of the applicable distribution agreement by them or their employees and agents (including any sub-distributors).
Sub-distributors	Distributors are responsible for procuring their sub-distributors, if any, to comply with the terms of the applicable distribution agreements.
Expansion targets	None.
Insurance	Our distributors are required, at their own expense, to maintain general commercial liability insurance (that covers bodily injury and damages to property) that is sufficient in coverage and amounts to cover the distributors' obligations and potential liabilities such as product liabilities.
Condition for terminating and renewing the agreements	Most of our distribution agreements are automatically renewed for an additional specified term if neither party gives the requisite notice prior to the expiry of the initial term. Generally, we may terminate a particular agreement if the distributor fails to meet the committed purchase amounts, if any, or breaches other obligations under the distribution agreement. Either party has the right to terminate the agreement if the other party breaches the terms and conditions therein.

Our distribution agreements do not have terms allowing our distributors to return products to us (except for defective products). However, we have, during the Track Record Period, in our sole discretion, in very limited and exceptional cases, allowed distributors to return products sold to them. Please see also "—Customers—Product returns and warranty" in this prospectus for further details. To the best of our knowledge, during the Track Record Period, we did not experience any material non-compliance by our distributors with respect to the terms and conditions of our distribution agreements.

While some of our distribution agreement requires regular sales and inventory reports from our distributors, we generally obtain sales and inventory data from our distributors through the direct discussion between our sales team and the distributors rather than through formal reporting by our distributors.

We consider that it is unlikely for "channel-stuffing" to occur under our distribution model because (i) our distributors are not entitled to return products (except for defective products) and the very few cases in which we allowed return represented a *de minimis* amount of our total revenue during the Track Record Period, (ii) our trade receivable turnover days during the Track Record Period were generally within the credit term range that we grant to our distributors, and (iii) we have satisfactory records of recoverability of trade receivables from distributors during the Track Record Period as substantially all of the impaired trade receivables were attributable to direct sales customers. Our Directors believe that our current monitoring mechanism of having our country managers perform on-the-ground management of our relationships with our distributors (instead of requiring formal reporting) is sufficient to prevent "channel-stuffing" by our distributors because:

- the regular physical visits by our country managers allow our country managers to observe and discover any material issues that arise (and such visits are in fact just as reliable and effective if not more, compared to formal reporting);

- our distributors work closely with us to provide after-sale services to treatment providers and over a period of time, we would notice should there be an abnormal amount of after-sale service activities corresponding to sales to a particular distributor (for example, approximately once a year, we would review with our distributors whether they have sufficient inventory of spare parts to service the treatment systems sold); and

- we have long-term relationships with many of our distributors which are all Independent Third Parties, which take title to our products and are legally and contractually our customers, and as such, satisfactory records of recoverability of trade receivables from distributors during the Track Record Period, as well as the lack of returned goods, are good indicators that there is unlikely any material channel-stuffing, as such issues would have otherwise surfaced over time.

Forecasting

Most of our distributors provide us with forecasts of their expected product sales at regular intervals which we have arranged with the relevant distributor. Such information is entered into our ERP system to help us manage our purchasing and production process, which shortens the lead-time necessary for us to produce and deliver products once we receive purchase orders.

Criteria for selection of potential distributors

In many of our geographic markets, we have had long-term relationships with many of our distributors, most of which we had granted exclusivity in the relevant region for specified product lines or products. Therefore, if we add new distributors, it would normally be for purposes of entering a new geographic market or selling new products in an existing market. In the course of evaluating a potential new distributor, we consider factors such as:

- its access to and knowledge of the treatment providers which we are targeting and the local market in which we are interested, including marketing channels;
- level of investment that it has made in our market segments;
- the sufficiency of its financial resources and management capability to sell medical equipment; and
- the quality and availability of its personnel to on-sell our products to and provide services to treatment providers.

Pricing Policy

We determine our selling prices to our distributors primarily by evaluating the regional market price and also by taking into account our costs, our determination as to a reasonable level of profit and the conditions in the particular market in which the specific distributor is located. We let our distributors determine their own prices at which they on-sell our products, as we believe that our distributors are well-positioned to gauge the local business environment. Our selling prices to a distributor may be specified in the relevant distribution agreement, and are usually reviewed, negotiated and adjusted annually along with sales target of the distributor. Legal title to our products passes to the distributor on delivery and we do not retain any significant risks of ownership, nor do we guarantee our distributors a minimum resale value. We do not receive any proceeds from the sales of our products by our distributors to their customers.

For direct sales to treatment providers, we set our prices on a cost-plus basis in a similar manner as sales to distributors. In addition, we include in our direct sale prices costs associated with operating a direct sales force. Our direct sales prices are therefore higher than the prices we charge to our distributors. We provide direct sales price lists for our products to our sales teams. Such price lists have suggested prices and set minimum selling prices for our products, below which a sales

representative does not have authority to sell, while mid-level sales manager and senior management, respectively, are allowed to approve steeper discounts. We have structured our sales commission system to incentivize our sales representatives to sell products at price levels higher than the minimum sale prices that they are given.

Marketing

Our marketing is centrally directed by our corporate headquarters to help ensure that consistent messages regarding our brand and products are being delivered globally. However, we also work with our distributors and our various offices to localize our marketing materials to account for differing customer tastes, as well as varying legal requirements, in different geographic markets. In all of our geographic markets, regardless of sales channels, we adopt a two-prong approach in our marketing efforts and target (i) treatment providers and (ii) treatment recipients. First, we market directly to treatment providers to both create product awareness and encourage the use of our products among treatment providers. To support this effort, we use medical journal advertising, webinars, direct mail, sales aids, video, DVD and slide demonstrations, workshops, physician-to-physician speaker presentations, trade shows, educational and training support, internet resources and telemarketing. We also maintain websites for Alma as well as a number of products, which provide treatment providers with information on our current treatment systems and updates on product launches and other news with respect to us. We also supply our distributors with marketing brochures and other materials that we encourage them to use.

We regularly attend various trade shows, including the American Academy of Dermatology Annual Meeting, Aesthetic & Anti-aging Medicine World Congress, European Academy of Dermatology and Venereology Congress, 5CC Conference, CosmoProf, American Society for Laser Medicine & Surgery Annual Conference, World Congress of Dermatology, VEITHsymposium, FIGO (International Federation of Gynecology and Obstetric) World Congress and Dermacon. Attendance at such trade shows affords us with opportunities to showcase our latest technologies, as well as listen to the needs of treatment providers. We have also established “centers of excellence”, together with some of our distributors around the world such as in Italy, Thailand, Japan, China and Spain, where we or our distributors can demonstrate the functionalities of our products to treatment providers.

Moreover, we strive to directly build brand awareness of our brand and our products among treatment recipients. We seek to build upon our relationships with treatment providers through marketing our products to their treatment recipients at their medical practices or business establishments, by providing video infomercials, treatment recipient education booklets and brochures that our treatment providers can display. We also provide funding to treatment providers for cooperative advertising, training and direct assistance in treatment recipient seminars and other programs, and conduct public relations programs for treatment recipient referrals. In addition, we have aired television advertisements in certain countries, uploaded promotional videos to internet-based video sharing platforms and maintained accounts at various popular social media platforms, which we regularly update and through which we communicate directly with treatment recipients.

Key opinion leaders

We have established long-term relationships with a number of physicians and medical professionals whom we believe to be opinion leaders in the area of medical aesthetics in various geographic markets. We consider these physicians and medical professionals to be "key opinion leaders" based on our assessment of their expertise, as well as the history and strength of their respective relationships with us. The extent of our relationship and the degree of our cooperation with each key opinion leader vary. Key opinion leaders identified by us share their insights with us about evolving demands from other treatment providers and the use of our treatment systems in their practices. They provide us with feedback and insights which we may quote in our product brochures and other promotional materials. They may also perform clinical studies of our products and speak at industry conferences regarding our technologies and products. Depending on the specific arrangement with each key opinion leaders, we may compensate them at fair market value for the services they have performed for us, and/or offer them discounts on the purchase price of future products. However, they are not obligated as a condition of these agreements to make any purchase of our products or services.

Seasonality

During the Track Record Period, consistent with what we believe to be industry norms, we experienced higher sales occurring in the fourth quarter of each calendar year and also the last few weeks within each financial quarter. We believe that this seasonality is mainly correlated with the typical business cycle in our industry, where (i) treatment providers tend not to purchase equipment during the summer months and the beginning of the year, and (ii) treatment providers tend to determine their budgets for upcoming business needs by the end of each calendar quarter and therefore purchase additional equipment at or around the same time. We expect to continue to experience such seasonality in the future. Please see also "Risk Factors—Risk relating to our Business—Our operating results may fluctuate from period to period and within each period, which makes our operating results difficult to predict and could cause our revenue, expenses and profitability to differ from our past performance and/or expectations during certain periods" in this prospectus for further information.

CUSTOMERS

We have two main categories of customers: (i) our distributors; and (ii) treatment providers to which we sell directly. Treatment providers that purchase our products are primarily individuals or organizations that utilize energy-based devices in performing medical aesthetic treatments, including core physicians, non-core physicians and aestheticians. The aestheticians that we sell our products to include sole proprietors, boutique beauty salons and large-scale beauty and medical aesthetic spa chains. Large-scale medical aesthetic spa chains may span a few countries and have multiple locations.

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, sales to our five largest customers, which were all distributors and Independent Third Parties, represented 31.0%, 34.4%, 32.3% and 34.1% of our total revenue, respectively. For the same periods, sales to our largest customer, our PRC Distributor, represented 19.8%, 23.4%, 21.8% and 22.0% of our total revenue, respectively. Please see also "—Sales, distribution and marketing—Sales to distributors—Our distributors" in this prospectus for further information regarding our distributors and our relationships with them. A1A28(1)(b)(iii) A1A28(1)(b)(iv)

None of our Directors or any shareholder who owns more than 5% of our issued share capital immediately following completion of the Global Offering (without taking into account the exercise of the Over-allotment Option) nor any of their respective close associates, to the knowledge of our Directors, has any interest in any of our five largest customers during the Track Record Period.

Logistical Arrangements

Delivery arrangements for direct sales

In the United States and India, we engage third-party logistic companies to perform door-to-door delivery of our products to treatment providers, and in Germany and Austria, we mostly deliver using our own vehicles and occasionally engage third parties as needed. Subsequent to product delivery, our sales representatives assist treatment providers with installation.

Delivery arrangements with distributors

With our distributors, typically we arrange delivery on an *ex works* basis at our loading dock in Caesarea, Israel or Nuremberg, Bavaria, Germany, which means that title to the products purchased is passed to our distributors and all risks of loss or damage to such products are borne by our distributors upon delivery at our loading dock. We are responsible for packing and crating the products. The distributors are responsible for arranging the transportation of our products from our loading dock onwards and the associated costs (including but not limited to cost of freight, insurance, port, customs and forwarding fees, if any). During the Track Record Period, we did not experience any material delays or other material logistical issues with respect to delivery by our third-party logistics service providers.

Product Returns and Warranty

We offer to both our distributors and direct sales customers a limited warranty on our products ranging from 12 months to two years depending on product. Generally, our warranties fall into two different categories, standard warranty and premium warranty. Under both standard and premium warranties, we warrant that, during the warranty term, the purchased equipment, other than consumable components and accessories, will be free from defects in material and workmanship. Under the premium warranty, we provide customers with a loaner system while their unit is being serviced.

Our contractual terms with customers (including distributors) do not allow returns of products (aside from defective products), but in certain very limited and exceptional cases, we have allowed returns subject to our absolute discretion. Any product return requires senior management approval. In any event, during the Track Record Period, we did not receive any material demands from customers for product returns. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, we allowed, in our discretion and based solely on our business judgment, return of four, eight, seven and three main consoles, respectively, representing approximately 0.2%, 0.3%, 0.2% and 0.4% of the total number of main consoles sold in these periods.

RESEARCH AND DEVELOPMENT

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Our research and development efforts are conducted internally by a team of 47 employees as of December 31, 2016. Our research and development team has a broad range of expertise and experience in energy-based medical aesthetic technologies, including lasers, optics, radiofrequency and ultrasound. 14 of our research and development team members have a Ph.D. or Master's degree in a relevant field such as physics, engineering of electronic devices and physiology. Our research and development team builds on the significant base of patented and proprietary intellectual property that we have developed in the fields of laser, light-based, radio frequency-based and ultrasound technologies since our inception in 1999. We focus on the needs of treatment providers and are committed to understanding, identifying and anticipating their evolving and unmet demands by, among other things, actively participating in various global and local industry conferences and initiating and maintaining active and close direct dialogues with physicians, our key opinion leaders and other treatment providers such as aestheticians. Once we identify an existing or potential market need and generate a new product or technology concept to address the need, we rely on our strong technology and engineering capability to design and commercialize new products to implement the concept.

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our research and development expenses were US$6.9 million, US$7.1 million, US$7.3 million and US$2.4 million, respectively, and were all expensed in the period they were incurred.

For further details regarding our product pipeline, please see "—Our solutions and products—Recently launched products and product pipeline" in this prospectus.

Clinical research

We have a clinical research team that is part of the broader research and development department. As at December 31, 2016, the team, led by our vice president of clinical research, Dr. Joseph Lepselter, had six employees, each of whom has a bachelor's or advanced degrees in biology-related fields. The functions of this team includes coordinating and supporting pre-clinical studies performed by third-party institutions and performing in-house testing.

Pre-clinical studies are done by third-party institutions with the necessary qualifications. Data obtained from such studies may be used to establish the safety of our upcoming products during the research and development process, and may also be used to support regulatory approval filings as needed.

We also believe that it is important to use clinical evidence to support and broaden our marketing claims and drive customer acceptance. We believe that our focus on establishing clinical evidence for the efficacy of our products will be particularly important for marketing to non-core physicians entering the medical aesthetic treatment system market, most of whom we believe are accustomed to receiving extensive clinical data in their non-aesthetic practices. We also believe that clinical data is becoming an increasingly important differentiating factor in marketing to core physicians, specifically, plastic surgeons and dermatologists.

Our clinical research team conducts in-house bench testing of our products by doing trial treatments on voluntary participants in our facilities. Such in-house testing include preliminary testing of our upcoming products and technologies for their safety, efficacy in delivering intended results and treating the intended indications, functionality and ergonomics for the user of the products, usability of the software interface and possible adverse side-effects on treatment recipients (e.g., allergic skin reaction and pain).

We have also engaged third-party investigators from time to time to perform clinical studies of our products. We have also been approached by third parties regarding studies that they were interested in performing. Such third-party investigators include some of our key opinion leaders, medical institutions and medical departments of universities. Our clinical team assists such third-party investigators in writing protocols, collecting data, site monitoring and performing research, as well as filing for applicable regulatory approvals for the clinical studies as needed.

During the Track Record Period, over 100 research papers containing clinical data and research results relating to our products and technologies have been published in peer-reviewed journals in dermatology and plastic surgery. During the same period, a number of clinical studies have been conducted involving our treatment systems and technologies, such as the Soprano ICE, Legato II and Harmony XL, UltraSpeed (a new applicator to our Accent family of treatment systems that combines ultrasound technology and an extra-large applicator plate for high-speed body contouring) and IMPACT, and we continue to plan additional studies currently underway or planned.

An example of a recently published clinical study done by a third-party institutions is "split face comparison between single-band and dual band pulsed light technology for treatment of photodamage" published in the *Journal of Cosmetic and Laser Therapy* in August 2016. The purpose of the study was to assess the safety and efficacy of a novel single band IPL technology (used in our IPL hand piece product) against more traditional dual-band IPL technology (a product of one of our competitors), in the treatment of photodamaged skin. The result is that the novel single-band technology in our product was shown to be as safe and effective as our competitor's more traditional product, while allowing for greater precision at the same time.

Proprietary Software A1A28(5)

The software programs for our treatment systems are developed in-house by our programmers using various software-tools. Examples of the software programs that we developed include a micro program controlling micro-processing units and user interfaces. The software is a key part of our technology as it controls the functionality and settings of our treatment systems, such as the amount of power and length per pulse of each laser shot. The ability to develop software in-house gives us flexibility in creating suitable software programs for our new products, and thereby enhancing the product.

LICENSES AND PERMITS

Regulatory Approvals

In most jurisdictions, medical aesthetic treatment systems like ours that use lasers, radiofrequency, ultrasound, intense pulse light, and other energy sources, are regulated as medical devices by the relevant authorities, including the EU, the FDA (USA), the CFDA (China), Health Canada, the Israeli Ministry of Health and Central Drugs Standard Control Organization, Ministry of Health, Government of India and other applicable regulatory bodies in the markets in which we operate. The relevant regulations vary from jurisdiction to jurisdiction in an increasingly complex global regulatory environment.

The time required for obtaining the necessary regulatory approvals for selling and distributing our products varies from jurisdiction to jurisdiction. Many jurisdictions require one or more of the following:

- each regulated medical device be registered with or licensed by the relevant local health bureau before it can be commercialized in that market;
- the manufacturer and/or importer has appropriate licenses to import regulated medical devices;
- the seller obtains a special qualification to sell and distribute the medical devices;
- the seller appoints appropriately trained professionals to advise on the handling of medical devices; and/or
- the buyer secures a special license to buy and/or operate the medical devices.

Direct sales territories

In those jurisdictions where we primarily sell our products directly to treatment providers, including the United States, Canada, Germany, Austria and India, we have obtained all necessary registrations, licenses, permits and approvals to sell our products. In such jurisdictions, our filings for regulatory clearances and approvals are handled by our employees, under the supervision of our vice president for regulatory affairs, in conjunction with third-party law firms and other local regulatory consultants as necessary. For example, in the United States, we consult a law firm experienced in FDA regulations from time to time to help ensure our compliance with FDA regulations.

In order to commercialize our products in the United States, the FDA requires us to register each of our facilities where our products are designed and manufactured and from which our products are distributed. The FDA refers to this as "Establishment registration." Registration must be renewed annually. Each of our facilities (i.e., in Germany, Israel and the United States) is currently registered with the FDA and those registrations are valid through December 31, 2017.

Furthermore, FDA 510(k) premarket notification is required for most of our products. This process requires the Company to notify the FDA of its intent to market each specific product in the United States. The FDA must review each notification and give marketing clearance for that product before it can be legally marketed in the United States. We have obtained all necessary 510(k) marketing clearances for the products we sell in the U.S. making it legal to market these products in the United States.

In the European Union (including Germany and Austria) and in the European Economic Area, applicable EC certificates permit us to label our products with the CE Mark, which is the condition for legally marketing and selling our products in those countries. We have obtained the necessary EC certificates to support our CE mark labels for the products that we were selling in Germany and Austria as at the Latest Practicable Date.

Distributor sales territories

In those jurisdictions where we primarily sell to distributors, our distributors are contractually required to obtain all the necessary registrations, licenses, permits and approvals for our products to be legally imported into and sold in their respective territories. Furthermore, we are contractually indemnified by our distributors for any failure to obtain any necessary licenses, permits or approvals. Our vice president for regulatory affairs monitors the regulatory filings that are filed on our behalf by the distributors and regularly discusses the status of approvals with our distributors. We also provide the necessary information to our distributors to assist with the application of the relevant approvals.

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, we incurred costs of approximately US$0.6 million, US$0.6 million, US$0.8 million and US$0.2 million in connection with obtaining regulatory approval (including for both direct sales and distributor sales territories), respectively.

Please see also "Regulatory Overview" in this prospectus for further details.

Certificates

For our Israel, United States and German subsidiaries, we have obtained ISO 13485 and ISO 9001 certificates, respectively, evidencing the adherence of our operations to certain internationally accepted performance standards relating to "design, manufacture and repair of medical lasers, ultrasound, radiofrequency and light emitting devices."

INFORMATION TECHNOLOGY SYSTEMS

Having an ERP system helps us increase our effectiveness in managing our operations. We use an ERP system developed by a third-party, the SAP Business One system, to assist us in various aspects of our daily operations, including accounting, recording and maintaining journal entries, management of sales flow and purchase flow, production, engineering, bill of supply materials, and the management of data in relation to salaries, logistics and inventory levels.

We also added another software program, "Beas", in 2016 to enhance our information technology systems. Among other things, we utilize Beas to assist us in managing our inventory control and purchasing processes, as the program is able to analyze our internal data regarding existing inventory, production forecasts and sales orders, and gives us suggestions as to quantity and timing for purchases of supplies.

We have implemented a back-up protocol for our electronic data to safeguard against losing valuable information, which entails an upload of data into a cloud-based server every 24 hours, as well as a weekly back-up to a physical server outside our main facilities.

CONNECTED TRANSACTIONS

We currently do not expect to have any transactions with connected persons of the Group immediately following the Listing. We will comply with the applicable reporting, announcement, annual review and/or independent shareholders' approval requirements in accordance with the Listing Rules if we enter into any connected transactions after the Listing.

INTELLECTUAL PROPERTY

Our success depends in part on our ability to obtain and maintain proprietary protection for our products, technology and know-how, to operate without infringing the proprietary rights of others and to prevent others from infringing our proprietary rights. Our policy is to seek to protect our proprietary position by, among other methods, filing patent applications in various jurisdictions such as the United States, Germany and the PRC related to our proprietary technology, inventions and improvements that are important to the development of our business. We also rely on trade secrets, know-how, continuing and technological innovation to develop and maintain our proprietary position. We have experienced, and may continue to experience, infringements of our intellectual property rights, and we have taken and intend to continue to take reasonable measures to deter such infringements, including the filing of law suits.

As at the Latest Practicable Date, we had 38 patents and 10 patent applications pending in various jurisdictions which are material to our business. Please see "Appendix V—Statutory and General Information—B. Further information about the business—2. Intellectual property—(b) Patents" in this prospectus for further details.

We do not consider any single patent or patent application that we hold to be individually material to our business. The patent positions of companies like ours are generally uncertain and involve complex legal and factual questions. Our ability to maintain and solidify our proprietary position for our technology will depend on our success in obtaining effective patent claims and enforcing those claims once granted. We do not know whether any of our patent applications will result in the issuance of any patents. Our issued patent and those that we may issue in the future, or those licensed to us, may be challenged, invalidated or circumvented, which could limit our ability to stop competitors from marketing related products or shorten the term of patent protection that we may have for our products. In addition, the rights granted under any issued patents may not provide us with competitive advantages against competitors with similar technologies. These competitors may find ways to develop products that are substantially similar to ours but that do not infringe our patents.

Furthermore, because of the extensive time required for development, testing and regulatory review of a potential product, it is possible that, before any of our products under development can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of the patent. Please see "Risk Factors—Risks relating to intellectual property—Protection of our intellectual property is limited. If we were unable to obtain or maintain intellectual property rights relating to our technology and products or if others infringe our intellectual property rights, or if we are involved in lawsuits to protect or enforce our intellectual property rights, our business and ability to compete may be materially and adversely affected" in this prospectus for further information.

We use trademarks in our trade names and on many of our main products in the key jurisdictions in which we market and sell our products. We believe that having distinctive marks is an important factor in marketing our products. Given the large number of our products and broad range of jurisdictions in which we sell, we have not registered trademarks for all of our products in every relevant jurisdiction. Moreover, even where we do seek such protection, we may not be able to register or use our marks in each country or jurisdiction in which we seek registration. As at the Latest Practicable Date, we had 40 registered trademarks that were material to our business. Please see "Appendix V—Statutory and General Information—B. Further information about the business—2. Intellectual property—(a) Trademarks" set out in Appendix V to this prospectus for further details.

As at the Latest Practicable Date, we also had 34 registered domain names that are material to our business. Please see "Appendix V—Statutory and General Information—B. Further information about the business—2. Intellectual property—(c) Domain names" set out in Appendix V to this prospectus for further details.

We rely, in some circumstances, on trade secrets to protect our technology. Trade secrets, however, are difficult to protect. We seek to protect our proprietary technology and processes, in part, by confidentiality agreements with our employees, consultants, scientific advisors and other contractors. These agreements may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. To the extent that our employees, consultants or contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

From time to time, we have been involved in patent litigation in which competitors claimed that we were infringing their patent rights. We believe that in our industry, it is common for patent litigation claims to be filed and settled in the normal course of business. We had settled some of such litigation and obtained various licenses through our settlement agreements and may continue to be subject to such litigation going forward. Please see "—Legal proceedings and compliance—Claims and litigation" in this prospectus for further information. Please see also "Risk Factors—Risks relating to intellectual property—If the use of our technology or our products conflicts with the intellectual property rights of third parties, we may be subject to litigation and significant liability and disruption in our operations" in this prospectus for further details. Other than disclosed herein, during the Track Record Period and up to the Latest Practicable Date, we have not been the subject of any material legal claims or been involved in any other material disputes or litigation with respect to intellectual property rights.

PROPERTIES

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All of our production facilities, offices and warehouses are leased. The following table sets forth our leased properties as at December 31, 2016:

Name	Location	G.F.A. (sq.m.)	Lease Expiry Date	Nature
Ofek 2	Caesarea, Israel	2,732	May 31, 2022	Primarily offices and also certain production facility (approximately 500 sq.m.)
Ofek 3	Caesarea, Israel	1,536	May 31, 2022	Office, service center and production facility
Ofek 9	Caesarea, Israel	1,904	May 31, 2022	Production facility and warehouse
Shlabey Teúfa	Caesarea, Israel	512	April 30, 2018	Warehouse
Granite warehouse	Caesarea, Israel	1,230	May 31, 2022	Warehouse
USA office	Buffalo Grove Illinois, USA	1,749	June 17, 2018	Office and service center
Germany office	Numberg, Bavaria Germany	817	June 30, 2018	Office, service center and production facility and warehouse
Austria office	Linz, Austria	45	No expiry date	Office and stockroom
Powai office	Mumbai, India	298	December 31, 2019	Office and warehouse
Chennai office accommodation	Chennai, India	111	November 1, 2017	Office accommodation
Karghar Warehouse	Mumbai, India	51	February 10, 2018	Warehouse

EMPLOYEES AND STAFF

The following table sets forth the number of our employees by function as at March 31, 2017:

Function	Number of Employees
Executive	1
Operations	146
Research and Development	56
Sales	86
Logistics	20
Marketing	14
Finance	19
Administrative	7
Total	**349**

A1A28(7)

Of our employees as at March 31, 2017, 227 were based in Israel, 70 were based in the United States, 30 were based in Germany and 22 were based in India. As at March 31, 2017, we also engaged 15 full-time independent contractors, eight full-time independent sales and seven other full-time staff in other departments, which are not our employees. As at March 31, 2017, we also had 17 part-time independent contractors focusing mainly on sales and operations (e.g., production and service) functions in Israel, the U.S. and India.

We believe that our future success will depend in part on our continued ability to attract, hire and retain qualified personnel. As at the Latest Practical Date, our employees were not part of any labor unions. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disruption to our business operations due to labor disputes, and we believe that we have good relationships with our employees.

To protect our trade secrets and intellectual properties, we generally require our employees to agree to certain obligations of confidentiality as stipulated in their respective employment agreements. Our standard employment agreements also include non-competition clauses, pursuant to which employees agree to not to work for our competitors within a certain period of time (generally six months to one year) subsequent to termination of employment.

In accordance with the laws and regulations in the countries where we have employees, we are obligated to pay and contribute to various social insurance and welfare programs, such as severance pay, social security programs and health insurance. During the Track Record Period and up to the Latest Practicable Date, we had been in compliance with, and contributed to, the social insurance and welfare programs in the various jurisdictions where we have employees, as required by applicable local laws. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, we incurred US$2.4 million, US$2.6 million, US$2.9 million and US$0.9 million, respectively, in connection with contribution to social insurance and welfare schemes in various jurisdictions.

Training

We believe that proper training for employees and staff is important for our product quality and safety. We have an annual employee training program, which includes both internal and external training. Training may include work and safety procedures, introduction of new products, our sales and financial model, and company policy. We also test our employees for their knowledge and on-the-job skills, to help ensure they are capable of performing their job functions. We also provide our employees with a handbook which sets out guidelines on employee behavior and company policy.

PROPOSED CASH BONUS PLAN

On August 30, 2017, the Board resolved to adopt an IPO cash bonus plan (the "**Cash Bonus Plan**"), subject to the Global Offering becoming unconditional. Pursuant to the Cash Bonus Plan, a total of 111 of our existing management and employees (the "**Cash Bonus Grantees**"), which include our Chief Executive Officer, seven of our senior management members and 103 key employees, will receive a cash bonus (the "**Cash Bonus**") based on the number of bonus units (the "**Bonus Units**") granted. Assuming the Minimum Offer Price, our Chief Executive Officer, our senior management and other key employees will receive Cash Bonus amounts of approximately US$0.13 million, US$0.80 million and US$7.47 million, respectively. Assuming the Maximum Offer Price, our Chief Executive Officer, our senior management and the other key employees will receive Cash Bonus amounts of US$0.28 million, US$1.68 million and US$15.62 million, respectively.

All Cash Bonus Grantees are employees of Alma Lasers and/or its subsidiaries who joined Alma Lasers and/or its subsidiaries before the year of 2017. The Cash Bonus Grantees' rights to receive and retain the Cash Bonus are subject to the Cash Bonus Grantees' continued employment with the Group until at least December 31, 2018 (or as otherwise agreed in writing between the Company and the Cash Bonus Grantee). If the employment of a Cash Bonus Grantee is terminated before the end of 2018, such Cash Bonus Grantee is obliged to return the portion of the Cash Bonus *pro rata* to the portion of the period between the Listing Date and December 31, 2018.

The amount of the Cash Bonus is equal to the Offer Price minus the Base Price per Share multiplied by the numbers of Bonus Units granted. Following any change in the number of issued and outstanding Shares of the Company due to any capital reorganization implemented in preparation of the Global Offering (save for any Shares issued pursuant to the capitalization of the Capital Notes and the Global Offering), the Base Price per Share and the number of Bonus Units shall be adjusted proportionately. If the Cash Bonus Grantee joined Alma Lasers before the end of 2013, the initial Base Price per Share will be US$201.25. If the Cash Bonus Grantee joined Alma Lasers after the end of 2013, the initial Base Price per Share will be increased in accordance with the increase rate of Alma Lasers' audited net income during the Track Record Period subject to certain adjustments. Accordingly, the initial Base Price per Share for Cash Bonus Grantees who joined us in the year of 2014, 2015 and 2016 will be US$252.37, US$278.60 and US$301.44, respectively.

There will be a total of 74,982 Bonus Units, comprising (i) 66,651 units granted conditional on the completion of the Global Offering (the "**IPO Bonus**") and (ii) 8,331 units granted conditional on the completion of the Global Offering and the achievement of certain key financial performance

indicators (the "**Performance Bonus**"). The Performance Bonus is conditional on the achievement of certain minimum financial targets of Alma Lasers for 2017 as measured by the following key financial performance indicators approved by the Board: consolidated revenue, consolidated net income, EBITDA and net operating cash flow.

The IPO Bonus will be paid in two instalments: (i) 50% will be paid during the first calendar month following the completion of the Global Offering and (ii) the remaining 50% will be paid during the first month of the fiscal year following the completion of the Global Offering. The Performance Bonus will be paid within one month after the release of the audited annual financial statements of the Company for the year of 2017.

Based on the terms of the Cash Bonus Plan and assuming that the relevant conditions have been fulfilled, (i) the total amount of IPO Bonus to be paid by the Company will be between US$7.47 million (assuming the Minimum Offer Price) and US$15.63 million (assuming the Maximum Offer Price) and (ii) the total amount of Performance Bonus to be paid by the Company will be between US$0.93 million (assuming the Minimum Offer Price) and US$1.95 million (assuming the Maximum Offer Price). Of the total amount of cash bonus to be paid by the Company under the Cash Bonus Plan, the total amount to be paid in 2017 will be between US$3.74 million (assuming the Minimum Offer Price) and US$7.82 million (assuming the Maximum Offer Price), and the total amount to be paid in 2018 will be between US$4.67 million (assuming the Minimum Offer Price) and US$9.77 million (assuming the Maximum Offer Price). Such Cash Bonus will be funded using our cash flow generated from operating activities.

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We believe that the health and safety of our employees and staff are important to our business. Accordingly, we have adopted work environment procedures which, among other things, require our new employees to undergo mandatory safety trainings and follow a special protocol for operating lasers. We also design the work environment taking into account ergonomics, lighting and noise-level. We require our production team and other employees to take safety precautions, such as wearing goggles and gloves, when needed. Under Israeli law, we have a third-party safety inspector who performs weekly safety-related inspection on our premises in Israel.

We are required by Israeli law to report workplace accidents to the Ministry of Industry Trade and Labor, Israel. Similar obligation exists in other major countries where we have operations. During the Track Record Period and up to the Latest Practicable Date, none of our employees has been involved in any material workplace accidents.

In our production process, we do not produce any hazardous substance or any material environmental pollutants. During the Track Record Period, our costs of compliance with applicable health, safety and environmental rules and regulations were immaterial.

BUSINESS

AWARDS

Our business and products have been recognized by, among other things, the following awards:

Year of grant	Award	Issued by
2015	"Best Hair Removal Platform" — Soprano ICE	Aesthetic Guide
2015	"The Choice of Specialists" — Alma Soprano	Aesthetic Guide

INSURANCE

We maintain product liability insurance covering bodily injury and property damage liability related to our products or operations. Our product liability insurance also covers clinical trials liability insurance covering bodily injury arising out of our products in connection with clinical trials that we sponsor. We also maintain other insurance policies such as marine insurance covering the loss or damage of the goods being transported, workers compensation insurance, workers medical insurance and personal accident insurance and travel insurance. Our Directors believe that our insurance coverage is prudent and in-line with the industry standard.

During the Track Record Period and up to the Latest Practicable Date, other than as disclosed in "Legal Proceedings and Compliance—Claims and Litigation—Material historical claims and litigation", we did not make any material claims under our product liability insurance.

MARKET AND COMPETITION

Our industry is subject to intense competition. We compete against energy-based aesthetic devices offered by private and public companies, such as Allegan Inc. (its subsidiary Zeltiq Aesthetic, Inc.), Cutera, Inc., Hologic, Inc. (its subsidiary Cynosure, Inc.), Lumenis Ltd., Syneron Medical Ltd., Valeant Pharmaceuticals International, Inc. and Wuhan Miracle Laser Co., Ltd. These companies specialize in developing and marketing energy-based medical aesthetic treatment systems like ours. Some of these competitors have significantly greater financial and human resources than we do and have longer established reputations, as well as worldwide distribution channels and sales and marketing capabilities that are larger and more established than ours. Additional competitors may enter the market, and we are likely to compete with new companies in the future. Our products may also compete against more established, non-energy-based medical products, such as BOTOX® and collagen injections, and other surgical and non-surgical medical aesthetic treatments, such as face lifts, chemical peels, microdermabrasion, skin care products, mesotherapy, sclerotherapy and electrolysis.

Competition among providers of energy-based medical aesthetic treatment devices is characterized by significant research and development efforts and rapid technological progress. New entrants or existing competitors may develop products that would compete directly with ours. There are many companies, both public and private, that are developing innovative devices that use both light-based and alternative technologies for aesthetic and medical applications. Accordingly, our success depends in part on developing and commercializing new and innovative applications of technology and identifying new markets for and applications of existing products and technology.

To compete effectively, we have to demonstrate that our products are attractive alternatives to other devices and treatments by differentiating our products on the basis of performance, reputation, quality of customer support and price. Breadth of product offering is also important. We believe that we generally perform favorably with respect to these factors. However, we have encountered and expect to continue to encounter potential customers who, due to pre-existing relationships with our competitors, are committed to, or prefer the products offered by these competitors. Potential customers also may decide not to purchase our products, or to delay such purchases, based on a decision to recoup the cost of expensive products that they may have already purchased from our competitors. In addition, we expect that competitive pressures may result in price reductions and reduced margins over time for our products.

Please see "Industry Overview" in this prospectus for further information regarding the markets in which we compete in. Please also see "Risk Factors—Risks relating to our industry—Our industry is intensely competitive. Many of our competitors have, and potential new entrants in the market could have, greater financial, technical, sales and marketing resources and more established products than we do, which could enable them to compete more effectively than we do" in this prospectus for further details.

HEDGING

A1A32(5)(b)

We have foreign currency exposure in the exchange rates of (i) the U.S. dollar against the New Israeli Shekel and (ii) the U.S. dollar against the Euro. By analyzing our currency balance sheet and trends in the foreign exchange markets, we have entered into forward contracts from time to time to try to mitigate the adverse effects of exchange rate fluctuations. While we utilize hedging transactions to manage the volatility in our results of operations due to exchange rate fluctuations, we have and still are exposed to foreign exchange risks as we do not hedge 100% of our risk exposure. Please see "Risk Factors—Risks relating to our business—Because our revenue is primarily generated in U.S. dollars and, to a lesser extent, the euro and Indian rupee, but a large portion of our operating expenses are incurred in New Israeli Shekels, our business, results of operations, financial condition and prospects may be materially and adversely affected by currency fluctuations" in this prospectus for further details.

Our hedging management framework during the Track Record Period was formally established by a board resolution in 2014 ("**2014 hedging resolution**"). Our hedging transactions are mainly managed by our vice president of finance, Doron Yannai, and our financial controller, Tamir Mazza, with oversight by our executive Directors. The 2014 hedging resolutions authorized the Company to only enter into foreign exchange transactions with three specific third-party commercial banks. The 2014 hedging resolution limits such forward exchange transaction to US$2.0 million each.

Engagement of Third-party Professional Consultant

In August 2016, to enhance our risk management protocols with respect to foreign currency risk, we engaged Financial Immunities, which to our knowledge is a leading professional third-party

financial risk management and economic evaluation consultant firm in Israel with specialized expertise in foreign currency risk hedging. Financial Immunities advises us on how to manage the hedging of our exposure to volatility in foreign exchange markets, including recommending to enter into hedging instruments. Its services include reviewing our foreign exchange exposures.

Current Internal Control Procedures in respect of Foreign Currency Exposure

To further enhance our internal control with respect to the use of derivative financial instruments in hedging our foreign currency risk exposure, we adopted additional procedures to supplement the 2014 hedging resolution.

Importantly, according to the procedures, the Company is not permitted to execute speculative transactions, which are defined as transactions in the same direction as the Group's foreign currency risk exposure, or in the opposite direction but beyond the exposure (in fact, the Company had not entered into any speculative transaction during the Track Record Period). Hedging positions will not be terminated or closed, unless a corresponding change in the exposure has occurred.

According to our current procedures, our vice president of finance and financial controller are the front-line managers with the responsibility of monitoring our foreign currency exposure, assisted by the third-party professional consultant mentioned above. Our vice president of finance is a Certified Public Accountant in Israel with over 20 years of experience, and our financial controller is a Certified Public Accountant in Israel with over seven years of experience. We believe that they have adequate experience and skills to manage our foreign exchange risk exposure.

Furthermore, we have formed a Hedging Committee ("**HC**") responsible for implementing the financial risk management policy. The HC is comprised of our vice president of finance, financial controller and our third-party professional consultant. The HC regularly monitors our foreign currency risk exposure, including accounting exposure (including permanent and current exposure) and transaction exposure, by among other metrics, reviewing our balance sheet and contractual obligations to evaluate the potential effect of foreign currency fluctuations. The HC holds regular phone calls and, in addition, quarterly physical meetings to discuss matters in relation to hedging. During such discussions and meetings, the status of the exposures and hedging rates will be examined and decisions will be made as to the necessity of implementing further hedging transactions.

If the Company decides to undertake hedging transactions, a broker is approached in order to negotiate the pricing with the relevant counterparties (banks), based on third-party pricing systems. This is done in order to minimize alternative loss due to less-than-optimal pricing by the counterparty. Once a transaction has been executed, it is recorded in a hedging status report, which specifies all open hedging transactions and exposures. Our vice president of finance has the day-to-day decision-making power for transactions within the parameters of our hedging policy described above, subject to determination of the HC. Moreover, the finance department prepares the following documentation, which is subject to regular review and oversight by our chief financial officer or our Board of Directors: minutes of HC quarterly meetings; confirmation of execution of transactions received from banks/broker; and monthly fair value evaluation of the open hedging transactions and hedging status reports.

Please see "Financial Information—Derivative financial instruments" in this prospectus for further details regarding our historical hedging transactions.

LEGAL PROCEEDINGS AND COMPLIANCE

Claims and Litigation

From time to time, we may be involved in legal proceedings, investigations and disputes arising in the ordinary course of our business, including, for example, claims from treatment recipients alleging to have been injured while being treated by treatment providers using our treatment systems. We are not presently a party to any legal proceedings that we believe, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, results of operations, financial condition or prospects. Please see also "Risk Factors—Risks relating to our business—Product liability lawsuits could be brought against us due to a defective design, material or workmanship or due to misuse of our products. These lawsuits could be expensive and time consuming and result in substantial damages to us and increases in our insurance rates, and thereby materially and adversely affect our business, results of operations, financial condition and prospects" in this prospectus for further details.

Material historical claims and litigation A1A40

During the Track Record Period, there were two incidents involving treatment recipients who claimed that they were injured while being treated by treatment providers using our treatment systems and we paid US$250,000 and US$525,000, respectively, to settle the claims. Based on our knowledge, there has not been any conclusive evidence as to the specific causes of the injuries. In each of the two incidents, to our knowledge, it was alleged that one of the relevant treatment recipients suffered second degree burns on his or her skin and the other claimed that he or she was injured during a laser demonstration.

In addition, we were involved in the following material litigation during the Track Record Period:

Telephone Consumer Protection Act (the "**TCPA**") suit from Physicians Healthsource, Inc. ("**Physicians Healthsource**"). In May 2012, Physicians Healthsource filed a complaint against us in the Circuit Court of the 19th Judicial District, Lake County, Illinois, the United States, alleging that we violated the TCPA by sending or causing to be sent certain unauthorized advertising faxes. Physicians Healthsource also requested the matter be certified as a class action. The proceedings further reached the appellate court, in which Physicians Healthsource was successful in obtaining a class certification for itself and parties similarly situated. In November 2015, we entered into a settlement agreement with Physicians Healthsource and other class members in this suit. In February 2016, the Lake County court granted final approval of the class settlement, dismissed the claims of all class members who did not request to be excluded from the settlement, and authorized disbursement of settlement funds. The final determination of the number of valid claims resulted in a total liability of US$1,875,000 which was recorded as a current liability on our balance sheet as at December 31, 2015. We received an insurance reimbursement for legal costs incurred by us, which we recorded as a current asset in our balance sheet as at December 31, 2015.

Lumenis 2013 patent dispute. On May 26, 2013, we entered into a settlement agreement with Lumenis Ltd., to settle a patent-related dispute where Lumenis Ltd. alleged that we misappropriated certain Lumenis Ltd. trade secrets, improperly enjoyed the use of them and were unjustly enriched. Pursuant to the settlement agreement, we paid Lumenis Ltd. US$7.0 million plus value added tax in 2013 at the rate of 17%, and Lumenis Ltd. granted Alma a fully paid-up, worldwide, non-exclusive and non-transferable license under the relevant Lumenis Ltd. trade secrets.

Palomar patent claims. In 2007, Palomar Medical Technologies, Inc. ("**Palomar**") initiated legal proceedings against us alleging that we infringed certain of its patents. In March 2007, we entered into a non-exclusive patent license agreement with Palomar to settle the matter. The relevant patents expired in the United States in 2015 and subsequently in other jurisdictions in January 2016 and we no longer have any obligations to make the royalty payments. During the relevant period, the royalties paid to Palomar averaged approximately US$1.0 million per annum.

Compliance Matters

We do not have any historical material non-compliance incidents.

INTERNAL CONTROLS

We believe having proper internal controls is important and we have an internal control system in place. We have a series of internal control policies, procedures and plans that are designed to reasonably assure effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. To enhance our internal controls, we engaged a third-party internal control consultant in 2016 to review the effectiveness of internal controls associated with major business processes of the Group, identify deficiencies and improvement opportunities and furnish recommendations (which we implemented).

In particular, we are committed to our efforts in respect of anti-fraud, anti-bribery, anti-money laundering and anti-corruption, and have adopted various internal control measures to bolster such efforts. Examples of such measures include (i) requiring sales expense reports of sales representatives to be approved by the appropriate management personnel and (ii) management team reviewing the relevant financial data against the budget on a monthly basis. Furthermore, our employee code of conduct contains specific guidelines on appropriate employee behavior on these matters and sets out the relevant acceptable business practices and the standards of ethical behavior, as well as the corresponding reporting process, whistleblowing channel, and whistleblower protection mechanisms.

We now seek a written anti-fraud, anti-bribery, anti-money laundering and anti-corruption commitment before entering into transactions with our distributors, sales representatives and suppliers. For example, in new distribution agreements or distribution agreement renewals to be entered into, we seek to include specific provisions in relation to anti-fraud, anti-bribery, anti-money laundering and anti-corruption matters. In many of our existing distribution agreements, our distributors are required to comply with all relevant local laws, which would include anti-bribery and anti-corruption laws and regulations. Furthermore, we conduct due diligence before entering into business relationships with potential distributors.

As such, we believe that we have an adequate and effective internal control system with measures covering various facets of our business operations.

INTERNATIONAL BUSINESS ACTIVITIES AND COMPLIANCE WITH ECONOMIC SANCTIONS

The scope of our international operations may require us in certain situations to comply with economic sanctions implemented by various government and organizations. The United States and the member states of the European Union and the United Nations impose (1) broad economic sanctions on Sanctioned Countries; and (2) selective list-based economic sanctions on Sanctioned Targets. A violation of these laws or regulations could adversely impact our business, financial condition and results of operations.

Generally, these sanctions restrict the activities of persons or entities required to comply with them. For example, the U.S. sanctions generally only apply to U.S. citizens or permanent residents, persons physically in the United States, activities that take place inside the United States, entities organized under U.S. law, and certain transactions involving U.S.-origin products or technology. The E.U. sanctions, on the other hand, generally apply within the territory of the European Union, on board aircraft and vessels under the jurisdiction of an E.U. Member State, to nationals of and legal persons, entities and bodies incorporated or constituted under the laws of an E.U. Member State, as well as to any natural person or legal person, entity or body (of any nationality) in respect of business done in whole or in part within the European Union. As such, not all of our operations may be subject to such sanctions.

Following Russia's military intervention in 2014, the United States and the European Union put in place Ukraine-related sanctions. According to our legal advisers, these Ukraine-related sanctions concern mainly (i) the blocking of assets of named individuals and entities being identified as "undermining or threatening the territorial integrity, sovereignty and independence of Ukraine" or as providing "material support" to such persons, (ii) restrictions on the extension of credit to and dealing in the equity of specified financial institutions, defense firms and energy companies, and (iii) comprehensive restrictions on the disputed territory of Crimea. These sanctions extend by operation of law to entities directly or indirectly owned, 50% or more in the aggregate, by persons or entities designated under the Ukraine-related sanctions program. According to our legal advisers, the United States, the European Union and the United Nations had not imposed any country-wide sanctions against Russia or Ukraine as at the Latest Practicable Date. Moreover, according to our legal advisers, there were no Ukraine-related sanctions imposed by the United Nations as at the Latest Practicable Date.

We sell some of our products to our customers in Russia and Ukraine. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our sales to our customers in Russia and Ukraine represented approximately 1.5%, 1.1%, 2.1% and 0.9% of our consolidated revenue for the same periods, respectively. We have not sold any of our products in Crimea. As noted above, neither Russia nor Ukraine is a Sanctioned Country. To our knowledge,

having made due inquiry, none of our customers in Russia or Ukraine during the Track Record Period or as at the Latest Practicable Date are Sanctioned Targets with respect to U.S., E.U, or U.N. sanctions, and as such our sales to such persons do not constitute prohibited activities under the relevant U.S., E.U, or U.N. sanctions laws.

In addition, we sell a small portion of our products to countries and regions which are not Sanctioned Countries, but as to which the United States and/or the European Union has implemented sanctions imposing asset freezes and commercial embargoes on certain persons or entities including those specified on the U.S. Specially Designated Nationals List and who are associated with such countries and regions (which we refer to as Additional Countries). For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our sales to these Additional Countries represented in aggregate approximately 0.2%, 0.4%, 0.4% and 0.4% of our consolidated revenue for the same periods, respectively. As noted above, none of Additional Countries is a Sanctioned Country. According to our legal advisers, the United States, the European Union and the United Nations had not imposed any country-wide sanctions against these Additional Countries as at the Latest Practicable Date. To our knowledge, having made due inquiry, none of our customers in these Additional Countries during the Track Record Period or as at the Latest Practicable Date are Sanctioned Targets with respect to U.S., E.U. or U.N. sanctions, and as such our sales to such persons do not constitute prohibited activities under the relevant U.S., E.U or U.N. sanctions laws.

Based on the above and in light of the nature of our business, our legal advisers are of the view that risk relating to Russia and Ukraine and the Additional Countries due to economic sanctions imposed by the United States, the European Union, or the United Nations on the Company, our investors and Shareholders and persons who might, directly or indirectly, be involved in permitting the listing, trading and clearing of the Shares (including the Stock Exchange and its related group companies) is low because (a) our customers in these countries (most of which are our distributors) are not located in Sanctioned Countries and are not, to our knowledge, Sanctioned Targets, (b) in any event, the amount of our sales in Russia and Ukraine and the Additional Countries is small as a proportion of our total revenue, (c) we only authorize our distributors in Russia and Ukraine and the Additional Countries to sell into designated countries which do not include Sanctioned Countries, (d) we have no reason to believe that our products are on-sold by our customers who are distributors into Sanctioned Countries or to Sanctioned Targets, (e) as a seller of medical aesthetic devices to customers that are primarily treatment providers such as doctors or clinics or to distributors who typically on-sell to such treatment providers, there is only a low possibility that we might engage in business with companies that the United States or some other sanctions-implementing authority would find to be acting as false-fronts for Sanctioned Targets and (f) as a seller of medical aesthetic devices, there is a lower possibility that our customers would use or onward sell those devices in a manner prohibited by sanctions.

To mitigate risks in relation to sanctions laws, we monitor and evaluate our business and take measures to protect the interests of the Group and the Shareholders. To identify and monitor our exposure to risks associated with laws and regulations relating to Sanctioned Countries and Sanctioned Targets, we plan to adopt the following measures:

- we will conduct a periodic review of active direct sales customer lists to confirm our active customers are not the subject of any such U.S., E.U, or U.N. sanctions;

- with respect to distributor sales, on-boarding of new distributors will include a review of that distributor's sanctions risk profile and where deemed appropriate, we will take steps to address that risk (including seeking representations from such persons with respect to sanctions laws) or decline to enter into a relationship with that distributor;

- training relating to sanctions law matters will be provided to our senior management and relevant personnel to assist them in evaluating and managing sanctions risks that we may encounter in our operations;

- our senior management will review on an annual basis our internal control policies and procedures with respect to sanctions law matters; and

- upon identifying material risks relating to sanctions in our operations, we will seek appropriate advice from reputable external legal advisers.

We have undertaken to the Stock Exchange that (i) we will not use the proceeds from the Global Offering or other funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, any projects or businesses in Sanctioned Countries or with Sanctioned Targets, (ii) we will not enter into any transaction that, at the time of entry into such transaction, is prohibited by applicable sanctions law, and (iii) if we believe that the transactions we have entered into will put the Company and our investors and Shareholders at the risk of violating sanctions, we will announce on the Stock Exchange's website, and on our website, and disclose in our annual and interim reports such facts and our efforts in monitoring our business exposure to sanctions risk, the status of future business, if any, in Sanctioned Countries and our business intention relating to such Sanctioned Countries. If we are in breach of such undertaking to the Stock Exchange, we risk the possible delisting of the Shares from the Stock Exchange.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

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As at the Latest Practicable Date, (i) Mr. Guo Guangchang was interested in approximately 64.45% of the shares in FIHL, which in turn through FHL was interested in approximately 71.83% of the shares in Fosun International, and (ii) Fosun International, through its wholly owned subsidiary, Fosun High Tech, was indirectly interested in approximately 37.94% of the issued ordinary share capital (comprising A shares and H shares) of Fosun Pharma[(1)], which in turn indirectly held approximately 66.20% of the Shares in issue.

Immediately following the completion of the Capitalization Issue and the Global Offering, (a) Fosun Pharma will have an indirect interest (through its interests in its wholly owned subsidiaries, Fosun Industrial, Ample Up and CML) in approximately 51.77% of the Shares in issue (assuming the Maximum Offer Price and before any exercise of the Over-allotment Option) or 52.96% of the Shares in issue (assuming the Minimum Offer Price and before any exercise of the Over-allotment Option), (b) Company will remain as an indirect non-wholly owned subsidiary of Fosun International and Fosun Pharma and (c) Mr. Guo Guangchang, FIHL, FHL, Fosun International, Fosun High Tech, Fosun Pharma, Fosun Industrial, Ample Up and CML will be the Controlling Shareholders of the Company. Please refer to "History and Corporate Structure" in this prospectus for the simplified corporate structure of the Group.

As at the Latest Practicable Date, Magnificent View held approximately 33.80% of the Shares in issue. Magnificent View is a wholly owned subsidiary of Pramerica-Fosun Fund, whose general partner is Fosun Equity Investment Ltd. (a wholly owned subsidiary of Fosun International) and whose limited partners (namely Prudential Insurance Company of America and Prudential Legacy Insurance Company of New Jersey) are Independent Third Parties. Pursuant to the Global Offering, Magnificent View will sell the Sale Shares and immediately following the completion of the Capitalization Issue and the Global Offering, Magnificent View will have an interest in approximately 20.98% of the Shares in issue (assuming the Maximum Offer Price and before any exercise of the Over-allotment Option) or 22.04% of the Shares in issue (assuming the Minimum Offer Price and before any exercise of the Over-allotment Option).

Ample Up, CML and Magnificent View have entered into the Voting Agreement pursuant to which Magnificent View has agreed that, for so long as (a) any principal amount or accrued interest remains outstanding under the Facility Agreement and (b) Fosun Pharma's direct or indirect interest in the Company is less than 50% of the issued Shares, it will vote on any resolutions at any general meeting of Shareholders in accordance with the voting instructions provided by Ample Up and CML. In view of this Voting Agreement, Ample Up, CML and Magnificent View are considered to be parties acting in concert (for the purpose of the Takeovers Code in Hong Kong) in relation to the Company and in addition, Magnificent View will be regarded as a Controlling Shareholder of the Company. As stated above, immediately following the completion of the Capitalization Issue and the Global Offering, Fosun Pharma will have an indirect interest in more than 50% of the issued Shares and accordingly, the voting arrangements set out in the Voting Agreement will not apply immediately after the Listing.

Note:

(1) Fosun International controls Fosun Pharma as it controls the board of directors of Fosun Pharma, it is the single largest shareholder of Fosun Pharma and it holds relatively larger voting rights in Fosun Pharma than other dispersed public shareholders in Fosun Pharma.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

The Fosun International Group

Fosun International is a leading international conglomerate and investment group headquartered in Shanghai, the PRC. The principal businesses of Fosun International Group include integrated finance (wealth) and industrial operations. The integrated finance (wealth) business includes three major segments: insurance, investment and wealth management and innovative finance; the industrial operations include four key segments: health, happiness, property development and sales, and resources.

Fosun International was listed on the Main Board of the Stock Exchange (stock code: 00656.HK) in July 2007. The Fosun International Group had total assets of approximately RMB486.78 billion as at December 31, 2016 and its profit after tax for the financial year ended December 31, 2016 was approximately RMB12.69 billion.

The Fosun Pharma Group

LR8.10(a)(ii), (v)

Fosun Pharma is a leading healthcare company in the PRC with business operations strategically covering multiple important segments in the healthcare industry value chain. The Fosun Pharma Group operates and invests in four core business segments, comprising (i) pharmaceutical manufacturing, research, development and sale, (ii) healthcare services, (iii) medical devices and medical diagnosis and (iv) pharmaceutical distribution and retail.

As at the Latest Practicable Date, the production and sale of medical devices by the Fosun Pharma Group is carried out by (i) the Group and (ii) CML, a wholly-owned subsidiary of Fosun Pharma. Following the completion of the Global Offering, the Fosun Pharma Group will continue to hold interests in CML, as further described below.

Fosun Pharma's A shares were listed on the Shanghai Stock Exchange (stock code: 600196 SH) in August 1998 and its H shares were listed on the Main Board of the Stock Exchange (stock code: 02196.HK) in October 2012. The Fosun Pharma Group had total assets of approximately RMB43.71 billion as at December 31, 2016 and its profit after tax for the financial year ended December 31, 2016 was approximately RMB3.22 billion.

Mr. Guo Guangchang

Mr. Guo Guangchang, the ultimate Controlling Shareholder, does not have any interest in healthcare and pharmaceutical businesses other than through his interest in Fosun International and its subsidiaries.

Save as disclosed in this section of the prospectus, none of the Controlling Shareholders has any interest in a business which competes, or is likely to compete, either directly or indirectly, with the Company's business.

Magnificent View

Magnificent View is a company incorporated in Hong Kong and is an investment holding company. As at the Latest Practicable Date, other than its holding in the Shares, Magnificent View was not engaged in any other businesses.

INDEPENDENCE OF THE GROUP FROM THE CONTROLLING SHAERHOLDERS

The Directors are of the view that the Group is capable of carrying on its business independently of the Controlling Shareholders following completion of the Global Offering for the following reasons:

(a) **Clear Delineation of Business**

Delineation from the Remaining Fosun International Group

There is a clear delineation of the business of the Group and the businesses of the Remaining Fosun International Group.

The healthcare business of the Fosun International Group is carried out by Fosun Pharma and Shanghai Starcastle Senior Living Co., Ltd. and the Fosun International Group does not have any interests in any production and sale of energy-based medical aesthetics devices business apart from its interests in the Group, which are held through the Fosun Pharma Group.

Existing Non-compete Undertakings in relation to Fosun Pharma

As disclosed in the prospectus of Fosun Pharma dated October 17, 2012, pursuant to the deed of non-competition undertakings dated October 13, 2012 (the "**Existing Non-compete Undertakings**") and executed by each of Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin, Mr. Fan Wei, Fosun International Holdings Ltd., Fosun Holdings Limited, Fosun International and Fosun High Tech (collectively, the "**Covenantors**"), being the controlling shareholders of Fosun Pharma at the time of its execution, the Covenantors have undertaken in favor of Fosun Pharma (for itself and as trustee of Fosun Pharma's subsidiaries from time to time) that, among other things:

- save for the Covenantors' indirect interest in Shanghai Yuyuan Tourist Mart Co., Ltd. ("**Shanghai Yuyuan**"), which is mainly engaged in commercial retail, wholesale and retail of gold and jewelry, and other interests in companies in which the Covenantors and their respective associates may have from time to time in future but will not have control over the same, the Covenantors will and subject to any applicable laws, regulations or stock exchange rules, use their commercially reasonable efforts to procure those companies and other business entities which are primarily controlled by the relevant Covenantors (other than the Fosun Pharma Group) not to engage in any business in the PRC and Hong Kong which is of a similar nature to the Fosun Pharma Group's pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical devices businesses (the "**Fosun Pharma Restricted Businesses**"), so long as (a) Fosun Pharma's shares remain listed on the Stock Exchange (and for this purpose, including

any period during which the trading of Fosun Pharma's shares on the Stock Exchange is suspended for whatever reason), (b) the Fosun Pharma Group has any interest, whether directly or indirectly, in any members of the Fosun Pharma Group which engages in any of the Fosun Pharma Restricted Businesses and (c) each of the Covenantors remains as a controlling shareholder of Fosun Pharma; and

- subject always to its obligations referred to above, if any of the Covenantors obtains any business opportunity in the PRC and Hong Kong which competes or is likely to compete with Fosun Pharma Restricted Businesses (the "**Fosun Pharma Business Opportunity**"), it will promptly notify Fosun Pharma of such Fosun Pharma Business Opportunity and will first offer it to Fosun Pharma on terms and conditions no less favorable than those offered to the Covenantors, any of the associates of the Covenantors or any other third party. Such Fosun Pharma Business Opportunity will be reviewed by Fosun Pharma's independent non-executive directors.

On the basis of the above, the Directors believe that the Existing Non-compete Undertakings are able to ensure and maintain a clear delineation of business between the Group and the Remaining Fosun International Group.

Delineation from the Remaining Fosun Pharma Group

There will be a clear delineation of the business of the Group and the businesses of the Remaining Fosun Pharma Group.

The Group focuses on designing, developing, producing and selling energy-based systems (such as laser, intense pulsed light, infrared, radio-frequency and ultrasound) which are used in the provision of medical aesthetic, beauty and minimally invasive treatments. Its medical aesthetic and beauty treatment product lines can be used to provide treatments such as hair removal, tattoo removal, scar removal, skin rejuvenation and tightening, skin resurfacing, reduction of acne, treatment of pigmented lesions and vascular lesions and improvement of uneven skin tone and texture. Its minimally invasive product line can be used for liposuction and treatment of feminine conditions.

Following the completion of the Global Offering, the Remaining Fosun Pharma Group will continue to focus on its four core business segments, comprising (i) pharmaceutical manufacturing, research, development and sale, (ii) healthcare services, (iii) medical devices and medical diagnosis and (iv) pharmaceutical distribution and retail.

Comparison of the diagnostic products manufactured by the Remaining Fosun Pharma Group and the medical aesthetic products manufactured by the Group

The Remaining Fosun Pharma Group is engaged in, among other things, the research and development, manufacturing, and sales and marketing of diagnostic reagents and equipment. Diagnostic products include various types of diagnostic reagents and devices in connection with biochemical diagnosis, immunologic diagnosis, molecular diagnosis and microbial diagnosis. These

products are widely used in clinical chemistry, clinical immunology, molecular diagnosis, clinical microbiology, and the technology of clinical diagnosis gene chip and other fields. The end customers of the diagnostic products produced by the Remaining Fosun Pharma Group are hospitals, disease control and prevention centers and independent clinical laboratories in the PRC.

In contrast, the Group designs, develops, produces and sells energy-based systems which are used in the provision of medical aesthetic, beauty and minimally invasive treatments (as described above). The end customers of the medical aesthetic products produced by the Group are hospitals, medical clinics, laser centers and medical spas.

Medical devices distribution business of CML in the PRC LR8.10(1)(a)(i)

As part of Fosun Pharma Group's distribution business, CML, a subsidiary of Fosun Pharma, acts as agent or distributor in the PRC for a broad range of medical devices (including products relating to the imaging, aesthetics, surgery, dermatology, oncology and dental segments). Among other products, CML is the exclusive distributor in the PRC for medical aesthetic laser products manufactured by Candela and designed for (i) hair removal and (ii) treatment of vascular and pigmented lesions, which are similar to certain of Alma's medical aesthetics devices (the "**Excluded Business**"). CML does not act as distributor for any other energy-based medical devices designed for medical aesthetic, beauty and minimally invasive treatments.

The Remaining Fosun Pharma Group will continue to retain its interest in the Excluded Business following the completion of the Global Offering. The Directors consider that the Remaining Fosun Pharma Group's continued interest in the Excluded Business will not affect the delineation of the business of the Group from the Remaining Fosun Pharma Group and there will not be any competition between the Group and the Remaining Fosun Pharma Group following the completion of the Global Offering for the following reasons: LR8.10(1)(a)(iv)

(i) the business model and nature and geographical coverage of the Group is different from that of CML:

- the Group is engaged in the production and sale of its own products globally. Since December 2003, the Group has engaged the PRC Distributor, which is an Independent Third Party, as the exclusive distributor of its products in the PRC. The Group does not engage in any direct sales of its products in the PRC and it currently intends to continue to use the exclusive PRC Distributor for the sale of its products in the PRC; and

- CML is only engaged in the distribution in the PRC of medical aesthetic products manufactured by third parties. CML does not engage in the distribution of any medical aesthetic products outside the PRC nor the manufacture of any medical aesthetic products and does not currently have any plans to expand its business of distributing medical aesthetic products to outside the PRC;

(ii) the distribution channel of the Group in the PRC is clearly delineated from that of CML:

- the Group sells its products exclusively to the PRC Distributor and does not engage in any direct sales to end customers in the PRC; and
- CML is engaged in the distribution of third party products to end customers;

(iii) the energy-based medical aesthetic products offered by the Group in the PRC market are different from the third party products distributed by CML (except for the products designed for hair removal):

- the Group sells to the PRC Distributor medical aesthetic products (featuring various energy sources such as laser, intense pulsed light, infrared, radio-frequency and ultrasound) that are designed for hair removal, treatment vascular and pigmented lesions (featuring intense pulsed light as the energy source), tattoo removal, scar removal, skin rejuvenation and tightening, skin resurfacing, improvement of uneven skin tone and texture and treatment of feminine conditions; and
- CML distributes third party medical aesthetic products (featuring only laser as the energy source) that are designed for hair removal and treatment of vascular and pigmented lesions only;

(iv) the end customer profile of the medical aesthetic products sold by the Group (through the PRC Distributor) in the PRC are different from the third party medical aesthetic products distributed by CML:

- the Group sells its medical aesthetic products through the PRC Distributor to various treatment providers, such as plastic and cosmetic surgery division of the hospitals, medical clinics, laser centers and medical spas; and
- CML distributes third party medical aesthetic products to dermatology division of the hospitals and medical research institutes;

(v) there will not be any competition between the Group and CML in the PRC:

- in terms of the products designed for hair removal, the revenue generated by CML from the distribution of such third party medical aesthetic laser products amounted to less than RMB7.74 million for the year ended December 31, 2016. Subject to the completion of the Global Offering, Fosun Pharma will cease CML's business in relation to such third party medical aesthetic laser products for body hair removal after the expiry of relevant existing distribution agreements at the end of 2018; and

- in terms of the products designed for the treatment of vascular and pigmented lesions using laser as the energy source:

  - o there is no competition between CML and the Group in the PRC because the medical aesthetic products designed for the treatment of vascular and pigmented lesions produced by the Group use intense pulsed light as the energy source instead of laser which is the energy source used by such medical aesthetic products distributed by CML in the PRC;

  - o if, in the future, the Group produces medical aesthetic products designed for the treatment of vascular and pigmented lesions which uses laser as the energy source, any potential competition would be immaterial because (a) the revenue from the sales of such products by CML only represented approximately 3.3% of the Group's total revenue for the year ended December 31, 2016; and (b) it will take time for the Group to design, develop and produce such medical aesthetic products using laser as the energy source and to agree with the PRC Distributor the terms for the distribution of such products in the PRC; and

  - o any future potential competition between the Group and the Remaining Fosun Group (apart from the distribution of energy-based medical aesthetic products manufactured by Candela and Cutera) in the PRC or elsewhere will be subject to the Non-Compete Deed (as further described below);

(vi) there is currently limited commercial benefit to the Group for the Excluded Business to be included in the Group:

- the Group does not engage in the distribution of products in the PRC but instead sells its products exclusively to the PRC Distributor, who in turn sells the products to end-customers in the PRC. Neither the direct sale of products in the PRC to end customers nor the direct sale of products manufactured by third parties is part of the Group's current business model and are not currently in line with the Group's commercial interest; and

(vii) there is currently limited commercial benefit to the Group to engage CML as its distributor in the PRC:

- the Group has engaged the PRC Distributor since December 2003 (which is prior to the time it became a subsidiary of Fosun Pharma) to exclusively distribute its products in the PRC and it is in the Group's interests to continue this long-term distributorship; and

- CML has been distributing third party products in the PRC and it is likely less effective in distributing the Group's products to its existing clients compared to the PRC Distributor, given the PRC Distributor's long history of distributing Alma's products in the PRC.

For the reasons above and in light of the measures described below, the Directors believe that the Remaining Fosun Pharma Group's continued interest in the Excluded Business will not affect the delineation of the Group from the Remaining Fosun Pharma Group and will not result in any competition between the Group and the Remaining Fosun Pharma Group. LR8.10(1)(a)(i), (ii)

Non-Compete Deed LR8.10(1)(a)(iii)

The Company has entered into a non-compete deed dated August 30, 2017 with Fosun Pharma to ensure a clear delineation between the respective businesses of the Group and the Remaining Fosun Pharma Group with effect from the Listing Date (the "**Non-Compete Deed**").

Pursuant to the terms of the Non-Compete Deed, Fosun Pharma has undertaken that:

(i) it will procure CML (for as long as CML remains as its subsidiary) and other subsidiaries of the Remaining Fosun Pharma Group not to distribute any energy-based products manufactured by third parties (other than Candela and Cutera), which compete with the Group's products in any territory and which are used for medical aesthetic, beauty and minimally invasive treatments utilizing energy sources such as laser, intense pulsed light, infrared, radio-frequency and ultrasound;

(ii) apart from the Excluded Business, the Remaining Fosun Pharma Group will not own or operate any medical aesthetics devices business in direct or indirect competition with the Group's business, which is involved in the design, development, production or sale of energy-based systems (such as laser, intense pulsed light, infrared, radio-frequency and ultrasound) that are used for (1) medical aesthetic and beauty treatments of anti-aging, skin improvement, vascular and pigmented lesions, hair removal, fat reduction and body contouring and (2) minimally invasive or non-invasive surgical treatments of feminine conditions, fat grafting and varicose veins (the "**Relevant Business**"); and

(iii) if the Remaining Fosun Pharma Group receives any opportunity to acquire an interest in any Relevant Business, Fosun Pharma will first offer such opportunity to the Company and if the Company declines such opportunity, the Remaining Fosun Pharma Group may then acquire an interest in such Relevant Business on terms no more favorable than those offered to the Company (see "— Investment Opportunities" below for further details).

The undertakings given by Fosun Pharma in the Non-Compete Deed will commence on the Listing Date and will end on the earlier of (1) the date on which Fosun Pharma ceases to be interested, directly or indirectly, in at least 30% of the Shares and (2) the date on which the Shares cease to be listed on the Stock Exchange.

Investment Opportunities

Under the Non-Compete Deed, if the Remaining Fosun Pharma Group is offered an opportunity by a third party to acquire an interest in any Relevant Business (an "**Investment Opportunity**"),

Fosun Pharma will notify, or will procure the relevant member of the Remaining Fosun Pharma Group to notify, the Company of the Investment Opportunity together with reasonable particulars (including price and terms) and offer the Company the opportunity to participate in such Investment Opportunity.

The Company will have a period of 15 business days following the receipt of such notice of the Investment Opportunity to make a decision. Where an Investment Opportunity must be pursued on a different timeframe due to time limitations imposed by the terms of the Investment Opportunity, the parties will agree a reasonable timeframe in order to achieve and complete the procedure referred to above in order to ensure that the Investment Opportunity may be duly pursued.

The Remaining Fosun Pharma Group will only be permitted to participate in the Investment Opportunity if the Company (based on a decision of such of the Executive Director(s) and the Independent Non-executive Directors who do not have any ongoing role with the Remaining Fosun Pharma Group) declines to participate in the Investment Opportunity or fails to respond to the notice of the Investment Opportunity, the Remaining Fosun Pharma Group will be permitted to participate in the Investment Opportunity on terms no more favorable than those offered to the Group.

Measures adopted to ensure the proper operation of the Non-Compete Deed

The following measures have been adopted to ensure the proper operation of the Non-Compete Deed:

(i) a committee comprising all the Independent Non-executive Directors (the "**Independent Board Committee**") will be responsible for overseeing the implementation of terms of the Non-Compete Deed and, in particular, the Independent Board Committee will review on an annual basis compliance by Fosun Pharma with the non-compete undertakings given by it under the Non-Compete Deed;

(ii) Fosun Pharma will provide (a) an annual confirmation to the Company regarding its compliance with the terms of the Non-Compete Deed and (b) all such information as the Independent Board Committee may reasonably request for the annual review by the Independent Board Committee of its compliance with the terms of the non-compete undertakings given by it under the Non-Compete Deed; and

(iii) the Company will disclose in the annual report (a) the annual confirmation of Fosun Pharma regarding its compliance with the terms of the non-compete undertakings in the Non-Compete Deed; and (b) the findings of the Independent Board Committee regarding compliance by Fosun Pharma with the non-compete undertakings given by it in the Non-Compete Deed.

Delineation from Magnificent View

Magnificent View is an investment holding company and as at the Latest Practicable Date, it was not engaged in any other businesses other than its holding in the Shares.

(b) **Financial Independence**

Financial independence from the Remaining Fosun International Group and Magnificent View

The Group is able to operate financially independently from the Remaining Fosun International Group and Magnificent View. There are no inter-company loans or guarantees which are provided by the Remaining Fosun International Group (excluding the Remaining Fosun Pharma Group) and Magnificent View to or for the benefit of the Group.

Financial independence from the Remaining Fosun Pharma Group

The existing Shareholders of the Company have given pledges in respect of the Shares held by them as security for the outstanding obligations of the Company under the Facility Agreement. The lenders have agreed to release these pledges upon completion of the Global Offering. As a condition to the release of these pledges, the existing Shareholders have undertaken to the lenders under the Facility Agreement, with effect from the Listing Date and for as long as any principal and accrued interest under the Facility Agreement remain outstanding from the Company, (i) not to assign or otherwise sell Shares which would result in them holding in aggregate less than 51% of the issued Shares (the "**Relevant Shares**"); and (ii) not to pledge or otherwise grant to any third party any rights in respect of the Relevant Shares.

As at the Latest Practicable Date, the Buy-out Loan is outstanding from the Company. The Company used the Buy-out Loan to finance the acquisition of certain shares in Alma by the Company in June 2016, as more particularly described in "History and Corporate Structure—The Reorganization—(a) Company Buy-out". The Buy-out Loan is subordinated to the Facility Agreement and will be repaid upon completion of the Global Offering from the net proceeds of the Global Offering.

Save as disclosed above, there are no inter-company loans or guarantees which are provided by the Remaining Fosun Pharma Group to or for the benefit of the Group. On the basis of the foregoing, the Group will be able to operate financially independently from the Remaining Fosun Pharma Group following the Listing.

(c) **Independence of Directors and Management**

The Board of Directors consists of 10 Directors, comprising two Executive Directors, four Non-executive Directors and four Independent Non-executive Directors.

The Directors are of the view that the Board of Directors and the senior management of the Group are able to function independently of the Controlling Shareholders for the following reasons:

- half of the members of the Board (including all of the Independent Non-executive Directors) are independent of, and do not have any directorships and/or other roles with, the Controlling Shareholders and/or their respective close associates;

- the Chief Executive Officer and Executive Director of the Company is responsible for the day-to-day management of the Group's business and is independent of, and does not have any directorship and/or other role with, the Controlling Shareholders and/or their respective close associates;

- except for Mr. Jianping Hua (who is the deputy general manager of the Finance Department of Fosun Pharma), none of the other eight members of the senior management of the Group have any ongoing role with the Controlling Shareholders and/or their respective close associates;

- any Director with an interest in the relevant matters (including matters relating to the Non-Compete Deed and transactions between the Group (on the one hand) and the Controlling Shareholders (on the other hand)) will abstain from voting in respect of that matter. In such a situation, only such of the Executive Director(s) and the Independent Non-executive Directors who do not have any ongoing role with the Controlling Shareholders and/or their respective close associates (as the case may be) will vote and decide on such matters; and

- the Articles provide that no Director shall vote in respect of any contract or arrangement or any other proposal in which he or any of his close associates has any personal interest, directly or indirectly, except in certain prescribed circumstances, details of which are set out in "Appendix III—Summary of the Articles of Association of the Company".

(d) **Independence of Administrative Capability**

All essential administrative functions (such as finance and accounting, administration and operations, information technology, human resources and compliance functions) are carried out by the Group independently and without the support of the Controlling Shareholders. Accordingly, the Directors are of the view that the Group is administratively independent from the Controlling Shareholders.

SHAREHOLDERS' VOTING AGREEMENT RELATING TO THE COMPANY

CML, Ample Up and Magnificent View entered into a voting agreement dated August 30, 2017 (the "**Voting Agreement**"), effective upon the Listing, relating to the exercise of voting rights and dealings in their Shares. The Voting Agreement was entered into by the parties as a condition to the release of the pledges in respect of the Shares held by them as security for the outstanding obligations of the Company under the Facility Agreement (see "—Financial Independence—Financial independence from the Remaining Fosun Pharma Group" above for details).

Voting Undertakings

Pursuant to the Voting Agreement, Magnificent View has agreed that, for so long as (a) any principal amount or accrued interest remains outstanding under the Facility Agreement and (b) Fosun Pharma's direct or indirect interest in the Company is less than 50% of the issued Shares, it will (i) vote on any resolutions at any general meeting of Shareholders in accordance with the voting

instructions provided by Ample Up and CML and (ii) abstain from voting on any resolutions at any general meeting of Shareholders if voting instructions are not provided by Ample Up and CML. Immediately following the completion of the Capitalization Issue and the Global Offering, Fosun Pharma will have an indirect interest in more than 50% of the issued Shares and accordingly, the voting arrangements set out in the Voting Agreement will not apply immediately after the Listing.

The parties to the Voting Agreement have agreed that no party shall, directly or indirectly either alone or together with another person, without the prior written consent of the other parties, (i) announce, make or cause another person to make a takeover offer for any Shares or (ii) acquire any Shares or voting rights in relation to Shares which would trigger a mandatory offer in respect of the Shares pursuant to the Takeovers Code.

Termination

The Voting Agreement will be effective upon the Listing and will continue until termination of the Facility Agreement or otherwise until all principal amounts and accrued interest owing under the Facility Agreement are paid in full by the Company.

Parties Acting in Concert

As a result of the arrangements under the Voting Agreement, each of the parties to the Voting Agreement will be considered to be parties acting in concert (as that term is defined in the Takeovers Code) (for the purposes of the Takeovers Code in Hong Kong) in relation to the Company.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Except Mr. Yifang WU and Mr. Yao WANG, who are our non-executive Directors and also the directors of CML, none of the Directors is interested in any businesses apart from the Group's business which competes with or is likely to compete, either directly or indirectly, with the Group's business.

GENERAL

As a company incorporated in Israel, the Company is required to comply with the Israeli corporate governance requirements relating to such matters as external directors, audit committee, remuneration or compensation committee and internal auditor, in addition to the corporate governance requirements imposed by the Listing Rules to which the Company will become subject upon the Listing. A summary of the key corporate governance requirements is set out below and in "Appendix IV—Summary of the Israeli Companies Law, Shareholder Protection Matters and Voting Arrangements" in this prospectus.

BOARD OF DIRECTORS

The Board of Directors consists of 10 Directors, comprising two Executive Directors, four Non-executive Directors and four Independent Non-executive Directors. Brief information of the Directors is set out below:

Name	Age	Position	Date of Appointment	Date of Joining the Group	Principal Responsibilities
Mr. Yi LIU	42	Chairman and Executive Director	April 14, 2016	April 14, 2016	Responsible for the management of the Board, addressing conflicts and giving strategic advice and guidance on the business and operations of the Group
Mr. Lior Moshe DAYAN	48	Chief Executive Officer and Executive Director	June 6, 2017	September 1, 2008	Responsible for the overall and day-to-day management and development of the Group
Mr. Yifang WU	48	Non-executive Director	October 17, 2016	October 17, 2016	Responsible for the formulation of strategic directions and for the high level oversight of the management and operations of the Group

A1A 41 Co Sch 3 para 6
GL86-16
1H 3.1
LR13.51(2)
LR8.15

A1A 41 Co Sch 3 para 6 GL86-16 1H 3.1 LR13.51(2) LR8.15

Name	Age	Position	Date of Appointment	Date of Joining the Group	Principal Responsibilities
Mr. Chun LI	54	Non-executive Director	June 5, 2013	June 5, 2013	Responsible for the formulation of strategic directions and for the high level oversight of the management and operations of the Group
Mr. Yao WANG	44	Non-executive Director	April 14, 2016	April 14, 2016	Responsible for the formulation of strategic directions and for the high level oversight of the management and operations of the Group
Ms. Yu HU	44	Non-executive Director	November 23, 2014	November 23, 2014	Responsible for the formulation of strategic directions and for the high level oversight of the management and operations of the Group
Mr. Heung Sang Addy FONG	58	Independent Non-executive Director	August 30, 2017	August 30, 2017	Responsible for addressing conflicts and giving strategic advice and guidance on the business and operations of the Group
Mr. Chi Fung Leo CHAN	38	Independent Non-executive Director	August 30, 2017	August 30, 2017	Responsible for addressing conflicts and giving strategic advice and guidance on the business and operations of the Group

Name	Age	Position	Date of Appointment	Date of Joining the Group	Principal Responsibilities
Ms. Jenny CHEN	38	Independent Non-executive Director	August 30, 2017	August 30, 2017	Responsible for addressing conflicts and giving strategic advice and guidance on the business and operations of the Group
Mr. Kai Yu Kenneth LIU	47	Independent Non-executive Director	August 30, 2017	August 30, 2017	Responsible for addressing conflicts and giving strategic advice and guidance on the business and operations of the Group

A1A 41 Co Sch 3 para 6 GL86-16 1H 3.1 LR13.51(2) LR8.15

Chairman and Executive Director

A1A 41 Co Sch 3 para 6 GL86-16 1H 3.2 LR13.51(2)

Mr. Yi LIU (劉毅), aged 42, was appointed as the Chairman and an Executive Director of the Company on April 14, 2016.

Mr. Liu joined the Group in April 2016 and has served as a Director since then. Mr. Liu was the chief technology officer of the medical devices division of Fosun Pharma from November 2015 to December 2016, and is currently a vice president of Fosun Pharma.

Prior to joining the Fosun Pharma Group, Mr. Liu served as a civil servant at the State Food and Drug Administration of China from July 2000 to August 2004. He served as deputy head of the Beijing Medical Equipment Laboratory (北京市醫療器械檢驗所) from September 2004 to May 2007 and was responsible for the quality system management and regulatory matters with the State Food and Drug Administration of China. He served as the head of that laboratory from May 2007 to November 2015 and was responsible for the overall management of the institute, including strategic planning, government relations and regulatory matters.

Mr. Liu obtained a bachelor's degree of Engineering from Beijing Institute of Technology (北京理工大學) in the PRC in July 1998. He graduated from the Chinese Academy of Governance (國家行政學院) in the PRC in July 2000 and obtained a master's degree in Management from Peking University (北京大學) in the PRC in January 2006. Mr. Liu has been a registered assessor under China National Accreditation Service for Conformity Assessment since April 2013.

Chief Executive Officer and Executive Director

Mr. Lior Moshe DAYAN, aged 48, was appointed as Chief Executive Officer and Executive Director of the Company on June 6, 2017. Mr. Dayan has been the Senior Vice President of Global Sales and Managing Director of the German subsidiary of the Group since April 2011.

He is responsible for the direction and management of all sales, marketing and business development operations, including market competitiveness, pricing, compensation, distribution and sales channel strategy. He was the senior director in charge of the Asia-Pacific markets of Alma Lasers from September 2008 to December 2010 and the vice president of sales and marketing of Alma Lasers European and APAC markets from November 2010 to April 2011.

Mr. Dayan has 15 years experience in the laser industry with operational, logistic, financial and sales expertise, 10 of which were in Asia. Prior to joining the Group, he served in several managing positions at Lumenis Ltd. from September 2001 to September 2008, including sales director of the European and West African markets, sales and marketing regional manager of the countries in South East Asia, director of supply chain and financial director in the medical business unit. Prior to his time in the medical devices industry, Mr. Dayan held several senior financial positions in the hi-tech telecommunications industry from 1996 until 2001, when he acted as the cost of goods and profit controller of ECI Telecom Israel from 1996 to 1998 and the director of cost of goods and inventory control of ECI Telecom Israel from 1998 to 2001.

Mr. Dayan obtained a bachelor's degree in Economics and Logistics from Bar Ilan University in Israel in June 1997 and obtained a Master of Business and Administration from the Israeli branch of Manchester University in November 1999.

Non-executive Directors

Mr. Yifang WU (吳以芳), aged 48, was appointed as a Non-executive Director of the Company on October 17, 2016.

Mr. Wu joined the Fosun Pharma Group in April 2004 and is currently the executive director, president and chief executive officer of Fosun Pharma. Mr. Wu was a technician, director, production officer, finance director, assistant to director of Xuzhou Biochemical Pharmaceutical Factory (徐州生物化學製藥廠), now known as Jiangsu Wanbang Biopharmaceutical Company Limited (江蘇萬邦生化醫藥集團有限責任公司) ("Jiangsu Wanbang"), from June 1987 to April 1997, a deputy director of Xuzhou (Wanbang) Biopharmaceuticals Manufactures Plant (徐州(萬邦)生物化學製藥廠), now known as Jiangsu Wanbang, from April 1997 to December 1998, the deputy general manager of Xuzhou Wanbang Biochemical Pharmaceutical Co., Ltd. (徐州萬邦生化製藥有限公司), now known as Jiangsu Wanbang, and a deputy general manager of Jiangsu Wanbang from December 1998 to March 2007 and the president of Jiangsu Wanbang from March 2007 to April 2011 and has been the chairman and CEO of Jiangsu Wanbang since April 2011.

Mr. Wu graduated from Nanjing University of Science and Technology (南京理工大學) in the PRC majoring in international commerce in 1996 and obtained a master degree in business administration from Saint Joseph's University in the United States in 2005.

Mr. Chun LI (李春), aged 54, was appointed as a Non-executive Director of the Company in June 2013.

Mr. Li is the chairman of the supervisory committee of Fosun Pharma, a position he has held since June 2016. He joined the Fosun Pharma Group in March 2013 and served as senior vice president of Fosun Pharma from March 2013 to April 2016.

Prior to joining the Fosun Pharma Group, Mr. Li successively held the posts of recruiting specialist and human resources manager of Xian-Janssen Pharmaceutical Ltd. (西安楊森製藥公司) from July 1988 to April 1993. During the period from April 1993 to April 1995, he successively held the posts of deputy general manager of Xian Meadow Gold Foodstuff Co., Ltd. (西安美登高食品有限公司), a subsidiary of Meadow Gold Investment (US) Co., Ltd., and general manager of Chengdu Meadow Gold Foodstuff Co., Ltd. (成都美登高食品有限公司). He was the human resources manager of Quaker (China) Ltd. (桂格中國公司) in the China region from April 1995 to April 1998, the human resources director of Pillsbury (China) Ltd. (品食樂中國有限公司) from April 1998 to November 2001, the human resources director of China business department of Trane Air-Conditioning from November 2001 to March 2005, and the vice president in charge of human resources of Goodbaby International Holdings Limited (好孩子國際控股有限公司) (stock code: 1086. HK) from April 2005 to February 2013.

Mr. Li obtained a bachelor's degree of education from the Department of Psychology in East China Normal University (華東師範大學) in the PRC in July 1988.

Mr. Yao WANG (汪曜), aged 44, was appointed as a Non-executive Director of the Company in April 2016.

Mr. Wang is a vice president of Fosun Pharma, a position he has held since July 2014.

Mr. Wang began his career as field management engineer of Shanghai Automotive Casting Plant of SAIC Motor Corporation Limited (上海汽車集團股份有限公司上海汽車鑄造總廠) from July 1995 to January 1998, the senior project manager of the strategic investment committee of D'Long International Strategic Investment Company (德隆國際戰略投資有限公司) from November 1999 to March 2001, the vice general manager of Zhongqi Asset Custody Co., Ltd. (中企資產託管有限公司), a subsidiary of D'Long International Strategic Investment Company from April 2001 to May 2004, and the manager of the investment department of Hongpu Investment Holdings (China) Co., Ltd. (宏普投資控股(中國)有限公司) from June 2004 to April 2006.

He was the director in merger and acquisitions of Asian-Pacific Region of PENTAIR LTD (stock code: PNR. NY), from April 2006 to May 2011, during which he was concurrently the general manager of Beijing Pentair-Jieming Environmental Protection Equipment Co., Ltd. (北京濱特爾潔明環保設備有限公司), an affiliate of PENTAIR LTD, from June 2009 to August 2010, and vice president of group investment and asset management of Suntech Power Holdings Co., Ltd. (stock code: STP. NY), from May 2011 to July 2014.

Mr. Wang obtained a bachelor's degree in metal casting from Shanghai University (上海大學) in the PRC in July 1995 and a master's degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in April 2000.

Ms. Yu HU (胡羽), aged 44, was appointed as a Non-executive Director of the Company in November 2014.

Ms. Hu has been the managing director of Pramerica-Fosun Fund and China Momentum Fund LP (中國動力基金) since September 2013. She has also been the deputy general manager of the healthcare consumer goods business division of Fosun Healthcare Holdings since June 2016.

Prior to joining the Fosun International Group, Ms. Hu was assistant vice president of the Government of Singapore Investment Corporation from June 1998 to July 2002, the founder and general manager of Shanghai Mulan Fashion Co. Ltd (上海牧蘭商貿有限公司) from November 2002 to August 2004 and the managing director of Milestone Capital from August 2004 to August 2013.

Ms. Hu obtained a bachelor's degree in mechanical engineering from Shanghai Jiao Tong University(上海交通大學) in the PRC in June 1995 and a master's degree from the School of Management from Shanghai Jiao Tong University (上海交通大學) in the PRC in April 1998.

Independent Non-executive Directors

Mr. Heung Sang Addy FONG (方香生), aged 58, was appointed as an Independent Non-executive Director of the Company on August 30, 2017.

Mr. Fong has more than 20 years of audit, financial and capital market experiences. Mr. Fong has been a managing director of Bonus Eventus Securities Limited since April 2015. Previously, he served as chief financial officer of China Harmony Auto Holding Limited (stock code: 3836.HK) from October 2012 to March 2015, chief financial officer of Chendu CYPCO Biotechnology Co., Ltd. from August 2011 to October 2012, director and chief financial officer of China Electric Motor, Inc. (delisted from NASDAQ in June 2011) from January 2010 to May 2011, director and chief financial officer of Apollo Solar Energy Inc. (stock code: ASOE.PK) from February 2009 to March 2010 and the executive vice president of the corporate development of Fuqi International, Inc. (delisted from NASDAQ in March 2011) from December 2006 to January 2009.

In addition, Mr. Fong also acted as an independent director of various listed companies. He was an independent director of Universal Technologies Holdings Ltd (stock code: 1026.HK) from July 2006 to June 2013, an independent director of China Housing and Land Development, Inc. (delisted from NASDAQ in March 2016) from September 2010 to April 2014, an independent director and chairman of the audit committee of Kandi Technologies Group Inc (stock code: KNDI.NASDAQ) from July 2007 to June 2011, and an independent director and chairman of the audit committee of Diguang International Development Co., Ltd. (stock code: DGNG.PK).

Mr. Fong obtained a master's degree of business administration from the University of Nevada, Reno, in the United States in December 1989 and a master's degree in science from the University of Illinois, Champaign, in the United States in June 1993. He is a member of the American Institute of Certified Public Accountants, the Hong Kong Institute of Certified Public Accountants and the State Board of Accountancy of Washington State.

Mr. Chi Fung Leo CHAN (陳志峰), aged 38, was appointed as an Independent Non-executive Director of the Company on August 30, 2017.

Mr. Chan has been the managing director of LY Capital Limited since May 2016. Previously, he served as deputy managing director of V Baron Global Financial Services Limited from May 2015 to April 2016, director of the corporate finance team of CITIC Securities International in Hong Kong from December 2011 to April 2015, associate of the consumer team and corporate finance execution team of BNP Paribas in Hong Kong and Paris from August 2007 to December 2011, associate of the corporate finance team of CCB International Capital Limited in Hong Kong from July 2006 to July 2007, the executive of corporate finance team of Kingsway Group in Hong Kong from January 2005 to June 2006 and staff accountant of the audit group of Ernst & Young Hong Kong from September 2001 to March 2004, respectively.

Mr. Chan obtained a bachelor of business administration with a major in Accounting from the Hong Kong University of Science and Technology in Hong Kong in November 2001. Mr. Chan was admitted as a member of the Hong Kong Institute of Certified Public Accountants in October 2005.

Ms. Jenny CHEN (陳怡芳), aged 38, was appointed as an Independent Non-executive Director of the Company on August 30, 2017.

Ms. Chen has more than 14 years' experience in the legal profession. She co-founded CFN Lawyers, a Hong Kong law firm in association with Broad & Bright in January 2013 and is currently a partner of the firm. Prior to that, she worked as a corporate associate in Maples and Calder (Hong Kong) LLP from January 2012 to January 2013, an associate general counsel of American International Assurance Company, Limited from September 2009 to May 2011, and a corporate associate in DLA Piper Hong Kong from July 2006 to September 2009. She also worked at Woo Kwan Lee & Lo from July 2002 to June 2006 with her last position as an assistant solicitor.

Ms. Chen obtained her LL.B degree from the Law School of the University of Hong Kong in November 2001 and completed her Postgraduate Certificate in Laws (PCLL) at the same university in June 2002.

Ms. Chen was admitted to practice as a solicitor in Hong Kong in September 2004 and a solicitor in England and Wales in September 2005, respectively.

Mr. Kai Yu Kenneth LIU (廖啟宇), aged 47, was appointed as an Independent Non-executive Director of the Company on August 30, 2017.

Mr. Liu worked with Hong Kong Exchanges and Clearing Limited (stock code: 388.HK) from June 2004 to October 2016, in his last position as assistant vice president in IPO Transactions, Listing & Regulatory Affairs Division. Prior to that, he worked with VC CEF Capital Limited (now known as VC Capital Limited) from September 2000 to May 2003, in his last position as an assistant manager in the corporate finance department. He also worked as an audit officer in the internal audit department of Kowloon-Canton Railway Corporation from January 2000 to September 2000, an assistant manager of the audit and control division of the Hong Kong branch of Banque Nationale de Paris from August 1996 to September 1997, an accountant of Ernst & Young from August 1994 to May 1996 and a junior accountant in the audit department of Kwan Wong Tan & Fong (merged with Deloitte Touche Tohmatsu in 1997) from May 1994 to August 1994.

Mr. Liu obtained a bachelor of engineering degree in mechanical engineering from the Imperial College of Science, Technology and Medicine of the University of London in August 1991 and a master of business administration degree in international banking and finance from the University of Birmingham in December 1998. Mr. Liu has been a member of the HKICPA since July 1999 and a fellow of the Association of Chartered Certified Accountants since April 2004.

Save as disclosed in "— Board of Directors" above and "Appendix V—Statutory and General Information—C. Further information about the directors—6. Further information on director" in this prospectus, each Director had not held any other directorships in listed companies during the three years immediately prior to the Latest Practicable Date and there is no other information in respect of the Directors to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

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LR13.51(2)
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A1A45(1A)(a)

EXTERNAL DIRECTORS

Under the Israeli Companies Law, the Company is required to appoint at least two external directors to serve on the Board. External directors must meet stringent standards of independence, which are summarized in "Appendix IV — Summary of the Israeli Companies Law, Shareholder Protection Matters and Voting Arrangements" in this prospectus.

Mr. Chi Fung Leo CHAN and Mr. Heung Sang Addy FONG, who are the independent non-executive Directors, are also intended to be nominated for Shareholders' approval as external directors at the first general meeting of the Company after the Global Offering in the manner set forth in Appendix IV.

SENIOR MANAGEMENT OF THE GROUP

The Executive Directors and members of the senior management of the Group are responsible for the day-to-day management of our business. Certain information relating to the Executive Directors is set out in "— Board of Directors" above.

A1A 41(5)

In addition to the Executive Directors, the members of the senior management of the Group include the following:

Name	Age	Position in the Group	Date of Appointment	Date of Joining the Group	Roles and Responsibilities
Mr. Ronen LAZAROVICH	47	Chief Operating Officer	March 2011	June 2006	Responsible for operations and supply chain management, IT, outsourcing, maintenance, purchasing, warehousing, production, quality assurance, logistics and regulations
Mr. Jianping HUA	35	Chief Financial Officer	February 2014	February 2014	Responsible for the financial operation, financing and investment activities of the Group
Mr. Nadav BAYER	59	Vice President of Research and Development and Engineering	October 1999	October 1999	Responsible for the direction and management of lasers software and electrical hardware team
Mr. Alexander BRITVA	62	Vice President of Research and Development	June 2004	September 2002	Responsible for the development of radiofrequency technology
Mr. Yosef LEPZELTER	62	Vice President of Clinical Affairs	April 2011	October 2003	Responsible for the management of multi-disciplinary clinical affairs
Mr. Avraham FARBSTEIN	63	Chief Executive Officer of North America Operation	March 2013	January 2007	Responsible for the overall management and development of the Group's North America operations

A1A 41 Co Sch 3 para 6
GL86-16
1H 3.1
LR13.51(2)

Name	Age	Position in the Group	Date of Appointment	Date of Joining the Group	Roles and Responsibilities
Mr. Doron YANNAI	57	Vice President of Finance and Human Resources	February 2014	March 2007	Responsible for financial and human resources operations of the Group
Mr. Yair Shlomo LEOPOLD	63	Vice President of Surgical Unit	January 2013	January 2012	Responsible for business development, introduction of new applications and clinical research of the Group

A1A 41 Co Sch 3 para 6 GL86-16 1H 3.1 LR13.51(2)

Mr. Ronen LAZAROVICH, aged 47, has been the Chief Operating Officer of the Group since March 2011.

A1A 41 GL86-16 1H 3.2 LR13.51(2)

Mr. Lazarovich joined the Group in June 2006 and served as Vice President of Operations from June 2006 to March 2011. Mr. Lazarovich is responsible for operations and supply chain management, information technology, outsourcing, maintenance, purchasing, warehousing, production, quality assurance, logistics and regulations.

Mr. Lazarovich has over 10 years' experience in the lasers industry with operational and logistics expertise. Prior to joining the Group, he worked as worldwide planning director for Vishay Intertechnology from January 2000 to June 2006.

Mr. Lazarovich obtained a bachelor of science in Industrial Engineering and Management from the Technion (Israel Institute of Technology) in Israel in December 1998 and a Master of Business and Administration with a Business Management Major from the Israeli branch of University of Derby in July 2002.

Mr. Jianping HUA (華劍平), aged 35, has been the Chief Financial Officer and Secretary of the board of directors of Alma Lasers since February 2014. He is responsible for the financial operation, board administrative matters and financing and investment activities of the Group.

Mr. Hua has more than 10 years professional financial and investment experience. Prior to joining the Group, Mr. Hua worked as an audit manager for PwC from August 2005 to February 2011 and has held a number of positions comprising vice director of financial audit, director of financial audit and deputy general manager of the finance department of Fosun Pharma since February 2011.

Mr. Hua obtained a bachelor's degree in English from Shanghai University (上海大學) in the PRC in July 2005.

Mr. Nadav BAYER, aged 59, has been the Vice President of Research and Development and Engineering of the Group since October 1999. He is responsible for the direction and management of lasers software and electrical hardware team.

Mr. Bayer has more than 20 years' experience with laser electrical systems. Prior to joining the Group, Mr. Bayer worked as an electronic department manager of ESC Systems Ltd. (now known as Lumenis Ltd.) from March 1993 to October 1999.

Mr. Bayer obtained a bachelor of science in Electrical Engineering from the Technion (Israel Institute of Technology) in Israel in August 1989.

Mr. Alexander BRITVA, aged 62, has been the Vice President of Research and Development and Radio-frequency System of the Group since June 2004. He is responsible for the research and development of radiofrequency technology.

Mr. Britva joined the Group in September 2002 and served as vice president of the Department of Radio-frequency Technology from September 2002 to June 2004. Mr. Britva has 39 years' of experience in the laser industry, including the development of CO_2 lasers, radio frequency and ultrasound systems. Prior to joining the Group, Mr. Britva worked as a radio-frequency department manager of Optomic Lasers from June 2002 to January 2000.

Mr. Britva obtained a master of science degree and a PhD from Electro-technical Institute in Russia in June 1977 and May 1988, respectively**.** He holds 20 patents and has authored more than 30 scientific articles.

Mr. Yosef LEPZELTER, aged 62, has been the Vice President of Clinical Affairs of the Group since April 2011. He is responsible for the management of multi-disciplinary clinical affairs including the clinical validation of energy-based devices of Alma Lasers and clinical application, human clinical and pre-clinical studies, advanced clinical training seminars, key opinion physicians collaboration, scientific publications and lectures in professional meetings of Alma Lasers.

Mr. Lepzelter joined the Group in October 2003 and served as director of the Clinical Department from October 2003 to April 2011. Mr. Lepzelter has 25 years' experience in the medical and laser industry with extensive clinical, scientific and educational expertise. Prior to joining the Group, Mr. Lepselter worked at the Research Exercise Physiology Laboratory, Pulmonary Department at Beilinson Medical Center, Israel and Pulmonary Function Laboratory, Pulmonary Unit, Presbyterian Medical Center, Philadelphia, United States from January 1990 to March 1996. He was director of clinical research associates at Hesperion Ltd. from December 1999 to June 2001 and director of clinical unit at Radiancy Ltd. from June 2001 to April 2003.

Mr. Lepzelter obtained a master's degree in Exercise Physiology from Adelphi University in the United States in April 1985, and a PhD in Physiology from Temple University in the United States in May 1996. He is co-inventor of a number of the Group's patents and has published more than 40 scientific abstracts and papers on topics related to cutaneous lasers, radio frequency and ultrasound technology, and applied cardio-pulmonary medicine.

Mr. Avraham FARBSTEIN, aged 63, has been the Chief Executive Officer of the Group's North America operations since March 2013.

Mr. Farbstein joined the Group in January 2007 and served as Executive Vice President of Operations from January 2007 to October 2010 and as the General Manager of North America Operations from November 2010 to March 2013. Mr. Farbstein has more than 35 years' experience in the medical and aesthetic devices industry, beginning with his involvement in researching and developing one of the first lasers introduced into the surgical devices field. He has served in various leadership roles relating to aesthetic laser and light based products. Prior to joining the Group, Mr. Farbstein served as the vice president of operations at Sharplan/ESC Inc. from February 1988 to June 2011, and vice president of operations at Lumenis Ltd. from July 2004 to December 2006.

Mr. Farbstein attended the electrical engineering program at Tel Aviv University in Israel and subsequently obtained a bachelor of science degree in electric engineering from Tel Aviv University in Israel in May 1981.

Mr. Doron YANNAI, aged 57, has been the Vice President in charge of financial matters of the Group since February 2014.

Mr. Yannai joined the Group in March 2007 and served as director in charge of financial matters of the Group and Human Resources of Alma Lasers from March 2007 to February 2014. He is responsible for financial and human resources operations of the Group.

Mr. Yannai has more than 20 years' experience of financial management in private and public companies in various industries such as software, communications and construction. Prior to joining the Group, he was controller at Tecnomatix/Oshap from January 1991 to May 1995, the chief financial officer at Shaked Group from June 1995 to December 1996, the chief financial officer at NetFormx Ltd. from January 1997 to June 2001, the director of finance at SAP Portals from July 2001 to December 2002, and chief financial officer at WiNetworks from January 2004 to February 2007.

Mr. Yannai obtained a bachelor's degree in Economics & Labor Science from Tel Aviv University in Israel in May 1985 and a bachelor's degree in Accounting from Tel Aviv University in Israel in June 1988. He has also been a Certified Public Accountant in Israel since December 1990.

Mr. Yair Shlomo LEOPOLD, aged 63, has been the Vice President of Surgical Unit of the Group since January 2013. He is primarily responsible for business development, introduction of new applications and clinical research of the Group.

Mr. Leopold joined the Group in January 2012 and served as Director of Surgical Business Unit of Alma Lasers from January 2012 to January 2013. Prior to joining the Group, Mr. Leopold was a product line manager in the development department of Laser Industries Ltd. from January 1983 to October 1993. He worked in the sales and marketing division of Sharplan from October 1993 to December 1997. Mr. Leopold also founded and acted as the chief executive officer of sales and marketing of Opus Dent at Lumenis Ltd. from December 1997 to December 2001. He was the vice-president of sales and marketing of Radiancy Ltd. from January 2002 to October 2004.

Mr. Leopold was the vice president of sales and marketing of Sunlight Medical Ltd. from November 2004 to June 2005, and was promoted to be its chief executive officer from June 2005 to September 2007. He was the chief executive officer of Curelight Medical Ltd. from October 2007 to January 2011, the vice president of global sales and marketing at Applisonix from November 2009 to January 2011, and the vice president of sales for west Europe at Viora Ltd. from January 2011 to January 2012.

Mr. Leopold obtained his bachelor of science degree in Electrical and Biomedical Engineering from George Washington University of Washington, DC in the United States in August 1980.

COMPANY SECRETARY

A1A42
LR8.17

Ms. Yee Har Susan LO, aged 58, was appointed as the Company Secretary of the Company on June 6, 2017.

Ms. Lo is an executive director and head of learning & development of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

Ms. Lo has over 30 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lo is currently the company secretary/joint company secretary of six listed companies on the Stock Exchange, namely, Fosun Pharma (stock code: 2196.HK), Dongfeng Motor Group Company Limited (東風汽車集團股份有限公司) (stock code: 489.HK), China National Building Material Company Limited (中國建材股份有限公司) (stock code: 3323.HK), NVC Lighting Holding Limited (雷士照明控股有限公司) (stock code: 2222.HK), MicroPort Scientific Corporation (微創醫療科學有限公司) (stock code: 853.HK) and Hebei Yichen Industrial Group Corporation Limited (河北翼辰實業集團股份有限公司) (Stock code: 1596.HK). She also conducts regular continuous training programs for directors and senior management of listed issuers and is an active speaker at seminars.

Ms. Lo is a Chartered Secretary and a Fellow of both The Hong Kong Institute of Chartered Secretaries ("**HKICS**") and The Institute of Chartered Secretaries and Administrators in the United Kingdom. She is a holder of the Practitioner's Endorsement from HKICS. Ms. Lo graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University).

BOARD COMMITTEES

The Board has established the audit committee, the remuneration committee and the nomination committee.

Audit Committee

GL86-16
1H3.3(a)

The Company has established the audit committee in compliance with Rule 3.21 of the Listing Rules, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and will be confirmed following ratification of the external directors in accordance with the Israeli Companies

Law. The primary duties of the audit committee are to oversee the financial reporting system and internal control procedures of the Company, review the financial information of the Company and consider issues relating to the external auditors and their appointment. See "Appendix IV—Summary of the Israeli Companies Law, Shareholder Protection Matters and Voting Arrangements" in this prospectus for details of the requirements of an audit committee under the Israeli Companies Law.

The audit committee consists of three Directors. The members of the audit committee are:

Mr. Heung Sang Addy FONG (*Chairman*)
Ms. Jenny CHEN
Mr. Chi Fung Leo CHAN

Remuneration Committee

GL86-16
1H3.3(a)

The Company has established a remuneration committee of the Board in compliance with Rule 3.25 of the Listing Rules, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and will be confirmed following ratification of the external directors in accordance with the Israeli Companies Law. The primary duties of the remuneration committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. See "Appendix IV—Summary of the Israeli Companies Law, Shareholder Protection Matters and Voting Arrangements" in this prospectus for details of the requirements of a remuneration or compensation committee under the Israeli Companies Law.

The remuneration committee consists of three Directors. The members of the remuneration committee are:

Mr. Chi Fung Leo CHAN (*Chairman*)
Mr. Heung Sang Addy FONG
Mr. Yi LIU

Nomination Committee

GL86-16
1H3.3(a)

The Company has established a nomination committee of the Board as recommended by the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to review the structure, size and composition of the Board, assess the independence of the independent non-executive directors and make recommendations to the Board on the appointment and re-appointment of directors and succession planning for directors.

The nomination committee consists of three Directors. The members of the nomination committee are:

Mr. Yi LIU (*Chairman*)
Mr. Chi Fung Leo CHAN
Mr. Heung Sang Addy FONG

DIRECTORS' REMUNERATION AND REMUNERATION OF FIVE HIGHEST PAID INDIVIDUALS

GL86-16 1H3.3(b)

For the three years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, the aggregate amount of the fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to the Group's pension scheme) and bonuses paid by the Group to the Directors were approximately US$0.31 million, US$0.31 million, US$0.32 million and US$0.10 million, respectively.

A1A 33(2) (a)-(d) A1A46(2)

Under the current arrangements, the aggregate remuneration and benefits in kind payable to the Directors for the year ending December 31, 2017 are estimated to be approximately US$0.38 million.

A1A46(3)

During the Track Record Period, the aggregate amount of the fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to the Group's pension scheme) and bonuses paid by the Group to the five highest paid individuals were approximately US$2.86 million, US$2.79 million, US$2.84 million and approximately US$0.73 million, respectively.

A1A33(3) (a)-(c)

During the Track Record Period, no remuneration was paid to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group. No compensation was paid to, or receivable by, the Directors or past directors of the Company or the five highest paid individuals for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. None of the Directors had waived any remuneration and/or emoluments during the Track Record Period.

A1A33(2) (e)-(g) A1A33(3) (d),(e)

Information on the letters of appointment entered into between the Company and the Directors is set out in "Appendix V—Statutory and General Information" in this prospectus.

INTERNAL AUDITOR

Under the Israeli Companies Law, the Board is required to appoint an internal auditor in accordance with the recommendation of the audit committee.

The role of an internal auditor is to examine, among other things, the Company's compliance with applicable law and orderly business procedure. The audit committee is required to oversee the activities and to assess the performance of the internal auditor as well as to review the internal auditor's work plan. See "Appendix IV—Summary of the Israeli Companies Law, Shareholder Protection Matters and Voting Arrangements" in this prospectus for details of the requirements of an internal auditor under the Israeli Companies Law.

The Company's internal auditor will be nominated by the Audit Committee and approved by the Board of Directors in accordance with the Israeli Companies Law.

COMPLIANCE ADVISER

The Company has appointed CMB International Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules to provide advisory services to the Company. In compliance with Rule 3A.23 of the Listing Rules, the Company must consult with, and if necessary, seek advice from, the compliance adviser on a timely basis in the following circumstances: LR3A.19, 23

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated;

(c) where the Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry regarding unusual movements in the price or trading volume of the Shares, the possible development of a false market in the Shares or any other matters.

The term of the appointment of the compliance adviser will commence on the Listing Date and will end on the date on which the Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date.

SUBSTANTIAL SHAREHOLDERS

A1A45(2)
A1A27A
A1A28(2)
CO Sch 3
para 30

So far as is known to any Director or chief executive of the Company as at the Latest Practicable Date, immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised), the following persons (other than a Director or chief executive of the Company) will have an interest and/or short position (as applicable) in the Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, once the Shares are listed on the Stock Exchange:

Interests and Long Positions in Shares

		Based on the Minimum Offer Price of HK$8.88		Based on the Maximum Offer Price of HK$12.35	
Name of Shareholder	Nature of Interest and Capacity	Number of Shares held or interested	Approximate Percentage of Shareholding	Number of Shares held or interested	Approximate Percentage of Shareholding
CML	Legal and beneficial interest	127,318,640	28.94%	114,203,455	28.29%
Ample Up(1)	Legal and beneficial interest	233,024,000	52.96%	209,020,030	51.77%
Magnificent View	Legal and beneficial interest	96,976,000	22.04%	84,720,197	20.98%
Pramerica-Fosun Fund(2)	Interest in controlled entity	96,976,000	22.04%	84,720,197	20.98%
Fosun Pharma(3)	Interest in controlled entity	233,024,000	52.96%	209,020,030	51.77%
Fosun Industrial(4)	Indirect beneficial interest	233,024,000	52.96%	209,020,030	51.77%
Fosun High Tech(5)	Interest in controlled entity	233,024,000	52.96%	209,020,030	51.77%
Fosun International(5)	Interest in controlled entity	233,024,000	52.96%	209,020,030	51.77%
FHL(6)	Interest in controlled entity	233,024,000	52.96%	209,020,030	51.77%
FIHL(6)	Interest in controlled entity	233,024,000	52.96%	209,020,030	51.77%
Mr. Guo Guangchang(7)	Interest in controlled entity	233,024,000	52.96%	209,020,030	51.77%

Notes:

(1) CML is wholly owned by Ample Up. Ample Up is deemed to be interested in the Shares which CML is interested in as legal and beneficial owner immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised).

(2) Pramerica-Fosun Fund is deemed to be interested in the Shares which Magnificent View is interested in as legal and beneficial owner immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised). As at the Latest Practicable Date, Magnificent View was a direct wholly owned subsidiary of the Pramerica-Fosun Fund and the general partner of the Pramerica-Fosun Fund was Fosun Equity Investment Ltd., an indirectly wholly owned subsidiary of Fosun International.

(3) Fosun Pharma is deemed to be interested in the Shares which CML and Ample Up, in aggregate, are interested in as legal and beneficial owners immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised). Fosun Pharma is entitled to the exercise or control the exercise of more than one-third of the voting power at general meetings of each of CML and Ample Up.

(4) Fosun Industrial is deemed to be interested in the Shares which Ample Up is interested in as legal and beneficial owner immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised). Fosun Industrial holds approximately 32.64% of the shares of Ample Up.

(5) Fosun High Tech is deemed to be interested in the Shares which Fosun Pharma is interested in as referred to in Note (3) above immediately following the completion of the Capitalization Issue and Global Offering (assuming the Over-allotment Option is not exercised). As at the Latest Practicable Date, Fosun High Tech held approximately 37.94% of the A and H shares in Fosun Pharma and Fosun High Tech was in turn directly wholly owned by Fosun International.

(6) FHL is deemed to be interested in the Shares which Fosun International is interested in as referred to in Note (5) above immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised). As at the Latest Practicable Date, FHL held approximately 71.83% of the shares in Fosun International and FHL was in turn directly wholly owned by FIHL.

(7) Mr. Guo Guangchang is deemed to be interested in the Shares which FIHL is interested in as referred to in Note (6) above immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised). As at the Latest Practicable Date, Mr. Guo Guangchang held approximately 64.45% of the shares in FIHL.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company is aware of any other person who will, immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised), have an interest or short position in the Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group. A1A41 A45(1A)(b)

SHARE CAPITAL

All of the issued shares of the Company comprise fully paid ordinary shares. Pursuant to the Israeli Companies Law, companies incorporated in Israel may have an authorized share capital with a par value per share. A1A23(1) CO Sch 3 para 2

As at the date of this prospectus, the Company's issued and paid-up share capital was NIS7,350.

Details of the issued share capital of the Company immediately before and following the completion of the Capitalization Issue and the Global Offering are set out below: SC20(ii)

		Nominal Value
		(NIS)
Authorized share capital		
1,000,000,000	Shares	10,000,000
Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalization Issue and the Global Offering (assuming the Offer Price is HK$8.88):		
735,000	Shares in issue as at the date of this prospectus	7,350
351,265,000	Shares to be issued pursuant to the Capitalization Issue(1)	3,512,650
88,000,000	Shares to be issued pursuant to the Global Offering	880,000
440,000,000	**Total**	**4,400,000**
Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalization Issue and the Global Offering (assuming the Offer Price is HK$12.35):		
735,000	Shares in issue as at the date of this prospectus	7,350
315,005,227	Shares to be issued pursuant to the Capitalization Issue(2)	3,150,052.27
88,000,000	Shares to be issued pursuant to the Global Offering	880,000
403,740,227	**Total**	**4,037,402.27**

A1A15(1) LR8.19(1)

Notes:

(1) This includes 222,213,648 Shares to be issued pursuant to the capitalization of part of the share premium account of the Company and 129,051,352 Shares to be issued pursuant to the capitalization of the Capital Notes.

(2) This includes 222,213,648 Shares to be issued pursuant to the capitalization of part of the share premium account of the Company and 92,791,579 Shares to be issued pursuant to the capitalization of the Capital Notes.

DORMANT SHARES

Under the Israel Companies Law, the Company may decide whether or not to cancel its own repurchased Shares after a buy-back. If the Shares are not cancelled, they will remain as dormant shares for as long as they are held by the Company.

As at the date of this prospectus, no dormant Shares are held by the Company.

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Capitalization Issue and the Global Offering. It does not take into account any Shares which may be issued by the Company pursuant to the Over-allotment Option or which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described below.

RANKING

The Offer Shares are ordinary shares in the share capital of the Company and will rank equally in all respects with all the Shares in issue or to be issued as set out in the above table, and will qualify for all dividends and other distributions declared, made or paid by the Company following the completion of the Global Offering. A1A25(2)

SHARE OPTION SCHEME

We adopted the Share Option Scheme in 2015. As at the Latest Practicable Date, we have not granted any options under the Share Option Scheme. The Share Option Scheme will be terminated on completion of the Global Offering. Please see "Appendix V—Statutory and General Information—D. Other information" of this prospectus for further details. A1A44

GENERAL MANDATES GRANTED TO THE DIRECTORS

Subject to the Global Offering becoming unconditional, general mandates have been granted to the Directors to allot and issue Shares and to repurchase Shares. For details of such general mandates, see "Appendix V—Statutory and General Information—A. Further information about the Company".

Any Shares repurchased by the Company pursuant to the repurchase mandate will be automatically cancelled upon repurchase.

FINANCIAL INFORMATION

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, set out in Appendix I to this prospectus. Our audited consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in "Risk Factors" in this prospectus.

OVERVIEW

CO Sch 3 para 3 LR11.07

A1A28(1)(a) A1A34(1)(a)

We are a leading global provider of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which often feature our innovative and proprietary technologies. We sell our treatment systems in approximately 80 countries and jurisdictions worldwide to our direct sales customer and our distributors.

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our total revenue was US$101.3 million, US$110.4 million, US$118.2 million and US$32.6 million, respectively, and our profit for the year/period (under IFRS) was US$6.7 million, US$8.6 million, US$8.5 million and US$5.1 million, respectively, representing 6.6%, 7.8%, 7.2% and 15.5% of our revenue. Our profit for the year/period (under IFRS) experienced an overall increase during the Track Record Period, primarily driven by an overall increase in revenue from the sales of our products, caused by, among other things, an increase in customer demand. Our net profit margin (equals to our profit for the year/period divided by our revenue for the same period, each, under IFRS) fluctuated during the Track Record Period, primarily due to shifts in our product mix and our one-time listing expense incurred in 2016. Please see "—Period to period comparisons of results of operations" and "—Key financial ratio—Net profit margin" in this prospectus for further details on the reasons of such fluctuations.

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our adjusted net profit, which is not a financial measure defined under IFRS, was US$14.5 million, US$16.6 million, US$20.4 million and US$7.1 million, respectively, representing 14.3%, 15.0%, 17.2% and 21.9% of our revenue for the same periods[(1)]. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our adjusted EBITDA, which is not a financial measure defined under IFRS, was US$22.1 million, US$23.8 million, US$28.0 million and US$9.5 million, respectively, representing 21.8%, 21.5%, 23.7% and 29.0% of our revenue for the same periods.[(2)]

Notes:

(1) The term adjusted net profit is not a financial measure defined under IFRS. Please see "—Non-IFRS measures—Adjusted net profit and adjusted net profit margin" in this prospectus for the definition of this non-IFRS measure and the important limitations of using it as an analytical tool.

(2) The term adjusted EBITDA is not a financial measure defined under IFRS, and adjusted EBITDA is not a measure of profit for the year/period, operating profit or liquidity presented in accordance with IFRS. Please see "—Non-IFRS measures—Adjusted EBITDA and adjusted EBITDA margin" in this prospectus for the definition of this non-IFRS measure and the important limitations of using it as an analytical tool.

FINANCIAL INFORMATION

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

- global economic conditions, the demand for medical aesthetic treatments and competition;
- volume of products sold and product mix;
- sales and distribution networks;
- our ability to control our costs and expenses;
- foreign exchange rate fluctuations; and
- our ability to develop innovative products that meet the demands of treatment providers.

Global Economic Conditions, the Demand for Medical Aesthetic Treatments and Competition

Our business expansion and revenue have been and will continue to be significantly affected by the trend of growth in the demand for medical aesthetic treatments, which is in turn affected by the global economic environment and macroeconomic conditions, particularly in our key markets such as the United States, Europe and the PRC. According to the Medical Insight Report, key growth drivers of the global medical aesthetic treatment market include, among other things, an increase in discretionary income and an increase in consumer desire to achieve or maintain a more youthful appearance. Please see "Industry Overview—Global medical aesthetic treatment market—Key growth drivers of the global medical aesthetic treatment market" in this prospectus for further details regarding the growth drivers of our market.

As medical aesthetic treatments are optional procedures, the demand for such treatments and therefore the demand for our treatment systems are sensitive to changes in the economy and levels of discretionary income. However, as we sell our products in approximately 80 countries and jurisdictions worldwide, we are well-diversified in terms of our risk exposure to an economic downturn in any particular region in which we sell our products. Our sales volume grew during the Track Record Period, in part, due to overall improvement in global macroeconomic conditions.

The global energy-based medical aesthetic treatment system industry experienced growth during the Track Record Period, according to the Medical Insight Report. Our results of operations and financial condition benefited from this industry trend during the Track Record Period and are expected to be significantly affected in the future by growth or contraction in the global energy-based medical aesthetic treatment system industry. According to the Medical Insight Report, the global revenue from the direct sales of energy-based medical aesthetic treatment systems market is expected to grow from approximately US$2.7 billion to US$4.4 billion from 2016 to 2021, representing a CAGR of 10.4%. Given that we are a global market leader in our industry and we have an extensive sales and distributional network worldwide, we believe that we are well-positioned to capture opportunities arising from such growth in the market. Conversely, a slowdown in the demand for medical aesthetic

treatments and treatment systems or a general economic downturn globally or in key geographic markets may materially and adversely affect our results of operations. Furthermore, our ability to continue to compete successfully against our peers in our market may also materially affect our results of operations.

We operate in a competitive market and we may face downward pressure on the selling prices of our products when competition intensifies, particularly as products with new technologies become more commonplace over time. As such, we must continue introducing new products with new technologies to maintain or improve our selling prices. If we cannot maintain or improve our selling prices, our revenue and profitability may be materially and adversely affected.

Volume of Products Sold and Product Mix

Our revenue is driven by changes in the volume of products sold and our product mix. During the Track Record Period, the overall average selling prices of our products for each product line experienced minor fluctuations. Our product lines are priced differently, with our Core product line and minimally invasive products being priced significantly higher than our Beauty products. Thus, our overall average selling price may also be affected by our product mix. Our overall increase in revenue during the Track Record Period was mainly driven by a combination of the increased sales volume of our products, in particular the main consoles of treatment systems, and a shift in product mix towards more expensive products. Sales volumes of main consoles of treatment systems in turn drives the sales of applicators and consumables.

The sales volume of the main consoles of our treatment systems increased by 20.5% from 2,621 units in 2014 to 3,157 units in 2015, which contributed to an increase of revenue from product sales of 11.2% from US$92.1 million to US$102.5 million over the same period. While the overall sales volume of the main consoles of our treatment systems decreased by 5.2% from 3,157 units in 2015 to 2,994 units in 2016, the decrease was primarily due to a decrease in sales volume of our Beauty product line and was partially offset by an increase in sales volume of our minimally invasive product line. Please see "—Results of operations—Year ended December 31, 2016 compared to the year ended December 31, 2015" in this prospectus for further details as to reasons for the change in sales volume of specific product lines. This change in product mix contributed to a 7.2% revenue growth from sale of products from US$102.5 million to US$109.8 million over the same period. Our sales volume may also be affected by (i) the depth of our product lines, (ii) the size of our sales and distribution network and (iii) the demand for energy-based medical aesthetic treatments. The sales volume of the main consoles of our treatment systems increased by 10.1% from 739 units in the three months ended March 31, 2016 to 813 units for the three months ended March 31, 2017, which was generally in line with the increase in revenue over the same period.

Sales and Distribution Networks

We sell and market our products worldwide in approximately 80 countries and jurisdictions. Depending on the specific geographic location, we have two sales models (we use a combination of both in a few geographic markets): (i) we sell products directly to treatment providers; or (ii) we sell our products to our distributors, as well as certain other on-sellers and dealers, who in turn on-sell our products to treatment providers. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, revenue from distributors with which we had entered into written distribution agreements represented 66.1%, 64.4%, 61.1% and 62.0% of our total revenue, respectively. For the same periods, revenue from direct sales customers represented 30.1%, 33.3%, 35.9% and 34.6% of our total revenue, respectively. During the Track Record Period, a small percentage of our revenue for each period was attributable to distributors, on-sellers and other dealers with which we have not entered into written distribution agreements, who purchase products from us on an *ad hoc* basis and on-sell them to treatment providers.

Our sales volume is directly affected by the level of our penetration in various geographic markets globally, which in turn is affected by the size of our sales and distribution networks. In order to grow our direct sales, we must continue to maintain our existing relationships with treatment providers as well as attract new treatment providers to purchase our products. For example, in the United States, one of our most important geographic markets by revenue contribution, we sold products to 165, 197 and 173 new direct sales customers in 2014, 2015 and 2016, respectively. In order to grow our sales to distributors, we must also work with our distributors to expand the availability of our products to treatment providers.

During the Track Record Period, we expanded our sales network by, among other things, establishing a subsidiary in India and continue building up the direct sales capabilities of our German subsidiary to boost our direct sales effort, which led to growth in the number of our direct sales customers. We also engaged additional distributors for specific regions and product lines, such as distributors with expertise in distributing minimally invasive treatment systems.

During the Track Record Period, we experienced an increase in the proportion of our total revenue from direct sales customers. As we sell our products at higher prices to our direct sales customers than to our distributors, an increase in direct sales has a positive effect on our revenue and gross profit margin. However, increasing direct sales also generally increases our selling costs attributable to increased compensation paid to our sales team and other costs associated with operating a direct sales force. As such, in order for an increase in the proportion of our total revenue from direct sales to positively affect our net profit margin, we need to be able to control our selling expenses effectively.

Our Ability to Control our Costs and Expenses

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our cost of sales represented 48.8%, 48.0%, 47.3% and 46.5% of our total revenue, respectively. Our ability to manage our cost of sales is a significant factor affecting our results of operations.

Our cost of sales mainly comprised cost of raw materials, components and subassemblies (including subcontracting costs), costs of providing warranty services and parts and remuneration of our production employees. During the Track Record Period, fluctuations in our cost of sales did not have a material impact on our gross profit margin. We price our products taking into account our costs, and as such, historically, we have generally been able to pass on fluctuations in costs to our customers. Furthermore, we have a number of cost control procedures. For example, our procurement team generally obtains multiple quotations for certain key raw materials to help ensure that we are purchasing at competitive prices. Changes in our cost of materials, cost of labor or any other components of our cost of sales which we are unable to pass on as increased prices to our customers may affect our profitability.

In addition, our selling and distribution expenses and administrative expenses also represented a significant percentage of our total revenue, in aggregate representing 26.4%, 26.9%, 29.1% and 23.8% of our total revenue for the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, respectively. We strive to manage these expenses, such as commissions paid to sales team employees and advertising expenses, by, among other things, establishing and adhering to an annual budget for our marketing expenses. If we fail to manage our operating expenses, our profitability may be materially and adversely affected.

Foreign Exchange Rate Fluctuations

The functional currency of the Group is the U.S. dollar and most of our sales proceeds are denominated in U.S. dollars. However, we also receive revenue globally in a few other currencies, particularly Euros, and incur costs mostly in New Israeli Shekels. Furthermore, the functional currencies of certain overseas subsidiaries are currencies other than the U.S. dollar, including the Euro and the Indian Rupee. As at the end of each period of the Track Record Period, the assets and liabilities of these entities are translated into the U.S. dollar at the exchange rates prevailing at the end of each respective period and their statements of profit or loss are translated into the U.S. dollar at the weighted average exchange rates for the year. As such our results of operations are sensitive to changes in foreign currency exchange rates. Moreover, approximately 27%, 23%, 22% and 20% of our sales for the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, respectively, were denominated in currencies other than the respective functional currencies of our relevant subsidiary making the sales. For further details regarding our foreign currency risks, please see "—Qualitative and quantitative disclosure about market risks—Foreign currency risk" in this prospectus and note 39 to the Accountants' Report included in Appendix I to this prospectus.

Our Ability to Develop Innovative Products that Meet the Demands of Treatment Providers

We believe that our success and ability to remain competitive in our industry will continue to be driven by our ability to continue developing innovative products through our research and development efforts. According to the Medical Insight Report, despite the broad range of treatments available to address diverse types of medical aesthetic conditions, there remain unmet needs of treatment providers and treatment recipients that represent untapped market opportunities. We have a track record of developing products that improve treatment efficacy, ease of use and treatment

recipient comfort using an effective, systematic and user-oriented approach, which we believe drives the sales of our products. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, 91.8%, 93.0%, 93.7% and 93.9%, of our revenue from sales of products was derived from products that we developed in-house.

The launch of new products has continued to help drive our revenue growth, because (i) treatment providers are often interested in the latest available technologies; and (ii) the launch of a new generation of products affords us an opportunity to adjust our product price to reflect increased costs or to factor in pricing premium for our new technologies, as needed. For example, for the year ended December 31, 2016, our revenue in Europe increased compared with the revenue for the year ended December 31, 2015 in part as a result of our launch of the Accent Prime system. While we believe that our new products will continue to drive our growth, we may also fail to develop commercially successful products. Please see "Risk Factors—Risk relating to our business—Our market is characterized by evolving technological standards and changes in treatment provider and treatment recipient requirements, and if we were unable to develop and introduce new products or enhancements to existing products and respond to technological changes, or if our new products or enhancements do not achieve market acceptance, or if technological breakthroughs or revolutionary products that render our products and technologies obsolete were to emerge, our competitive position, business, results of operations, financial condition and prospects may be materially and adversely affected" in this prospectus for further details.

BASIS OF PRESENTATION

The Company is a limited liability company incorporated under the laws of the State of Israel on April 25, 2013. On May 27, 2013, the Company acquired 95.2% equity interest in Alma Lasers, our principal operating subsidiary, which is incorporated in Caesarea, Israel. Please see "History and Corporate Structure—The acquisition of the Group by the Fosun Pharma Group" in this prospectus and also note 2.1 to the Accountants' Report included in Appendix I to this prospectus for further information.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our significant accounting policies involve subjective assumption and estimates, as well as complex judgments by our management relating to accounting items. Our significant accounting policies, including those that entail significant judgments and estimates, are set forth in detail in notes 4 and 5 to the Accountants' Report included in Appendix I to this prospectus.

The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. When reviewing our financial results, you should consider: (i) our selection of significant accounting policies, (ii) the judgment, estimation and other uncertainties affecting the application of such

policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. The determination of these items requires our management' judgments based on information and financial data that may change in future periods, and as a result, actual results could differ from those estimates.

Revenue Recognition

We recognize revenue when it is probable that the economic benefits will flow to us and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that we maintain neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when the relevant services have been rendered and it is probable that economic benefits will flow to us and the relevant fees can be measured reliably; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Impairment of Goodwill

We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at December 31, 2014, 2015 and 2016 and March 31, 2017 was US$108.4 million, US$108.4 million, US$108.4 million and US$108.4 million, respectively.

Impairment is determined by assessing the recoverable amount of the subsidiary (or groups of subsidiaries) to which the goodwill relates. Where the recoverable amount of the subsidiary (or group of subsidiaries) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period. Goodwill acquired through business combination is allocated to Alma Lasers. The recoverable amount of Alma Lasers has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
Gross margin (% of revenue)	53.2%	50.4%	50.4%	50.4%
Long-term growth rate	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rate	20.2%	17.5%	17.5%	17.4%

The long term growth rate is based on the historical data and management's expectation of the future market. The pre-tax discount rate is determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain publicly listed companies conducting business in the energy-based medical aesthetic treatment systems industry. Beta coefficient is a measure of the volatility, or systemic risk, of a security or a portfolio in comparison to the market as a whole. The values assigned to the key assumptions on market developments of the cash-generating unit and discount rate are consistent with external information sources. However, there can be no assurance that such assumptions or values will continue to be applicable or applied, or otherwise achieved in future periods.

The following table sets forth the sensitivity analysis of the impact of variations in each of the key underlying assumptions of goodwill impairment testing described above on the recoverable amount of Alma Lasers as of the dates indicated. We showed potential impact on the recoverable amount as of the end of each year/period by applying a 3% and 5% increase or decrease in gross profit margin, and 1% and 3% increase or decrease in long-term growth rate and pre-tax discount rate. Although none of the hypothetical fluctuation ratios applied in this sensitivity analysis equals actual historical fluctuations, we believe that the application of the hypothetical fluctuations in each of the key assumptions presents a meaningful analysis of the potential impact of the changes in such assumptions on the recoverable amount of Alma Lasers.

	As at December 31,			As at March 31,
Gross margin	**2014**	**2015**	**2016**	**2017**
(decrease)/increase	*(US$ in thousands)*			
(5%)	(54.510)	(56,231)	(59,027)	(57,551)
(3%)	(31,305)	(36,340)	(37,801)	(35,325)
3%	38,312	23,334	25,877	31,351
5%	61,518	43,225	47,103	53,577

	As at December 31,			As at March 31,
Long-term growth rate	**2014**	**2015**	**2016**	**2017**
(decrease)/increase	*(US$ in thousands)*			
(3)%	(18,770)	(19,744)	(20,961)	(22,251)
(1)%	(6,945)	(7,433)	(7,888)	(8,378)
1%	7,804	8,538	9,057	9,625
3%	26,717	30,088	31,897	33,925

	As at December 31,			As at March 31,
Pre-tax discount rate	**2014**	**2015**	**2016**	**2017**
(decrease)/increase	*(US$ in thousands)*			
(3)%	50,349	54,089	57,331	60,481
(1)%	14,664	15,321	16,245	17,125
1%	(13,014)	(13,315)	(14,121)	(14,877)
3%	(35,078)	(35,309)	(37,449)	(39,440)

In addition, as at December 31, 2014, 2015 and 2016 and March 31, 2017, when each of the key assumptions described above remained unchanged, the recoverable amount exceeded the carrying amount by US$27,981,000, US$5,497,000, US$20,328,000 and US$32,593,000, respectively.

Please also see note 15 to the Accountants' Report included in Appendix I to this prospectus.

Impairment of Non-Financial Assets (other than Goodwill)

We assess whether there are any indicators of impairment for all non-financial assets at the end of each period of the Track Record Period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, our management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision Policy for Impairment of Trade Receivables

The provision policy for impairment of trade receivables is based on ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realization of those receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required. Please see note 22 to the Accountants' Report included in Appendix I to this prospectus for further details.

Net Realizable Value of Inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and sale. These estimates are based on the

current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customers' needs or competitors' actions in response to product industry cycle. Our management reassesses these estimates at the end of each period of the Track Record Period.

Useful Lives and Residual Value of Plant and Equipment

We determine the estimated useful lives, residual value and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual value of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Our management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Deferred Tax Assets

Deferred tax assets are recognized for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

DESCRIPTION OF MAJOR COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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Revenue

The following table sets forth our revenue breakdown by main product lines and as a percentage of our total revenue for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ in thousands, except for percentages)									
Sale of Goods:										
Non-invasive medical aesthetic:										
Core	75,975	75.0%	84,719	76.7%	88,249	74.7%	20,315	73.6%	25,309	77.5%
Beauty	7,937	7.8%	10,045	9.1%	7,412	6.3%	2,525	9.1%	1,673	5.1%
Subtotal	83,912	82.8%	94,764	85.8%	95,661	81.0%	22,840	82.7%	26,982	82.6%
Minimally invasive	8,214	8.1%	7,707	7.0%	14,165	12.0%	2,400	8.7%	3,361	10.3%
	92,126	90.9%	102,471	92.8%	109,826	93.0%	25,240	91.4%	30,343	92.9%
Services and Others	9,195	9.1%	7,935	7.2%	8,330	7.0%	2,365	8.6%	2,304	7.1%
Total	**101,321**	**100.0%**	**110,406**	**100.0%**	**118,156**	**100.0%**	**27,605**	**100.0%**	**32,647**	**100.0%**

During the Track Record Period, we generated revenue from the following revenue streams: (i) sale of goods; and (ii) provision of service and others. We categorize the goods that we sell into (i) non-invasive medical aesthetic products and (ii) minimally invasive products. Non-invasive medical aesthetic products are further sub-categorized into (i) our Core product line; and (ii) our Beauty product line. Substantially all of our products are energy-based medical aesthetic treatment systems and ancillary products for use with our treatment systems. We sell our products both directly to treatment providers and to distributors, who on-sell our products to treatment providers.

In general, a treatment system consists of a main console and at least one applicator. As such, for sales of products, we generate revenue by sales of the following products: (i) a main console of a treatment system packaged with at least one applicator (typically a handpiece); and (ii) individual applicators for (a) broadening the indications and procedures that can be performed by treatment systems, or (b) replacing existing applicators that have a limited number of uses, except when such replacement applicators are sold directly to treatment providers, in which case the revenue constitutes our service revenue, as described below.

We also generate revenue from provision of service and other activities, which principally includes (i) the sale of extension of warranty contracts, (ii) servicing fees (inclusive of labor and parts) for product maintenance outside the warranty period, (iii) direct sales of replacement applicators (such as handpieces) to treatment providers (as our direct sales operations have historically deemed such sales as service revenue) and (iv) sale of other spare parts of our products to our distributors (as our accounting methodology assumes that such spare parts are used to service our products).

For the years ended December 31, 2014, 2015 and 2016, our total revenue was US$101.3 million, US$110.4 million and US$118.2 million, respectively. The overall increase was primarily attributable to an overall increase in the sales volume of main consoles and applicators for our non-invasive treatment systems and the growth of our minimally invasive treatment systems product line since its launch in the year ended December 31, 2013, in each case driven by both the expansion of our business and increase in demand for medical aesthetic treatments globally. Please see "Business—Our business model—Operating metrics—Sales volume" in this prospectus for further details.

Non-invasive medical aesthetic products

We further subcategorize our non-invasive medical aesthetic products into the (i) Core product line and (ii) Beauty product line.

Core product line

We have derived a substantial majority of our revenue from our Core product line, which includes our flagship non-invasive medical aesthetic treatment systems such as the Soprano, Harmony and Accent families, as well as our Aesthetic Precision series and a few other families of treatment systems. Revenue from the sale of our Core product line was US$76.0 million, US$84.7 million, US$88.2 million and US$25.3 million for the years ended December 31, 2014, 2015, and 2016 and the three months ended March 31, 2017, respectively, representing 75.0%, 76.7%, 74.7% and 77.5% of our total revenue for the same periods, respectively.

Beauty product line

Our Beauty product line consists of treatment systems that are generally priced lower than our Core product line treatment systems because the Beauty product line caters to aestheticians who generally provide medical aesthetic and beauty treatments that require less complex and powerful treatment systems. During the Track Record Period, the Beauty product line was particularly popular in the PRC, where there was growing demand for medical aesthetic treatments and the local laws and regulations were less restrictive in terms of allowing a broader range of providers to perform certain energy-based medical aesthetic treatments (as compared to countries that permit only physicians or appropriately licensed professionals to perform the same treatments). During the Track Record Period, this product line was also popular in certain European countries such as Poland. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, revenue from the Beauty product line was US$7.9 million, US$10.1 million, US$7.5 million and US$1.7 million, representing 7.8%, 9.1%, 6.3% and 5.1% of our total revenue for the same periods, respectively.

Minimally invasive products

We commenced selling our minimally invasive treatment systems FemiLift in 2013. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, revenue from the sale of our minimally invasive products was US$8.2 million, US$7.7 million, US$14.1 million and US$3.3 million, respectively, representing 8.1%, 7.0%, 12.0% and 10.3% of our total revenue for the same periods, respectively.

Revenue by customer type

The following table sets forth our revenue by customer type for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ in thousands, except for percentages)									
Direct sales customers	30,466	30.1%	36,812	33.3%	42,391	35.9%	9,619	34.8%	11,285	34.6%
Distributors with agreements[(1)]	66,985	66.1%	71,052	64.4%	72,198	61.1%	17,374	62.9%	20,239	62.0%
Other customers[(2)]	3,870	3.8%	2,542	2.3%	3,567	3.0%	612	2.3%	1,123	3.4%
Total	**101,321**	**100.0%**	**110,406**	**100.0%**	**118,156**	**100.0%**	**27,605**	**100.0%**	**32,647**	**100.0%**

Notes:

(1) Distributors with which (a) we had entered into written distribution agreements as at the Latest Practicable Date or (b) we had written distribution agreements during the relevant year of the related sales.

(2) Includes distributors, on-sellers and dealers with which we have not entered into written distribution agreements, who purchase products from us on an *ad hoc* basis and in relatively small quantities and on-sell them to treatment providers.

The overall decrease in revenue attributable to our distributors as a proportion of our total revenue and corresponding increase in the proportion of our total revenue from direct sales customers were mainly attributable to the establishment of our Indian subsidiary (which engages primarily in direct sales) and also a change in the sales model of our German subsidiary from selling mostly to our distributors to selling mostly directly to treatment providers in its corresponding markets. Further, as we sell our products to our direct sales customers at higher prices than when we sell the same products to our distributors, increased direct sales had a positive effect on our revenue.

Revenue by geographic segments

The following table sets forth our revenue by geographic segments for the periods indicated (measured by the location of our direct sales customers and our distributors):

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ in thousands, except for percentages)									
Europe	26,355	26.0%	26,492	24.0%	32,729	27.7%	7,511	27.2%	9,054	27.7%
North America[(1)]	25,192	24.9%	28,383	25.7%	31,001	26.2%	6,475	23.5%	7,366	22.6%
PRC	20,096	19.8%	25,845	23.4%	25,733	21.8%	6,193	22.4%	7,187	22.0%
Asia Pacific (excluding PRC)	13,820	13.6%	14,831	13.4%	13,516	11.4%	3,405	12.3%	3,694	11.3%
Latin America	10,403	10.3%	9,067	8.2%	8,989	7.6%	2,061	7.5%	3,458	10.6%
Middle East and Africa	5,455	5.4%	5,788	5.3%	6,188	5.3%	1,960	7.1%	1,888	5.8%
Total	**101,321**	**100.0%**	**110,406**	**100.0%**	**118,156**	**100.0%**	**27,605**	**100.0%**	**32,647**	**100.0%**

Note:

(1) North America includes the United States and Canada (and excludes Mexico).

During the Track Record Period, North America, Europe and the PRC were our most important geographic segments by revenue contribution, though our sales were distributed broadly across many regions globally. We strive to maintain and expand our geographically diverse sales network, which we believe can allow us to readily capture strong regional demand, as well as help us mitigate adverse effects from regional economic downturns.

Cost of Sales

During the Track Record Period, our cost of sales primarily comprised costs of production materials, and to a lesser extent, remuneration of production employees, cost of rendering of services (including labor and materials), and overhead and other miscellaneous costs relating to production such as royalties paid. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our cost of sales was US$49.5 million, US$53.0 million, US$55.9 million and US$15.2 million, respectively, representing 48.8%, 48.0%, 47.3% and 46.5% of our total revenue for the same periods.

The following table sets a breakdown of our cost of sales by nature for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ in thousands, except for percentages)									
Production materials:[1]										
Non-invasive medical aesthetic:										
Core	26,993	54.6%	30,939	58.3%	30,928	55.3%	7,448	54.9%	8,854	58.3%
Beauty	3,637	7.3%	4,394	8.3%	2,890	5.1%	1,060	7.8%	678	4.6%
Minimally invasive	2,810	5.7%	2,422	4.6%	4,351	7.8%	774	5.7%	1,278	8.4%
Subtotal	33,440	67.6%	37,755	71.2%	38,169	68.2%	9,282	68.4%	10,810	71.3%
Other materials[2]	5,953	12.0%	5,161	9.7%	6,935	12.4%	1,697	12.5%	1,342	8.8%
Labor[3]	5,667	11.5%	6,146	11.6%	7,050	12.6%	1,627	12.0%	1,886	12.4%
Overhead and miscellaneous[4]	4,399	8.9%	3,981	7.5%	3,779	6.8%	965	7.1%	1,136	7.5%
Total	**49,459**	**100.0%**	**53,043**	**100.0%**	**55,933**	**100.0%**	**13,571**	**100.0%**	**15,174**	**100.0%**

Notes:

(1) Includes cost of semi-finished products (i.e., fees to sub-contractors), subassemblies, components and raw materials related to production of treatment systems.

(2) Includes material costs related to revenue derived from services and others.

(3) Includes remuneration for production and service employees.

(4) Includes overhead and miscellaneous expenses (such as royalties paid, cost of warranty, and freight expenses) not allocated to any particular product line. Please see "Business—Legal proceedings and compliance—Claims and litigation—Material historical claims and litigation—Palomar patent claims" in this prospectus for further details regarding the royalties paid.

Our costs of production materials mainly comprise the cost of semi-finished products (i.e., fees to sub-contractors), subassemblies, components and raw materials, such as diodes, laser rods, various laser heads, flash lamps, water systems, power supplies, display screens and various electronic parts.

We do not allocate our production labor costs or our overhead and miscellaneous production expenses among our product lines, as such expenses cannot be discretely allocated across product lines and such allocation is not useful for our managerial purposes. For example, we view labor as a fixed cost that is shared across different product lines, as our employees frequently multi-task and work on different product lines from time to time.

Gross Profit and Gross Profit Margin

Gross profit is the difference between our revenue and cost of sales. Gross profit margin is gross profit divided by total revenue. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our gross profit was US$51.9 million, US$57.4 million, US$62.2 million and US$17.5 million, respectively, and our gross profit margin was 51.2%, 52.0%, 52.7% and 53.5% for the same periods, respectively.

Other Income and Gains

A1A28(7)

Our other income and gains consist of bank interest income and fair value gains from foreign exchange forward contracts not qualifying as hedges. Please see "—Selected items of consolidated statements of financial position—Derivative financial instruments" in this prospectus for further details regarding foreign exchange forward contracts. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our other income and gains were US$0.3 million, US$0.5 million, US$0.7 million and US$1.0 million, respectively, representing 0.3%, 0.4%, 0.6% and 3.0% of our total revenue for the same periods.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) remuneration paid to our sales and marketing employees (which includes salaries and bonuses), (ii) sales commission paid to sales employees and independent sales agents, (iii) advertising and promotional expenses such as tradeshow fees, (iv) travel and entertainment expenses of our sales team and (v) administrative and other expenses of our sales and marketing conferences and holding trade shows, advertising fees and fees for maintaining our websites and social media accounts. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our selling and distribution expenses were US$16.6 million, US$18.6 million, US$21.4 million and US$5.4 million, respectively, representing 16.4%, 16.8%, 18.1% and 16.5% of our total revenue for the same periods.

The following table sets forth a breakdown of our sales and distribution expenses for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ in thousands, except for percentages)									
Remuneration (salaries and bonuses)	7,824	47.0%	8,296	44.6%	9,804	45.9%	2,391	46.9%	2,458	45.7%
Sale commission	3,765	22.6%	4,237	22.8%	4,820	22.5%	971	19.1%	1,264	23.5%
Marketing and promotion	2,400	14.4%	2,678	14.4%	2,911	13.6%	772	15.1%	802	14.9%
Travel and entertainment	1,314	7.9%	1,490	8.0%	1,875	8.8%	417	8.2%	470	8.7%
Others	1,343	8.1%	1,889	10.2%	1,970	9.2%	545	10.7%	385	7.2%
Total	**16,646**	**100.0%**	**18,590**	**100.0%**	**21,380**	**100.0%**	**5,096**	**100.0%**	**5,379**	**100.0%**

Administrative Expenses

Our administrative expenses primarily consist of (i) amortization of other intangible assets, arising from the Alma Acquisition, (ii) remuneration paid to employees not primarily engaged in production, research and development or sales and marketing activities, (iii) professional fees paid and administrative costs, (iv) fees relating to our operation facilities, (v) listing expenses and (vi) other miscellaneous expenses. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our administrative expenses were US$10.2 million, US$11.1 million, US$13.0 million and US$2.4 million, respectively, representing 10.0%, 10.1%, 11.0% and 7.3% of our total revenue for the same periods. The decrease in administrative expenses as a proportion of our revenue in the three months ended March 31, 2017 was primarily because our fixed cost necessary to support business expansion increased at a slower rate than the increase in revenue. The amount of amortization of other intangible assets arising from the Alma Acquisition was US$4.8 million, US$4.9 million, US$4.9 million and US$1.2 million, respectively, for the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017.

Research and Development Expenses

Our research and development expenses primarily consist of remuneration to our research and development team members, cost of materials used in our research development efforts and expenses related to regulatory compliance and registration of patents and trademarks. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our research and development expenses were US$6.9 million, US$7.1 million, US$7.3 million and US$2.4 million, respectively, representing 6.8%, 6.4%, 6.2% and 7.3% of our total revenue for the same periods. In each period during the Track Record Period, all of our research and development expenses were recorded in the period that such expenses were incurred, and we did not capitalize any of our research and development expenses. The slight decline in our research and development expenses as a percentage of our total revenue over the three years ended December 31, 2014, 2015 and 2016 was mainly because our total revenue increased at a faster rate than expenses needed for our research and development activities. We intend to increase our research and development expenditures to maintain what we believe to be an optimal ratio of our research and development expenses to our revenue. Please see "Business—Our strategies" in this prospectus for further details. A1A28(5)

Other Expenses

Our other expenses primarily consist of certain miscellaneous expenses such as exchange rate losses, change in provision for doubtful debts and obsolete inventory. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our other expenses were US$1.8 million, US$2.8 million, US$2.4 million and US$0.3 million, respectively, representing 1.9%, 2.6%, 2.1% and 0.8% of our total revenue for the same periods.

Finance Costs

Our finance costs mainly comprise interest on bank loans and imputed interest on interest-free long-term Capital Notes issued to existing shareholders in consideration for a loan from them. Please see "—Indebtedness—Other long-term liabilities—Interest-free loan from shareholders" in this prospectus for further details. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our finance costs were US$7.3 million, US$7.3 million, US$7.0 million and US$1.7 million, respectively, representing 7.2%, 6.6%, 5.9% and 5.2% of our total revenue for the same periods.

Income Tax Expense

The corporate tax rates applicable to Sisram, which is incorporated in Israel, were 26.5%, 26.5%, 25% and 24% for the years ended December 31, 2014, 2015, and 2016 and the three months ended March 31, 2017, respectively. Each entity in the Group is taxed based on its standalone results as determined by the relevant local tax system.

No income tax has been provided for Sisram itself as there was no assessable profit recorded for each of the period during the Track Record Period. Taxes on taxable income assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Alma Lasers, the main operating subsidiary of the Company, was granted the status of "Preferred Enterprise" under the Law for the Encouragement of Capital Investments, 1959 (as amended in 2011, the "2011 Amendment of the Investment Law") and therefore enjoyed a preferential corporate tax rate of 16% in Israel during the Track Record Period.

The income of Alma Lasers Inc., a subsidiary incorporated in the United States, is taxed based upon the tax law in the United States, the country of its residence. Alma Lasers Inc. had cumulative net operating losses for U.S. federal income tax return purposes at the end of each period of the Track Record Period.

The income of Alma Lasers GmbH, a subsidiary incorporated in Germany, is taxed based on the tax law in Germany, the country of its residence. Its income was taxed at a flat corporate income tax rate of 15% during the Track Record Period and was also subject to additional trade income taxes of 15.65% as applicable.

The income of Alma Lasers AT GmbH, a subsidiary incorporated in Austria, is taxed based on the tax law in Austria, the country of its residence. Its income was taxed at a flat corporate income tax rate of 25% during the Track Record Period and was also subject to additional trade income taxes as applicable.

The income of Alma Medical Private Limited, a subsidiary incorporated in India, is taxed based on the tax law in India, the country of its residence. Its income was taxed at a corporate income tax rate of 30.9% during the Track Record Period (which was not a flat rate but included many deductions/exemptions/rebates as per Income tax Act 1961) and was also subject to withholding taxes as per provisions of the said Income tax act 1961.

Please see note 12 to the Accountants' Report included in Appendix I to this prospectus for further details.

Profit for the Year/Period

As a result of the foregoing, for the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our profit for the year/period was US$6.7 million, US$8.6 million, US$8.5 million and US$5.1 million, respectively, and our net profit margin was 6.6%, 7.8%, 7.2% and 15.5% of our total revenue for the same periods.

The Company's Profit for the Year/Period Compared to That of Alma Lasers

During the Track Record Period, the Company's profit for the year/period was substantially lower compared to that of Alma Lasers, the Company's main operating subsidiary that it acquired in 2013. This was mainly due to finance and other costs and expenses arising from the Alma Acquisition in 2013. Such expenses have continued and are expected to continue to affect the Company's profits. Examples of such expenses include interest expense arising from the interest-bearing bank borrowings (borrowed for the purposes of financing the Alma Acquisition), imputed interest on the interest-free long-term Capital Notes in relation to the interest-free loan from shareholders (also borrowed for the purposes of financing the Alma Acquisition) and amortization of other intangible assets (arising from the Alma Acquisition). In addition, the Company had additional standalone costs, such as listing expenses incurred in relation to this Listing. Primarily as a result of the foregoing, for the year ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, while the profit for the year/period of Alma Lasers was US$18.6 million, US$19.3 million, US$18.8 million and US$7.6 million, respectively, the profit for the year/period of Sisram was US$6.7 million, US$8.6 million, US$8.5 million and US$5.1 million, respectively, for the same periods.

RESULTS OF OPERATIONS

A1A34(1)(b)

The following table sets forth our consolidated statement of profit or loss for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ in thousands, except for percentages)									
	Amount	*% of revenue*	*Amount*	*% of revenue*	*Amount*	*% of revenue*	*Amount*	*% of revenue*	*Amount*	*% of revenue*
REVENUE	101,321	100.0%	110,406	100.0%	118,156	100.0%	27,605	100.0%	32,647	100.0%
Cost of sales	(49,459)	48.8%	(53,043)	48.0%	(55,933)	47.3%	(13,571)	49.2%	(15,174)	46.5%
Gross profit	51,862	51.2%	57,363	52.0%	62,223	52.7%	14,034	50.8%	17,473	53.5%
Other income and gains	281	0.3%	450	0.4%	719	0.6%	365	1.3%	971	3.0%
Selling and distribution expenses	(16,646)	16.4%	(18,590)	16.8%	(21,380)	18.1%	(5,096)	18.5%	(5,379)	16.5%
Administrative expenses	(10,166)	10.0%	(11,121)	10.1%	(12,989)	11.0%	(2,331)	8.4%	(2,370)	7.3%
Research and development expenses	(6,869)	6.8%	(7,069)	6.4%	(7,307)	6.2%	(1,848)	6.7%	(2,387)	7.3%
Other expenses	(1,803)	1.9%	(2,798)	2.6%	(2,438)	2.1%	(365)	1.3%	(259)	0.8%
Finance costs	(7,336)	7.2%	(7,308)	6.6%	(6,968)	5.9%	(1,775)	6.4%	(1,711)	5.2%
PROFIT BEFORE TAX	9,323	9.2%	10,927	9.9%	11,860	10.0%	2,984	10.8%	6,338	19.4%
Income tax expense	(2,618)	2.6%	(2,334)	2.1%	(3,359)	2.8%	(752)	2.7%	(1,288)	3.9%
PROFIT FOR THE YEAR/PERIOD	**6,705**	**6.6%**	**8,593**	**7.8%**	**8,501**	**7.2%**	**2,232**	**8.1%**	**5,050**	**15.5%**
Attributable to: Owners of the parent[(1)]	5,943	5.8%	7,814	7.1%	8,055	6.8%	2,046	7.4%	5,050	15.5%
Attributable to: Non-controlling interests[(1)]	762	0.8%	779	0.7%	446	0.4%	186	0.7%	—	—

Note:

(1) Upon completion of the Company Buy-out in June 2016, Alma Lasers became a wholly-owned subsidiary of the Company. Please see "History and Corporate Structure—The Reorganization—(a) Company Buy-out" in this prospectus for further details.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2017 compared to Three Months Ended March 31, 2016

Revenue

Our revenue increased by 18.3% from US$27.6 million for the three months ended March 31, 2016 to US$32.6 million for the three months ended March 31, 2017, primarily attributable to growth in our revenue from sales of our Core product line and minimally invasive product line, partially offset by a decrease in our revenue from sales of our Beauty product line.

Our revenue from our non-invasive medical aesthetic product line increased by 18.1% from US$22.8 million for the three months ended March 31, 2016 to US$27.0 million for the three months ended March 31, 2017, primarily attributable to an increase in sales volume of our Core product line, partially offset by a decrease in sales volume of our Beauty product line. From the three months ended March 31, 2016 to the three months ended March 31, 2017, the sales volume of our Core product line increased mainly due to an overall increased customer demand including in Europe, North America, the PRC and Latin America, while the sales volume of our Beauty product line decreased over the same period. Such decrease was primarily due to our efforts in phasing out some of the older Beauty products while we were still in the process of introducing replacement models of the Beauty product line to our customers, such as Reform and Rejuve.

Our revenue from our minimally invasive product line increased by 40.0% from US$2.4 million for the three months ended March 31, 2016 to US$3.3 million for the three months ended March 31, 2017. The increase was mainly attributable to increased sales volume of FemiLift in the PRC and Europe and also increased sales volume of LipoLife.

Our revenue from performing services and other activities remained stable and was US$2.4 million and US$2.3 million for the three months ended March 31, 2016 and 2017, respectively.

Geographic segments

Our North America segment revenue increased by 13.8% from US$6.5 million for the three months ended March 31, 2016 to US$7.4 million for the three months ended March 31, 2017, primarily attributable to the sales of our Accent Prime treatment systems (both main consoles and applicators) driven by an ultrasound handpiece recently cleared by the FDA and also the strengthening of the Canadian dollar as compared to the U.S. dollar (which increased the revenue from our Canadian sales as our functional currency is the U.S. dollar).

Our Europe segment revenue increased by 20.5% from US$7.5 million for the three months ended March 31, 2016 to US$9.1 million for the three months ended March 31, 2017, primarily attributable to increased sales in various countries such as Poland, Italy, Netherlands and the United Kingdom.

Our PRC segment revenue increased by 16.1% from US$6.2 million for the three months ended March 31, 2016 to US$7.2 million for the three months ended March 31, 2017, primarily attributable to increased sales volume of our FemiLift system due to increased market acceptance, and also increased sales volume of our Soprano line of treatment systems.

Our Asia Pacific (excluding PRC) segment revenue increased by 8.5% from US$3.4 million for the three months ended March 31, 2016 to US$3.7 million for the three months ended March 31, 2017, primarily attributable to improved sales performance of our Indian subsidiary.

Our Latin America segment revenue increased by 67.8% from US$2.1 million for the three months ended March 31, 2016 to US$3.5 million for the three months ended March 31, 2017. The increase was mainly attributable to increased revenue from Argentina and Brazil. We believe our distributors in these countries performed better in the first quarter of 2017 because they were operating in relatively more difficult economic conditions in the first quarter of 2016.

Our Middle East and Africa segment revenue remained relatively stable and was US$2.0 million for the three months ended March 31, 2016 and US$1.9 million for the three months ended March 31, 2017.

Cost of sales

Our cost of sales increased by 11.8% from US$13.6 million for the three months ended March 31, 2016 to US$15.2 million for the three months ended March 31, 2017, primarily due to increased costs associated with increased volume of products sold. Our cost of sales increased at a slower rate as compared to our revenue for the reasons discussed in the paragraph below.

Gross profit and gross profit margin

Our gross profit increased by 24.5% from US$14.0 million for the three months ended March 31, 2016 to US$17.5 million for the three months ended March 31, 2017, primarily attributable to an increase in revenue for the same period. Our gross profit margin increased from 50.8% to 53.5% for the same period. The slight increase in gross profit margin was mainly attributable to a slight shift in product mix towards products with higher gross profit margins, such as our Accent treatment systems in the United States and our minimally invasive product line, and away from products with lower gross margins, such as certain products of our Beauty product line.

Other income and gains

Our other income and gains increased by 166.0% from US$0.4 million for the three months ended March 31, 2016 to US$1.0 million for the three months ended March 31, 2017, primarily due to foreign exchange forward contracts we entered into as the Israeli Shekel strengthened against the U.S. dollar in 2017.

Selling and distribution expenses

Our selling and distribution expenses increased by 5.6% from US$5.1 million for the three months ended March 31, 2016 to US$5.4 million for the three months ended March 31, 2017, primarily attributable to increased selling costs such as commissions and bonuses associated with increased sales.

Administrative expenses

Our administrative expenses increased by 1.7% from US$2.3 million for the three months ended March 31, 2016 to US$2.4 million for the three months ended March 31, 2017, primarily attributable to our expanding operations.

Research and development expenses

Our research and development expenses increased by 29.2% from US$1.8 million for the three months ended March 31, 2016 to US$2.4 million for the three months ended March 31, 2017, primarily attributable to increased headcount of our research and development team, leading to increased salaries.

Other expenses

Our other expenses decreased by 29.0% from US$0.4 million for the three months ended March 31, 2016 to US$0.3 million for the three months ended March 31, 2017, primarily attributable to a decrease in inventory provision for slow-moving and obsolete inventories.

Finance costs

Our finance costs decreased by 3.6% from US$1.8 million for the three months ended March 31, 2016 to US$1.7 million for the three months ended March 31, 2017, primarily attributable to a lower outstanding amount of debt as we have been repaying our loans according to the repayment schedule.

Profit before tax

As a result of the foregoing, our profit before tax increased by 112.4% from US$3.0 million for the three months ended March 31, 2016 to US$6.3 million for the three months ended March 31, 2017.

Income tax expense

Our income tax expense increased by 71.3% from US$0.8 million for the three months ended March 31, 2016 to US$1.3 million for the three months ended March 31, 2017, primarily attributable to an increase in our profit before tax.

Profit for the period

As a result of the foregoing, our profit for the period increased by 126.3% from US$2.2 million for the three months ended March 31, 2016 to US$5.1 million for the three months ended March 31, 2017.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Revenue

Our revenue increased by 7.0% from US$110.4 million for the year ended December 31, 2015 to US$118.2 million for the year ended December 31, 2016, primarily attributable to the growth in our revenue from sales of our minimally invasive product line, partially offset by a decrease in our revenue from sales of our Beauty product line.

Our revenue from our non-invasive medical aesthetic product line remained stable and was US$94.8 million and US$95.7 million for the years ended December 31, 2015 and 2016, respectively. From the year ended December 31, 2015 to the year ended December 31, 2016, the sales volume of our Core product line also remained stable. The decrease in sales volume of our Beauty product line was primarily due to decreased sales volume in the PRC. Furthermore, in 2016, we were in the process of phasing out some of our older Beauty product line products, such as SPA RF, and introducing replacement models, such as Reform and Rejuve.

Our revenue from our minimally invasive product line increased by 83.8% from US$7.7 million for the year ended December 31, 2015 to US$14.1 million for the year ended December 31, 2016, primarily attributable to increased sales volume of the FemiLift treatment systems and the related consumables, particularly in the United States. The significant increase was also due to a relatively slower performance in 2015 subsequent to the post-initial launch sales spike of the FemiLift in 2014. Please see also "—Period to period comparison of results of operations—Year ended December 31, 2015 compared to Year ended December 31, 2014—Revenue" in this prospectus.

Our revenue from performing services and other activities remained relatively stable and was US$7.9 million and US$8.4 million for the years ended December 31, 2015 and 2016, respectively.

Geographic segments

Our North America segment revenue increased by 9.2% from US$28.4 million for the year ended December 31, 2015 to US$31.0 million for the year ended December 31, 2016, primarily attributable to increased sales volumes in both United States and Canada. In the United States, the increase was mainly attributable to an increase in sales volumes of the FemiLift treatment systems and the related consumables as we believe that the related treatment procedures have gained popularity among treatment recipients as a result of increased market awareness. In Canada, the increase in sales was driven by the increased sales experience of our full-time independent sales agents in Canada, of whom three (out of four) were first engaged by us in 2015.

Our Europe segment revenue increased by 23.5% from US$26.5 million for the year ended December 31, 2015 to US$32.7 million, for the year ended December 31, 2016, primarily attributable to increased sales volume in countries such as Germany, the Netherlands, Poland, Russia and Turkey, as well as an overall increased demand for our products across Europe.

Our PRC segment revenue decreased by 0.4% from US$25.8 million for the year ended December 31, 2015 to US$25.7 million for the year ended December 31, 2016, primarily attributable to a decrease in sales volume of our Beauty product line, partially offset by an increase in sales volume of our Core product line and minimally invasive product line. The decrease in sales volume of our Beauty product line in the PRC was mainly due to lower level of orders for our products tailored for medical aethetic spas in 2016 compared to the level made in 2015. The increase in sales volume of our Core product line in the PRC was partially due to strong sales performance of the Accent Ultra V. The increase in sales volume of our minimally invasive product line in the PRC was mainly due to, as informed by our PRC Distributor, increased product awareness in the PRC as a result of its physician education efforts.

Our Asia Pacific (excluding PRC) segment revenue decreased by 8.9% from US$14.8 million for the year ended December 31, 2015 to US$13.5 million for the year ended December 31, 2016, primarily attributable to regulatory hurdles we have been experiencing in Korea since 2015 in relation to obtaining certain necessary regulatory approvals, partially offset by improved sales performance in Japan.

Our Latin America segment revenue decreased by 0.9% from US$9.1 million for the year ended December 31, 2015 to US$9.0 million for the year ended December 31, 2016. Compared to a decrease of 12.8% from 2014 to 2015, we believed that the overall economic condition in various countries in this region began recovering from the slow down in 2015, which led to relatively consistent demand from the region overall. Please see "Risk Factors—Risks relating to our business—Global economic conditions have adversely affected, and may continue to materially and adversely affect our business, results of operations, financial condition and prospects" in this prospectus for further details.

Our Middle East and Africa segment revenue increased by 6.9% from US$5.8 million for the year ended December 31, 2015 to US$6.2 million for the year ended December 31, 2016, primarily attributable to increased demand in the region.

Cost of sales

Our cost of sales increased by 5.4% from US$53.0 million for the year ended December 31, 2015 to US$55.9 million for the year ended December 31, 2016, generally in line with the increase in revenue.

Gross profit and gross profit margin

Our gross profit increased by 8.5% from US$57.4 million for the year ended December 31, 2015 to US$62.2 million for the year ended December 31, 2016, primarily attributable to increase in revenue. Our gross profit margin increased slightly from 52.0% in 2015 to 52.7% in 2016. The slight increase in gross margin was mainly attributable to increased sales to our direct sales customers (in which case we generally enjoy better gross profit margins due to higher selling prices at the same cost of sales), a shift in product mix towards certain products with better margins such as FemiLift and the cessation of royalty payment in 2016 related to the settlement of a patent lawsuit. Please see "Business—Legal proceedings and compliance—Claims and litigation—Material historical claims and litigation" in this prospectus for further details.

Other income and gains

Our other income and gains increased by 59.8% from US$0.5 million for the year ended December 31, 2015 to US$0.7 million for the year ended December 31, 2016. Our other income and gains for the year ended December 31, 2016 were primarily derived from fair value gains from foreign exchange forward contracts not qualifying as hedges in the year ended December 31, 2016.

Selling and distribution expenses

Our selling and distribution expenses increased by 15.0% from US$18.6 million for the year ended December 31, 2015 to US$21.4 million for the year ended December 31, 2016, primarily attributable to an increase in our overall sales force headcount.

Administrative expenses

Our administrative expenses increased by 16.8% from US$11.1 million for the year ended December 31, 2015 to US$13.0 million for the year ended December 31, 2016, primarily attributable to listing expenses of US$3.6 million that we incurred in 2016.

Research and development expenses

Our research and development expenses increased by 3.4% from US$7.1 million for the year ended December 31, 2015 to US$7.3 million for the year ended December 31, 2016, primarily attributable to slightly increased materials costs and labor costs relating to our research and development activities, which were generally in line with the Company's expectation.

Other expenses

Our other expenses decreased by 12.9% from US$2.8 million for the year ended December 31, 2015 to US$2.4 million for the year ended December 31, 2016, primarily attributable to decreased provision for inventory and less provision for slow-moving and obsolete inventories in 2016 as compared to 2015.

Finance costs

Our finance costs decreased by 4.7% from US$7.3 million for the year ended December 31, 2015 to US$7.0 million for the year ended December 31, 2016, primarily attributable to lower outstanding principal amount of debt as we repaid our loans as they became due.

Profit before tax

As a result of the foregoing, our profit before tax increased by 8.5% from US$10.9 million for the year ended December 31, 2015 to US$11.9 million for the year ended December 31, 2016.

Income tax expense

Our income tax expense increased by 43.9% from US$2.3 million for the year ended December 31, 2015 to US$3.4 million for the year ended December 31, 2016, primarily attributable to the increase in our effective tax rate from 21.4% for the year ended December 31, 2015 to 28.3% for the year ended December 31, 2016, primarily because our listing expenses incurred in 2016 were not tax deductible.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 1.1% from US$8.6 million for the year ended December 31, 2015 to US$8.5 million for the year ended December 31, 2016.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenue

Our revenue increased by 9.0% from US$101.3 million for the year ended December 31, 2014 to US$$110.4 million for the year ended December 31, 2015, primarily attributable to the growth in our revenue from sales of our non-invasive medical aesthetic products, partially offset by a decrease in our revenue from provision of services and others and a minor decrease in our revenue from minimally invasive products.

Our revenue from the sale of our non-invasive medical aesthetic products increased by 12.9% from US$83.9 million for the year ended December 31, 2014 to US$94.8 million for the year ended December 31, 2015, primarily attributable to an increase in sales volumes of our Core product line and our Beauty product line. The increase in sales volume of our Core product line was attributable to increased demand for our Soprano, Harmony, Accent family treatment systems, and in particular the new models and applicators that were launched in 2014 and 2015 including Harmony XL Pro. The increase in sales volume of our Beauty product line systems was primarily attributable to increased demand in the PRC market and our increased sales efforts in various geographic markets focusing specifically on the Beauty product line.

Our revenue from our minimally invasive product line decreased by 6.2% from US$8.2 million for the year ended December 31, 2014 to US$7.7 million for the year ended December 31, 2015,

primarily attributable to a decline in the volume of FemiLift systems and related consumables sold subsequent to its initial introduction in 2013. In 2015, we experienced a slow down in sales volume of FemiLift, except in the United States, as the initial spike in interest associated with the product launch decreased and as we focused more on the longer-term development of the relevant sales and distribution channels and locating additional potential customers (both distributors and treatment providers) for our minimally invasive product line. From time to time, we observe such sales patterns in relation to launch of new products. Revenue from our minimally invasive product line improved in 2016. Please see "—Period to period comparison of results of operations—Year ended December 31, 2016 compared to Year ended December 31, 2015" in this prospectus.

Our revenue from providing services and other activities decreased by 13.7% from US$9.2 million for the year ended December 31, 2014 to US$7.9 million for the year ended December 31, 2015.

Geographic segments

Our North America segment revenue increased by 12.7% from US$25.2 million for the year ended December 31, 2014 to US$28.4 million for the year ended December 31, 2015, primarily attributable to growth in sales volume of our products in North America, particularly minimally invasive treatment systems and our Beauty product line, primarily driven by the growing reputation of such products and our expanded marketing efforts in North America, as well as what we believe to be a gain in popularity of the related treatment procedures among treatment recipients.

Our Europe segment revenue increased slightly by 0.5% from US$26.4 million for the year ended December 31, 2014 to US$26.5 million for the year ended December 31, 2015, primarily attributable to an overall increase in sales volumes of our products in Europe, partially offset by the appreciation of the U.S. dollar, our functional currency, against the Euro, the currency in which we receive payments from many of our customers in Europe.

Our PRC segment revenue increased by 28.6% from US$20.1 million for the year ended December 31, 2014 to US$25.8 million for the year ended December 31, 2015, primarily attributable to an increase in sales volume of our Beauty product line, which, in turn, was mainly due to higher level of orders for our products tailored for medical aesthetic spas.

Our Asia Pacific (excluding PRC) segment revenue increased by 7.3% from US$13.8 million for the year ended December 31, 2014 to US$14.8 million for the year ended December 31, 2015. Our sales performance in certain countries, such as India, Indonesia and Japan, improved in 2015 compared to 2014. On the other hand, we experienced regulatory hurdles in Korea in 2015 in relation to obtaining certain necessary regulatory approvals, resulting in a decline in sales in such market.

Our Latin America segment revenue decreased by 12.8% from US$10.4 million for the year ended December 31, 2014 to US$9.1 million for the year ended December 31, 2015 primarily attributable to decreased sales in Brazil and Mexico due to slowdowns in the relevant local economies.

Our Middle East and Africa segment revenue increased by 6.1% from US$5.5 million for the year ended December 31, 2014 to US$5.8 million for the year ended December 31, 2015, primarily attributable to increased demand in the Israel market, partially offset by a decrease in demand in the South Africa market.

Cost of sales

Our cost of sales increased by 7.2% from US$49.5 million for the year ended December 31, 2014 to US$53.0 million for the year ended December 31, 2015, primarily attributable to increased cost of production, which was generally in line with our increase in sales of treatment systems during the same period. This was partially offset by the cessation of payments of a portion of the royalties in 2015 related to the settlement of a patent lawsuit. Please see "Business—Legal proceedings and compliance—Claims and litigation—Material historical claims and litigation" in this prospectus for further details.

Gross profit and gross profit margin

Our gross profit increased by 10.6% from US$51.9 million for the year ended December 31, 2014 to US$57.4 million for the year ended December 31, 2015, mainly attributable to our increase in revenue.

Our gross margin improved slightly from 51.2% for the year ended December 31, 2014 to 52.0% for the year ended December 31, 2015. The slight increase in gross margin was mainly attributable to increased sales to our direct sales customers (in which case we generally enjoy better gross profit margins due to the higher selling price at the same cost of sales), cessation of certain royalty payments described above, implementation of some of our cost reduction programs and an overall shift of product mix towards products with higher gross margins.

Other income and gains

Our other income and gains increased by 60.1% from US$0.3 million for the year ended December 31, 2014 to US$0.5 million for the year ended December 31, 2015, primarily attributable to fair value gains from foreign exchange forward contracts not qualifying as hedges in the year ended December 31, 2015.

Selling and distribution expenses

Our selling and distribution expenses increased by 11.7% from US$16.6 million for the year ended December 31, 2014 to US$18.6 million for the year ended December 31, 2015, primarily attributable to increased remuneration paid to our sales and marketing team members, increased commissions and bonuses paid to our sales team members and travel costs of sales team correlated with increased sales during the year ended December 31, 2015. In December 2014, we also established our sales operations in India, and significantly increased our direct sales operations from our German office, which increased our selling and distribution expenses.

Administrative expenses

Our administrative expenses increased by 9.4% from US$10.2 million for the year ended December 31, 2014 to US$11.1 million for the year ended December 31, 2015, primarily attributable to legal expenses relating to a law suit settled in 2015, partially offset by a decrease in expenses relating to Sisram's acquisition of Alma Lasers, which we incurred mostly in 2014. Please see "Business—Legal proceedings and compliance—Claims and litigation—Material historical claims and litigation—Telephone Consumer Protection Act (the "**TCPA**") suit from Physicians Healthsource, Inc." in this prospectus for further details regarding the lawsuit settled in 2015.

Research and development expenses

Our research and development expenses increased by 2.9% from US$6.9 million for the year ended December 31, 2014 to US$7.1 million for the year ended December 31, 2015, primarily attributable to increased research and development activities leading to increased costs relating to purchasing more raw materials for research and development purposes and producing prototypes.

Other expenses

Our other expenses increased by 55.2% from US$1.8 million for the year ended December 31, 2014 to US$2.8 million for the year ended December 31, 2015, primarily attributable to provision made for certain slow-moving and obsolete inventories in the United States.

Finance costs

Our finance costs remained stable at US$7.3 million for the years ended December 31, 2014 and 2015, primarily attributable to a decrease in interest on bank loans due to a decrease in our bank borrowings, partially offset by an increase in imputed interest on the Capital Notes.

Profit before tax

As a result of the foregoing, our profit before tax increased by 17.2% from US$9.3 million for the year ended December 31, 2014 to US$10.9 million for the year ended December 31, 2015.

Income tax expense

Our income tax expense decreased by 10.8% from US$2.6 million for the year ended December 31, 2014 to US$2.3 million for the year ended December 31, 2015, primarily attributable to a decrease in our effective tax rate from 28.1% for the year ended December 31, 2014 to 21.4% for the year ended December 31, 2015, primarily due to an increase in profit subject to preferential tax rates, partially offset by expenses not deductible for tax purposes.

Profit for the year

As a result of the foregoing, our profit for the year increased by 28.2% from US$6.7 million for the year ended December 31, 2014 to US$8.6 million for the year ended December 31, 2015.

NON-IFRS MEASURES

The measures of financial performances described in this section are non-IFRS measures and accordingly are not audited, not included in the financial statements and not presented in accordance with IFRS. Although these measures of financial performance are reconcilable to line items on the financial statements, they may not be equivalent to similarly named measures used by other companies and should not be considered as measures comparable to income statement items in the financial statements. They have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, an analysis of our financial results, performance or liquidity presented under IFRS, such as our gross profit, profit before tax, profit for the year, cash flows from operating, investing and financing activities and others.

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted EBITDA, adjusted EBITDA margin, adjusted net profit and adjusted net profit margin as additional financial measures. We present these financial measures because we use them internally to establish forecasts, budgets and operational goals to manage and monitor our business. Our management also uses these measures to evaluate our financial performance and identify underlying trends in our business that could otherwise be distorted by eliminating the impact of items that we do not consider indicative of the performance of our business and/or which we do not expect to be outstanding subsequent to the Listing. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing our financial results across accounting periods and to those of our peer companies.

Adjusted EBITDA and Adjusted EBITDA Margin

We believe that EBITDA, meaning earnings before interest, taxes, depreciation and amortization, is a commonly used non-IFRS indicator of a company's financial performance.

We calculate adjusted EBITDA by taking our profit for the year/period (under IFRS) and adding back finance costs, income tax expenses, depreciation, amortization and certain one-time expenses related to the listing of our Shares (which are considered to be one-off in nature). Adjusted EBITDA calculation eliminates profit or loss impact of certain one-off expenditures that do not reflect the normal operation and financial performance of our business from our profit for the year/period. Accordingly, our management considers adjusted EBITDA to be an important financial and operating metric as it allows investors to evaluate our underlying business and financial performance as compared to other companies in our industry. We also believe that our adjusted EBITDA may be useful as a measure of our ability to incur and service debt, make capital expenditures and meet working capital requirements.

However, the use of adjusted EBITDA has certain limitations because this measurement does not reflect all items of income and expenses that affect our operations and such items are significant to understanding and assessing our operating and financial performance. The term adjusted EBITDA is not a financial measure defined under IFRS, and adjusted EBITDA is not a measure of profit for the year, operating profit or liquidity presented in accordance with IFRS. We define and derive our adjusted EBITDA margin by dividing adjusted EBITDA by our revenue.

The following table reconciles our profit for the year to our definition of adjusted EBITDA for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
				(Unaudited)	
			(US$ in thousands)		
Profit for the year/period	6,705	8,593	8,501	2,232	5,050
Adjusted for:					
Income tax expenses	2,618	2,334	3,359	752	1,288
Finance costs	7,336	7,308	6,968	1,775	1,711
Depreciation and amortization	5,418	5,526	5,605	1,400	1,413
Listing expenses	—	—	3,559	—	—
Adjusted EBITDA	**22,077**	**23,761**	**27,992**	**6,159**	**9,462**
Adjusted EBITDA margin	21.8%	21.5%	23.7%	22.3%	29.0%

Adjusted Net Profit and Adjusted Net Profit Margin

We calculate our adjusted net profit by taking our profit for the year/period (under IFRS) and adding back (a) amortization of other intangible assets resulting entirely from the Alma Acquisition (non-cash in nature), (b) imputed interest expenses arising from the Capital Notes, which will no longer be outstanding subsequent to the Listing, because the Capital Notes will be capitalized upon the Listing (non-cash in nature), (c) expenses incurred in relation to the Listing (one-off in nature), (d) finance costs arising from the Buy-out Loan, which will be repaid upon the completion of the Global Offering and no longer be outstanding (non-cash in nature), and (e) deferred tax liability arising from other intangible assets (non-cash in nature), which primarily relates to the Alma Acquisition. We calculate our adjusted net profit margin by dividing adjusted net profit by our revenue.

We present this financial measure in this prospectus because it is used by our management to evaluate our financial performance by excluding the impact of items that we do not consider indicative of our ordinary operating performance or which we do not expect to be outstanding subsequent to the Listing. In particular, we excluded certain expenses arising from the Company's acquisition of Alma Lasers, the Company's main operating subsidiary. For further information about the acquisition, please see "History and Corporate Structure—The acquisition of the Group by the Fosun Pharma Group" in this prospectus.

The term adjusted net profit is not a financial measure defined under IFRS. The use of adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact our net profit for the relevant year. Items excluded from adjusted net profit are significant components in understanding and assessing our operating and financial performance. In light of the foregoing limitations for this non-IFRS measure, when assessing our operating and financial performance, you should not consider our adjusted net profit in isolation or as a substitute for our gross profit, profit before tax, profit for the year or any other operating performance measure that is calculated in

accordance with IFRS. In addition, because this non-IFRS measure may not be calculated in the same manner by all companies, it may not be comparable to other similar titled measures used by other companies. The following table reconciles our adjusted net profit for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit for the year:

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
				(Unaudited)	
			(US$ in thousands)		
Profit for the year/period	6,705	8,593	8,501	2,232	5,050
Adjusted for:					
Amortization of other intangible assets arising from the Alma Acquisition	4,828	4,882	4,885	1,225	1,192
Shareholder Capital Notes imputed interest expenses	3,922	4,040	4,176	1,027	1,046
Listing expenses	—	—	3,559	—	—
Interest expense from a related party loan — Fosun Industrial	—	—	155	—	84
Deduct: deferred tax arising from other intangible assets	(923)	(923)	(923)	(231)	(231)
Adjusted net profit [(1)]	**14,532**	**16,592**	**20,353**	**4,253**	**7,141**
Adjusted net profit margin	14.3%	15.0%	17.2%	15.4%	21.9%

Note:

(1) Includes adjusted net profit attributable to non-controlling interests. Upon completion of the Company Buy-out in June 2016, Alma Lasers became a wholly-owned subsidiary of the Company. Please see "History and Corporate Structure—The reorganization—(a) Company Buy-out" in this prospectus for further details.

LIQUIDITY AND CAPITAL RESOURCES

A1A32(5)(a), (b)

Financial Resources

We have financed our operations and capital expenditure needs primarily through cash generated from our operating activities. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash flow generated from our operating activities, funds raised from the capital markets from time to time as needed and the proceeds from this Global Offering. For details of our future plans regarding our use of proceeds from this Global Offering, please see "Future Plans and Use of Proceeds" in this prospectus.

Cash Flows Analysis

The following table sets forth our cash flows for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
				(Unaudited)	
			(US$ in thousands)		
Net cash flows from operating activities	22,807	15,847	16,013	278	4,468
Net cash flows used in investing activities	(8,503)	(2,009)	(4,182)	(1,044)	(1,480)
Net cash flows from/ (used in) financing activities	(16,413)	(12,333)	(13,052)	48	425
Net (decrease)/increase in cash and cash equivalents	(2,109)	1,505	(1,221)	(718)	3,413
Cash and cash equivalents at beginning of the period	18,550	17,747	19,256	19,256	18,105
Effect of foreign exchange rate changes, net	1,306	4	70	(140)	78
Cash and cash equivalents at end of the period	17,747	19,256	18,105	18,398	21,596

Net cash flows from operating activities

For the three months ended March 31, 2017, our net cash flows from operating activities were US$4.5 million, which was primarily attributable to (i) improvement of our profit before tax of US$6.3 million, (ii) an increase in trade payables of US$4.5 million mainly due to our increased payables to suppliers as a result of increased production, (iii) an adjustment for finance costs of US$1.7 million and (iv) an adjustment for amortization of other intangible assets of US$1.2 million, partially offset by (i) an increase in inventories of US$2.8 million as a result of increased production, and (ii) an increase in trade receivables of US$2.2 million as a result of increased sales.

For the year ended December 31, 2016, our net cash flows from operating activities were US$16.0 million, which was primarily attributable to (i) our profit before tax of US$11.9 million, (ii) an adjustment for finance cost of US$7.0 million, (iii) an adjustment for amortization of other

intangible assets of US$4.9 million, and (iv) an increase in other payables and accruals of US$3.4 million primarily attributable to increased accrued payroll, partially offset by (i) an increase in trade receivables of US$6.2 million as a result of strong fourth quarter sales in 2016 as compared to that of 2015, and (ii) income tax paid of US$4.5 million.

For the year ended December 31, 2015, our net cash flows from operating activities were US$15.8 million, which was primarily attributable to (i) our profit before tax of US$10.9 million, (ii) an adjustment for finance costs of US$7.3 million, and (iii) an adjustment for amortization of other intangible assets of US$4.9 million, partially offset by (i) an increase in inventories of US$4.4 million mainly due to our increased production needs and increased volume of finished goods as our business expanded, and (ii) income tax paid of US$3.7 million.

For the year ended December 31, 2014, our net cash flows from operating activities were US$22.8 million, which was primarily attributable to (i) our profit before tax of US$9.3 million, (ii) an adjustment for finance costs of US$7.3 million, (iii) an adjustment for amortization of other intangible assets of US$4.8 million, (iv) an increase in trade payables of US$4.1 million mainly due to an increase in supplies purchased, and (v) an increase in other payables and accruals of US1.7 million primarily attributable to increased accrued payroll and increased accrued expenses to our suppliers. This was partially offset by (i) an increase in inventories of US$2.9 million mainly due to our increased production needs and increased volume of finished goods as our business expanded and (ii) an increase in trade receivables of US$1.2 million mainly due to increased sales.

Net cash flows used in investing activities

For the three months ended March 31, 2017, our net cash flows used in investing activities were US$1.5 million, which was primarily attributable to an increase in term deposits with original maturity of more than three months of US$1.4 million in relation to a cash deposit that we made at a third-party commercial bank.

For the year ended December 31, 2016, our net cash flows used in investing activities were US$4.2 million, which was primarily attributable to (i) an increase of US$3.5 million in term deposits with original maturity of more than three months, in relation to a cash deposit that we made into a savings account at a third-party commercial bank and (ii) US$1.0 million in purchases of plant and equipment, primarily molds.

For the year ended December 31, 2015, our net cash flows used in investing activities were US$2.0 million, which was primarily attributable to (i) an increase of US$1.0 million in term deposits with original maturity of more than three months, in relation to a cash deposit that we made into a savings account at a third-party commercial bank and (ii) US$0.9 million in purchases of plant and equipment, primarily molds.

For the year ended December 31, 2014, our net cash flows used in investing activities were US$8.5 million, which was primarily attributable to an increase of US$19.0 million in term deposits with original maturity of more than three months primarily, in relation to a cash deposit that we made into a savings account at a third-party commercial bank, partially offset by a US$11.0 million proceed

received pursuant to purchase price adjustment under the terms and conditions relating to the Alma Acquisition, which resulted in a release of funds, which had been in an escrow account subsequent to the closing of the acquisition in 2013, when certain conditions for releasing the funds were met in 2014.

Net cash flows used in financing activities

For the three months ended March 31, 2017, our net cash flows from financing activities was US$0.4 million, which was primarily attributable to proceeds from settlement of foreign currency forward contracts due to the strengthening of New Israeli Shekel against the U.S. dollar in 2017.

For the year ended December 31, 2016, our net cash flows used in financing activities was US$13.1 million, which was primarily attributable to (i) repayment of bank loans of US$10.5 million, (ii) US$9.7 million of cash used in our acquisition of non-controlling interest in Alma Lasers and (iii) interest paid of US$2.5 million mainly in relation to our bank loans, partially offset by new loans received from a related party of US$9.7 million in relation to our purchase of the non-controlling interest in Alma Lasers.

For the year ended December 31, 2015, net cash used in financing activities was US$12.3 million, which was mainly attributable to (i) repayment of banks loans of US$8.7 million and (ii) interest paid of US$2.9 million mainly in relation to our bank loans.

For the year ended December 31, 2014, net cash used in financing activities was US$16.4 million, which was mainly attributable to (i) repayment of US$92.9 million in relation to our bank loan from a third-party commercial bank and (ii) interest paid of US$3.2 million mainly in relation to our bank loans, partially offset by a new bank loan of US$80.0 million received from a group of third-party commercial banks, which was intended to replace the US$80.0 million bank loan that we repaid in 2014.

Sufficiency of Working Capital

We finance our working capital needs primarily through cash flow from cash generated from our operating activities. Taking into account the financial resources available to us, including the cash flow from operating activities and the estimated net proceeds from the Global Offering, our Directors are of the view that, after due and careful inquiry, we have sufficient available working capital for our present requirements for at least the next 12 months from the date of this prospectus. LR8.21A A1A36

Net Current Assets

The following table sets forth the breakdown of current assets and current liabilities as at the dates indicated:

	As at December 31,			As at March 31,	As at July 31,
	2014	2015	2016	2017	2017
					(Unaudited)
	(US$ in thousands)				
Current assets					
Inventories	18,431	21,501	21,955	24,632	29,034
Trade receivables	22,265	22,663	28,207	30,304	32,893
Prepayments, deposits and other receivables	2,105	2,065	2,966	3,881	4,036
Derivative financial instruments	—	110	187	529	—
Cash and bank balances	36,793	39,306	41,653	46,546	39,812
Total current assets	79,594	85,645	94,968	105,892	105,775
Current liabilities					
Trade payables	7,254	6,910	7,372	11,833	11,668
Other payables and accruals	11,227	21,593	15,209	14,642	158,112
Derivative financial instruments	—	—	—	—	323
Interest-bearing bank borrowings	8,747	10,496	12,246	12,246	13,120
Loan from a related party	—	—	9,845	9,929	10,044
Tax payable	2,102	2,439	2,300	1,811	2,172
Total current liabilities	29,330	41,438	46,972	50,461	195,439
Net current assets/(liabilities)	**50,264**	**44,207**	**47,996**	**55,431**	**(89,664)**

As at July 31, 2017, we had net current liabilities of US$89.7 million, as compared to our net current assets of US$55.4 million as at March 31, 2017. The shift from a net current asset position to net current liabilities position was primarily due to the fact that in accordance with the terms of the Capital Notes issued against the interest-free loan from shareholders, the loan is repayable on demand in May 2018, and as such this was reclassified as current liabilities as at July 31, 2017 instead of non-current liabilities. As the Capital notes will be capitalized upon Listing, this will not affect our liquidity or financial position upon Listing. Please see "— Indebtedness — Other long-term liabilities — Interest-free loan from shareholders" for further details.

As at March 31, 2017, we had net current asset of US$55.4 million, as compared to our net current assets of US$48.0 million as at December 31, 2016. The increase was primarily attributable to (i) an increase of US$4.8 million in cash and bank balances, (ii) an increase of US$2.6 million in inventories and (iii) an increase of US$2.1 million in our trade receivables, partially offset by an increase of US$4.4 million in our trade payables.

As at December 31, 2016, we had net current assets of US$48.0 million, as compared to our net current assets of US$44.2 million as at December 31, 2015. The increase was primarily attributable to (i) an increase of US$5.5 million in our trade receivables and (ii) an increase of US$2.3 million in cash and bank balances, partially offset by a decrease of US$6.4 million in other payables and accrual, primarily relating to accrual of listing expenses.

As at December 31, 2015, we had net current assets of US$44.2 million, as compared to our net current assets of US$50.3 million as at December 31, 2014. This change was primarily attributable to an increase of US$10.4 million in other payables and accruals mainly due to the share redemption option granted to non-controlling shareholders of a subsidiary, specifically, Alma Lasers. Please see "History and corporate structure—The Reorganization—Company Buy-out" in this prospectus for further details.

SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories consist primarily of raw materials, work-in-progress and finished goods. Raw materials consist primarily of components of treatment systems such as diodes, laser rods, display screens and power supplies. As at December 31, 2014, 2015 and 2016 and as at March 31, 2017, our inventories represented 23.2%, 25.1%, 23.1% and 23.3% of our current assets, respectively. The following table sets forth a breakdown of our inventory balances as at the dates indicated:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	(US$ in thousands)			
Raw materials	8,565	11,035	10,695	12,702
Work-in-progress	2,679	2,428	2,364	1,920
Finished goods	7,773	8,943	10,038	11,226
Provision	(586)	(905)	(1,142)	(1,216)
Total	**18,431**	**21,501**	**21,955**	**24,632**

Our inventories increased by 16.7% from US$18.4 million as at December 31, 2014 to US$21.5 million as at December 31, 2015, primarily due to an increase in raw materials and finished goods related to our increased production and sales and the establishment of our Indian subsidiary. Our inventories increased slightly by 2.1% to US$22.0 million at December 31, 2016 compared to December 31, 2015, primarily due to an increase in finished goods related to our forecast of demand in early 2017 as we continued to expand our business. Our inventories increased by 12.2% from US$22.0 million as at December 31, 2016 to US$24.6 million as at March 31, 2017, mainly as a result of increased raw materials and finished goods as we anticipated increased demand from customers.

As at July 31, 2017, approximately US$21.3 million or 86.5% of our inventories as at March 31, 2017 had been subsequently utilized.

The table below sets forth our average inventory turnover days for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,
	2014	2015	2016	2017
Average inventory turnover days[(1)]	127	137	142	138

Note:

(1) Average inventory turnover days for a financial period is the arithmetic mean of the beginning and ending balances of inventories for such financial period divided by the cost of sales for such financial period multiplied by the number of days in the relevant financial period.

The increase of our inventory turnover days from 127 days for the year ended December 31, 2014 to 137 days for the year ended December 31, 2015 was mainly due to the establishment of our subsidiary in India, which increased our inventory needs in 2015. The increase of our inventory turnover days from 137 days for the year ended December 31, 2015 to 142 days for the year ended December 31, 2016 and to 138 days for the three months ended March 31, 2017 was within normal incidental variance in the context of our operations.

Trade Receivables

Our trade receivables consist primarily of balances due from our customers, including both direct sales customers and our distributors. Our trade receivables remained relatively stable at US$22.3 million as at December 31, 2014, US$22.7 million as at December 31, 2015. Our trade receivables increased to US$28.2 million as at December 31, 2016, primarily attributable to increased fourth quarter sales in 2016 compared to 2015. Our trade receivables increased by 7.4% from US$28.2 million as at December 31, 2016 to US$30.3 million as at March 31, 2017, mainly due to increased sales to customers.

As at July 31, 2017, approximately US$23.3 million or 74.4% of our trade receivables as at March 31, 2017 had been subsequently settled.

We offer credit terms to both our distributors and direct sales customers (treatment providers who buy directly from us). The credit period we offer is generally up to 90 days, depending on credit history and the strength of our relationship with the customer. In addition, we also offer longer financing plans to some of our direct sales customers.

We seek to maintain strict control over our outstanding receivables and have a credit control department to minimize credit risk. Overdue balances are reviewed regularly by our senior management for potential impairment. We do not hold any collateral or other credit enhances over our trade receivable balances. Our trade receivables are non-interest bearing.

The following table sets forth an aging analysis of our trade receivables as at the dates indicated, based on the invoice date and net of provisions:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	(US$ in thousands)			
Within one month	11,143	11,754	12,361	14,561
One to two months	5,327	3,066	6,584	6,915
Two to three months	1,390	2,941	3,152	2,185
Over three months	4,405	4,902	6,110	6,643
Total	**22,265**	**22,663**	**28,207**	**30,304**

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, we recognized impairment losses of US$0.5 million, US$0.6 million, US$0.6 million, and US$0.1 million, respectively. As at December 31, 2014 and 2015 and 2016 and the three months ended March 31, 2017, our provision for impairment of trade receivables was US$0.6 million, US$0.6 million, US$1.0 million and US$1.0 million, respectively. The individually impaired trade receivables relate to our customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered. We are of the view that such impairment losses and provision did not have a material and adverse effect on our business, results of operations and financial condition.

The table below sets forth the average trade receivables turnover days as for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,
	2014	2015	2016	2017
Average trade receivables turnover days[(1)]	79	74	79	81

Note:

(1) Average trade receivables turnover days for a financial period is the arithmetic mean of the beginning and ending balances of trade receivables for such financial period divided by revenue for such financial period multiplied by the number of days in the relevant financial period.

For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our trade receivable turnover days were 79 days, 74 days, 79 days and 81 day which were in line with our credit policy and expectation. We believe that the fluctuations were immaterial.

Prepayments, Deposits and other Receivables

Our prepayments primarily consist of advances to suppliers. Deposits mainly consist of deposit payments for our leases. Other receivables consist of miscellaneous balances due to us, such as anticipated refunds from VAT paid.

The following table sets forth a breakdown of our prepayments, deposits and other receivables as at dates indicated:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	(US$ in thousands)			
Advances to suppliers	793	709	676	644
Deposits	26	87	94	71
Other receivables	1,286	1,269	2,196	3,166
Total	**2,105**	**2,065**	**2,966**	**3,881**

Our prepayments, deposits and other receivables remained stable as at December 31, 2014 and 2015. Our prepayments, deposits and other receivables increased by 43.6% from US$2.1 million as at December 31, 2015 to US$3.0 million as at December 31, 2016, primarily attributable to an increase in other receivables in relation to the capitalization of a portion of our listing expenses. Our prepayments, deposits and other receivables further increased 30.8% from US$3.0 million as at December 31, 2016 to US$3.9 million as at 31 March 2017, mainly attributable to an increase in anticipated refunds from VAT paid.

Goodwill

Our goodwill mainly arose from the Alma Acquisition in 2013. As at December 31, 2014, 2015, 2016 and March 31, 2017, we had goodwill of US$108.4 million, US$108.4 million, US$108.4 million and US$108.4 million, respectively. Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of (i) the aggregate of the consideration transferred, the (ii) amount recognized for non-controlling interests, and (iii) any fair value of the Group's previously held equity interests in the acquiree, over the identifiable net assets acquired and liabilities assumed.

Goodwill has been allocated to Alma Lasers as the subsidiary for impairment testing. The parameters for goodwill impairment testing include budgeted gross margins, pre-tax discount rate and growth rate beyond the five-year period. Please see Note 15 to the Accountants' Report included as Appendix I to this prospectus for further information.

Other Intangible Assets

Our other intangible assets mainly arose from the Alma Acquisition in 2013, and comprise customer relationships, trademarks, patents and technology and license agreement. As at December 31, 2014, 2015, 2016 and March 31, 2017, we had other intangible assets of US$76.5 million, US$72.0 million, US$67.1 million and US$65.9 million, respectively. Please see Note 16 to the Accountants' Report included as Appendix I to this prospectus for further information.

Derivative Financial Instruments

During the Track Record Period, we entered into foreign exchange contracts intending to partially hedge our foreign exchange exposure. The following table sets forth our derivative financial instruments as at the dates indicated:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	(US$ in thousands)			
Foreign exchange forward contracts	—	110	187	529

Plain forward contracts

Our functional currency is the U.S. dollar and most of our sales proceeds are in the U.S. dollar, while we also receive revenue globally in other various currencies and incur costs mostly in New Israeli Shekels. We also receive a material portion of our revenue in Euros. Please see "—Factors affecting our results of operations—Foreign exchange rate fluctuations" and "—Qualitative and quantitative disclosure about market risks—Foreign currency risk" in this prospectus for further details regarding our foreign currency risks.

Historical hedging transactions

Since we are hedging against our exposure and we do not hedge 100% of our foreign currency exposure, to the extent that we suffer any loss from our hedging transactions, we would experience gains from foreign exchange fluctuations, which would offset at least in part losses from hedging transactions.

We typically enter into two types of contracts:

1. *NIS/USD forward contracts*

During the Track Record Period, we needed to regularly exchange payments we received in U.S. Dollars into New Israeli Shekels for daily operating purposes. Accordingly, in 2015, to hedge against

the potential appreciation of the New Israeli Shekel against U.S. dollar we began entering into forward contracts in order to fix our rates for a series of conversions of U.S. dollars into New Israeli Shekels. Under such forward contracts, we commit to selling U.S. dollars in exchange for the New Israeli Shekels at the pre-specified rate:

Date Entered Into	Number of Contracts	Transaction Timing	Summary of Committed Forward Transactions
August 2015	5	Once a month from August to December 2015	Exchange a prefixed amount of U.S. dollars (US$1.0 million to US$2.0 million, depending on the specific contract) for New Israeli Shekels at pre-specified exchange rates
January 2016	6	Once a month from January to June 2016	Exchange US$1.0 million for New Israeli Shekels at pre-specified exchange rates
June 2016	6	Twice monthly from July 2016 to September 2016 (two contracts—one at US$1.0 million and another at US$0.5 million)	Exchange US$1.5 million for New Israeli Shekels at pre-specified exchange rates
November 2016	4	Once a month from December 2016 to March 2017	Exchange a prefixed amount of U.S. dollars (US$1.5 million to US$2.0 million, depending on the specific contract) for New Israeli Shekels at pre-specified exchange rates
December 2016	12	Periodically during the first half of 2017	Exchange a prefixed amount of U.S. dollars (approximately US$0.4 million to US$1.5 million, depending on the specific contract) for New Israeli Shekels at pre-specified exchange rates
January 2017	4	Periodically during the second half of 2017	Exchange a prefixed amount of U.S. dollars (approximately US$0.5 million to US$1.0 million, depending on the specific contract) for New Israeli Shekels at pre-specified exchange rates

In addition, in March 2017, we also entered into two New Israeli Shekel-U.S. dollar options contracts in the amount of US$0.4 million each to hedge the depreciation of the U.S. dollar against New Israeli Shekel.

2. *USD/Euro forward contracts*

During the Track Record Period, we needed to regularly exchange payments we received in Euros into U.S. dollars, our functional currency. To hedge against the appreciation of the U.S. dollar against the Euro, we entered into a series of plain forward contracts in order to fix the exchange rates for a series of conversions of money from Euros into U.S. dollars:

Date Entered Into	Number of Contracts	Transaction Timing	Summary of Committed Forward Transactions
August 2015	3	At regular intervals over September to December 2015	Exchange a fixed amount of Euros (EUR0.5 million to EUR0.75 million, depending on the contract) for U.S. dollars at pre-specified exchange rates
December 2015	12	Monthly in 2016	Exchange EUR0.6 million for U.S. dollars at pre-specified exchange rates
March 2017	3	May 2017	Exchange EUR0.5 million for U.S. dollars at pre-specified exchange rates

We believe that our approach has been prudent and conservative because in the forward contracts we entered into, the amounts we committed to convert represented (i) a fraction of the amount of U.S. dollars that we typically convert to New Israeli Shekels monthly for our operating purposes in Israel (which was, on average, slightly more than US$3.0 million per month during the Track Record Period), and (ii) only approximately 20% of our monthly average receipts received in Euros during the Track Record Period, and such payments exceeded our operating needs in terms of expenses in Euros. Furthermore, our counterparties to such transactions are reputable third-party commercial banks with which we have had long term relationships.

Sensitivity analysis

The following tables set forth sensitivity analysis with respect to the derivative financial instruments that we purchased for the years ended December 31, 2015 and 2016 and the three months ended March 31, 2017, respectively (we did not purchase derivative financial instruments in the year ended December 31, 2014):

	For the three months ended March 31, 2017	
Currency	**Exchange rate of fluctuation**	**Gain/(loss) —** *(US$ in thousands)*
If USD against Shekel	Increase by 5%	(398)
If USD against Shekel	Decrease by 5%	398
If USD against Shekel	Increase by 10%	(796)
If USD against Shekel	Decrease by 10%	796
If USD against Euro	Increase by 5%	78
If USD against Euro	Decrease by 5%	(78)
If USD against Euro	Increase by 10%	155
If USD against Euro	Decrease by 10%	(155)

	For the year ended December 31, 2016	
Currency	**Exchange rate fluctuations**	**Gain/(loss) —** *(US$ in thousands)*
If USD against Shekel	Increase by 5%	(669)
If USD against Shekel	Decrease by 5%	669
If USD against Shekel	Increase by 10%	(1,337)
If USD against Shekel	Decrease by 10%	1,337
If USD against Euro	Increase by 5%	120
If USD against Euro	Decrease by 5%	(120)
If USD against Euro	Increase by 10%	241
If USD against Euro	Decrease by 10%	(241)

	For the year ended December 31, 2015	
Currency	**Exchange rate fluctuations**	**Gain/(loss) —** *(US$ in thousands)*
If USD against Euro	Increase by 5%	418
If USD against Euro	Decrease by 5%	(418)
If USD against Euro	Increase by 10%	836
If USD against Euro	Decrease by 10%	(836)

Please see also "Business—Hedging" in this prospectus for a discussion of our hedging policy and personnel handling such transactions.

Trade Payables

Our trade payables primarily consist of payables to our suppliers. As at December 31, 2014, 2015 and 2016 and March 31, 2017, we had trade payables of US$7.3 million, US$6.9 million, US$7.4 million and US$11.8 million, respectively.

The following table sets for the aging analysis of our trade payables as at the dates indicated:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	(US$ in thousands)			
Within one month	3,860	4,570	3,024	8,289
One to two months	2,428	2,308	2,030	3,455
Two to three months	600	14	2,318	31
Over three months	366	18	—	58
Total	**7,254**	**6,910**	**7,372**	**11,833**

The following table sets forth our trade payables turnover days during the Track Record Period:

	For the year ended December 31,			For the three months ended March 31,
	2014	2015	2016	2017
Average trade payables turnover days[(1)]	39	49	47	57

Note:

(1) Average trade payable turnover days for a financial period is the arithmetic mean of the beginning and ending balances of trade payables of such financial period divided by cost of sales for such financial period multiplied by the number of days in the relevant financial period.

The increase of trade payables turnover days from 39 days for the year ended December 31, 2014 to 49 days for the year ended December 31, 2015 was primarily because of increased purchases from suppliers that granted us a relatively longer credit period (approximately two months). Our trade payables turnover days decreased slightly from 49 days for the year ended December 31, 2015 to 47

days for the year ended December 31, 2016. Our trade payable days increased from 47 days for the year ended December 31, 2016 to 57 days for the three months ended March 31, 2017, as our payment process is usually more expedited near year-end and relatively less payments were due as at March 31, 2017.

As at July 31, 2017, all of our trade payables as at March 31, 2017 had been subsequently settled.

Other Payables and Accruals

The following table sets forth a breakdown of our other payables and accruals as at the dates indicated:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	(US$ in thousands)			
Advances from customers	298	326	618	569
Payroll	4,316	4,635	5,217	4,594
Accrued expenses	4,411	2,358	6,385	5,526
Current portion of deferred warranty income	1,592	1,801	1,721	1,688
The share redemption options granted to non-controlling shareholders of a subsidiary	—	9,930	—	—
Others[(1)]	610	2,543	1,268	2,265
Total	**11,227**	**21,593**	**15,209**	**14,642**

Note:

(1) Miscellaneous items such as accruals for legal settlement, legal expenses and certain taxes.

Other payables are non-interest bearing and repayable on demand. During the Track Record Period, our accrued expenses were mainly payables to suppliers for which we had not received a formal invoice as at the respective balance sheet dates. The share redemption options granted to non-controlling shareholders of a subsidiary were related to buy-out options granted to certain of Alma Lasers' previous shareholders during Sisram's acquisition of Alma Lasers, which vested in 2015. In July 2016, Sisram bought all shares owned by the non-controlling shareholders of Alma Lasers.

CAPITAL EXPENDITURE, COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditure

The following table sets forth our capital expenditures for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,
	2014	2015	2016	2017
	(US$ in thousands)			
Plant and machinery	514	835	805	238
Furniture and fixtures	68	72	95	—
Leasehold improvements	21	51	119	23
Total	**603**	**958**	**1,019**	**261**

Our capital expenditures during the Track Record Period were related to (i) purchases of plant and machinery, which primarily included molds for producing the plastic parts of our products and production, as well as laboratory equipment, (ii) purchases of furniture and fixtures and (iii) expenditure in leasehold improvements. We have mainly financed our capital expenditure through cash flow generated from our operating activities.

Going forward, we do not expect to significantly increase (compared to historical levels) or change the nature of our capital expenditures.

Please also refer to note 14 to the Accountants' Report set out in Appendix I to this prospectus for further details regarding our historical capital expenditures during the Track Record Period.

Operating Lease Arrangements and Commitments

We lease certain of our office building, product plant and equipment and commercial vehicles under operating lease arrangements. The leases are negotiated for terms ranging from three to five years. Our operating lease commitments increased from US$5.3 million as at December 31, 2015 to US$19.7 million as at December 31, 2016, primarily as a result of a new lease entered into in 2016 in connection with an additional production facility, service center and office space (Ofek 3). The further increase of our operating lease commitments from US$19.7 million as at December 31, 2016 to US$21.0 million as at March 31, 2017 was mainly due to an extension agreement we signed with respect to a lease agreement for a warehouse.

The following table sets forth our total future minimum lease payments under non-cancellable operating leases falling due as at the dates indicated:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	(US$ in thousands)			
Within one year	1,905	1,936	2,554	3,105
In the second to fifth years, inclusive	3,492	2,777	7,781	6,583
After five years	834	604	9,377	11,283
Total	**6,231**	**5,317**	**19,712**	**20,971**

At the end of each period of the Track Record Period, save as disclosed herein, we did not have any significant commitments.

INDEBTEDNESS

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Our indebtedness during the Track Record Period primarily consisted of interest-bearing borrowings from commercial banks and interest-free loans from shareholders.

Interest-bearing bank borrowings

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The following table sets forth our interest-bearing bank borrowings as at the dates indicated:

	As at December 31,									As at March 31,			As at July 31,		
	2014			2015			2016			2017			2017		
	Effective interest rate (%)	*Maturity*	*US$'000*	*Effective interest rate (%)*	*Maturity*	*US$'000*	*Effective interest rate (%)*	*Maturity*	*US$'000*	*Effective interest rate (%)*	*Maturity*	*US$'000*	*Effective interest rate (%)*	*Maturity*	*US$'000*
															(unaudited)
Current															
Current portion of long-term bank loans — secured	6-month LIBOR+ 3.75	2015	8,747	6-month LIBOR+ 3.75	2016	10,496	6-month LIBOR+ 3.75	2017	12,246	6-month LIBOR+ 3.75	2017	12,246	6-month LIBOR+ 2.75	2017-2018	13,120
Non-current															
Bank loans — secured	6-month LIBOR+ 3.75	2020	58,594	6-month LIBOR+ 3.75	2020	48,507	6-month LIBOR+ 3.75	2020	36,672	6-month LIBOR+ 3.75	2020	36,774	6-month LIBOR+ 2.75	2020	29,914
Total			**67,341**			**59,003**			**48,918**			**49,020**			**43,034**

Note: LIBOR stands for London Interbank offered Rate.

As at December 31, 2014, 2015 and 2016, March 31, 2017 and July 31, 2017, the balances of our interest-bearing borrowings were US$67.3 million, US$59.0 million, US$48.9 million, US$49.0 million and US$43.0 million, respectively. As at July 31, 2017, the latest date for liquidity disclosure, we did not have any unutilized banking facilities. This is because the Company's borrowing was mainly used for the Alma Acquisition and the Group financed its operations historically through cash generated from operating activities.

In 2014, we obtained a bank loan of US$82.0 million from a group of three third-party commercial banks pursuant to the Facility Agreement to replace a previous bank loan of the same amount which was repaid and was taken out in relation to financing the Alma Acquisition. The loan was to be repaid in 12 semi-annual installments commencing October 2014. On December 31, 2014, we paid US$9.9 million as an early repayment. Since then, we have been making semi-annual payments in accordance with the agreed loan repayment schedule. As at July 31, 2017, the outstanding principal amount of this loan, net of arrangement fee balance, was US$43.0 million. This loan has been secured by share pledges of 100% equity interests of the Company held by our existing Shareholders. The share pledges will be released by the lenders upon Listing.

Under the Facility Agreement, we are subject to certain financial and operating covenants, such as interest coverage, net profit to debt service, cash flow coverage and net leverage ratios. In addition, we are subject to a dividend "lock-up", meaning that we cannot distribute dividends unless we satisfy certain financial tests, such as interest coverage, net profit, net leverage and cash flow coverage ratios. The Facility Agreement also contains certain restrictive covenants and events of default provisions that we believe are customary for a facility of this nature. The amounts due under the Facility Agreement are repayable in 2020. Historically, we have been in compliance with such financial covenants and ratios and other covenants. Other than certain financial and operating covenants we agreed to under this loan, our debt financing agreements do not have any other material restrictive covenants. Our Directors confirm that we did not have any material default in payment of trade and non-trade payables and bank borrowings and had not breached any covenants in our loans during the Track Record Period.

Other Long-term Liabilities

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A1A32(2)

The following table sets forth our interest-free loan from our existing Shareholders as at the dates indicated:

	As at December 31,			As at March 31,	As at July 31,
	2014	2015	2016	2017	2017
					(Unaudited)
	(US$ in thousands)				
Interest-free loan from shareholders	132,696	136,736	140,912	141,958	—
The Share redemption option granted to non-controlling shareholders of a subsidiary	9,852	—	—	—	—
Employee benefits liabilities, net	349	397	471	497	473
Other	506	463	401	338	283
Total	**143,403**	**137,596**	**141,784**	**142,793**	**756**

Interest-free loan from shareholders

As at December 31, 2014, 2015 and 2016, March 31, 2017 and July 31, 2017, the balance of our interest-free loan from shareholders was US$132.7 million, US$136.7 million, US$140.9 million, US$142.0 million and US$143.4 million, respectively. As at July 31, 2017 the interest-free loan from shareholders was reclassified as short term debt. Such balance arose at the time of Sisram's acquisition of 95.2% shareholding interest in Alma as a result of the Capital Notes with term from May 2013 to April 2018 issued to the Company's shareholders at the time of the Alma Acquisition in the amount of US$146.9 million against the interest-free loan from our then shareholders. Such notes bear no interest and the holders of such notes may demand repayment at any time after five years from the date of issuance of such notes. Such Capital Notes will be capitalized by new share issuance to our existing Shareholders immediately before the Listing.

Indebtedness Statement

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Save as disclosed herein, we did not have other material outstanding mortgages, charges, hire purchase commitments, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptance credits or any guarantee or other material contingent liability as at July 31, 2017. Our Directors confirm that there has been no material change in our indebtedness position since July 31, 2017 up to the Latest Practicable Date. We may seek to finance our operations and expansion partially with bank borrowings, as well as fundraising in the debt capital markets, as we deem appropriate.

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RELATED PARTY TRANSACTIONS

Other than the interest-free loan from our existing Shareholders, compensation to our key management personnel and the loan from a related party of US$9.7 million described below, we had no other material transactions with related parties during the Track Record Period. Our Directors believe that our related party transactions were conducted on an arms-length basis. Please see note 36 to the Accountants Report set out in Appendix I to this prospectus for further information.

In connection with the Company Buy-out, in July 2016, Sisram received a loan from Fosun Industrial, a related party of the Company, in an aggregate amount of US$9.7 million at an annual interest rate of 3.5%. The principal amount and the applicable interest are payable in one installment on the earlier of July 21, 2020, or no later than 60 days from the occurrence of: (a) the listing of our Shares on the Stock Exchange; or (b) an inability to comply with certain financial covenants. The Buy-out Loan will be repaid upon the completion of the Global Offering using the proceeds of the Global Offering. Please see "Future Plans and Use of Proceeds" in this prospectus.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as at the dates and for the periods indicated:

	As at and for the year ended December 31,			As at and for the three months ended March 31,
	2014	2015	2016	2017
Net profit margin [(1)]	6.6%	7.8%	7.2%	15.5%
Current ratio [(2)]	2.71x	2.07x	2.02x	2.10x
Quick ratio [(3)]	2.09x	1.55x	1.55x	1.61x
Return on equity[(4)]	26.7%	26.4%	21.0%	11.0%
Return on total assets [(5)]	2.5%	3.1%	3.0%	1.7%
Gearing ratio[(6)]	7.96x	6.01x	4.93x	4.38x

Notes:

(1) Net profit margin equals our profit for the financial period divided by our revenue for the financial period.

(2) Current ratio equals current assets divided by current liabilities as at end of the financial period.

(3) Quick ratio equals our current assets less inventories divided by current liabilities as at end of the financial period.

(4) Return on equity equals our profit for the year/period divided by total equity amounts as at the end of the financial period.

(5) Return on total assets equals net profit for the year/period divided by total assets as at the end of the financial period.

(6) Gearing ratio equals total debt divided by total equity as at end of the financial period. Total debt is the sum of current and non-current portion of bank and other borrowings.

Net Profit Margin

Our net profit margin was 6.6% for the year ended December 31, 2014. Our net profit margin increased to 7.8% for the year ended December 31, 2015 primarily attributable to growth in revenue from sales of our non-invasive medical aesthetic products. Our net profit margin decreased to 7.2% for the year ended December 31, 2016 primarily attributable to our listing expenses incurred in the year ended December 31, 2016. Our net profit margin for the three months ended March 31, 2017 increased significantly to 15.5%, as compared to the three years ended December 31, 2014, 2015 and 2016, primarily attributable to (i) a shift in product mix towards sales of products with higher gross profit margin, such as our Accent Ultra treatment systems in North America, (ii) limited increase in operating expenses such as selling and distribution and administrative expenses despite having achieved higher sales, due to our use of the distributor sales channel as well as our fixed cost necessary to support the business expansion having increased at a slower rate than the increase in sales, (iii) higher income derived from foreign exchange forward contracts, and (iv) lower effective tax rate in 2017 due to the impact of certain non-tax deductible expenses incurred in 2014 and 2016.

Current Ratio

Our current ratio decreased from 2.71x as at December 31, 2014 to 2.07x as at December 31, 2015 primarily attributable to repayment of a portion of our bank loan, and remained relatively stable at 2.02x as at December 31, 2016 as our repayment of our bank loan was partially offset by a loan from a related party.

Quick Ratio

Our quick ratio decreased from 2.09x as at December 31, 2014 to 1.55x as at December 31, 2015 primarily attributable to repayment of a portion of our bank loan, and remained stable at 1.55x as at December 31, 2016.

Return on Equity

Our return on equity was 26.7% as at December 31, 2014, which remained relatively stable at 26.4% as at December 31, 2015, and decreased to 21.0% as at December 31, 2016 primarily attributable to our listing expenses.

Return on Total Assets

Our return on total assets was 2.5% for the year ended December 31, 2014, which increased to 3.1% as at December 31, 2015 primarily attributable to increased profit for the year, and decreased slightly to 3.0% as at December 31, 2016 primarily attributable to decreased profit for the year.

Gearing Ratio

Our gearing ratio was 7.96x as at December 31, 2014, which decreased to 6.01x as at December 31, 2015 primarily attributable to a reduction in our total indebtedness, and further decreased to 4.93x as at December 31, 2016 primarily attributable to a further reduction in our total indebtedness.

During the Track Record Period, our gearing ratio was mainly attributable to our indebtedness that included, as at March 31, 2017, (i) a loan amounting to US$49.0 million under the Facility Agreement we entered into in 2014, (ii) the balance of the Buy-out Loan amounting to US$9.9 million, which is expected to be repaid out of the proceeds from, and upon the completion of the Global Offering and (iii) the carrying amount of Capital Notes amounting to US$142.0 million, which will be capitalized upon the completion of the Global Offering. The only outstanding borrowing of the Group after the Listing will be the principal amount of the loan under the Facility Agreement, which, net of arrangement fee balance, as at July 31, 2017, was US$43.0 million. We expect our gearing ratio to decrease following the completion of the Global Offering in light of the reduction in indebtedness described above.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

Our principal financial instruments, other than derivatives, comprise interest-bearing bank borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from our operations.

We also enter into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and our sources of finance.

It is, and has been throughout the Track Record Period, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Our Board of Directors reviews and agrees policies for managing each of these risks and they are summarized below.

Interest Rate Risk

Our exposure to interest rate risk relates principally to our interest-bearing bank borrowings with floating interest rates. We mitigate the risk by monitoring closely the movements in interest rates and reviewing our banking facilities regularly. We have not used any interest rate swap to hedge its exposure to interest rate risk. Please see further details in note 39 to the Accountants' Report set forth in Appendix I to this Prospectus.

Foreign Currency Risk

We have transactional currency exposure. Our exposures arise from sales or purchases by our subsidiaries in currencies other than the subsidiaries' respective functional currencies. Approximately 27%, 23%, 22% and 20% of our sales for the year ended December 31, 2014, 2015 and 2016 and the

three months ended March 31, 2017, respectively, were denominated in currencies other than the respective functional currencies of the subsidiary making the sales, while approximately 56%, 58%, 61% and 66% of our subsidiaries' costs for the year ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, respectively, were denominated in currencies other than the functional currencies of the subsidiaries.

As an example of our sensitivity to foreign exchange rate fluctuations, for the year ended December 31, 2016, if U.S. dollars were to have strengthened or weakened by 5% against the New Israeli Shekels, our profit before tax would have increased or decreased, respectively, by US$373,000. Further quantitative data in respect of the Group's exposure to foreign currency risk are set forth in note 39 to the Accountants' Report set forth in Appendix I to this Prospectus.

Credit Risk

We trade with third parties who we believe are recognized and creditworthy. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis and we believe that our exposure to bad debts is not significant.

The credit risk of our other financial assets, which comprise cash and cash and bank balances and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since we trade with third parties who we believe are recognized and credit worthy, we do not require collateral. Concentrations of credit risk are managed by customer and counterparty and by geographical region. We had certain concentrations of credit risk as 20%, 22%, 24% and 26% of the Group's trade receivables were due from our largest customer, and 39%, 30%, 37% and 40% of our trade receivables were due from the five largest customers as at December 31, 2014, 2015 and 2016 and March 31, 2017, respectively. Further quantitative data in respect of our exposure to credit risk arising from trade receivables are described in note 22 to the Accountants' Report set forth in Appendix I to this Prospectus.

Liquidity Risk

Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and financing from shareholders. 5%, 6%, 7% and 7% of our borrowings would mature in less than one year as at December 31, 2014, 2015 and December 31, 2016 and March 31, 2017 based on the carrying value of borrowings reflected in our financial statements. Further quantitative data in respect of the Group's liquidity risk are described in note 39 to the Accountants' Report set forth in Appendix I to this Prospectus. A1A32(5)(a)

DIVIDENDS A1A12

Under our Articles of Association, our Board of Directors may, subject to the Israeli Companies Law, declare, and cause to be distributed, such dividends as the Board of Directors determines is justified. Under the Israeli Companies Law, dividends may only be paid out of profits legally available

for distribution, which are defined as the greater of retained earnings or earnings accumulated during the preceding two years (the "**Profits Criteria**"), and provided that our Board of Directors is satisfied that there is no reasonable concern that such payment will prevent a company from satisfying its existing and foreseeable obligations as they become due. In addition, a competent court may approve, as per a motion to be filed by a company in accordance with the Israeli Companies Law requirements, a payment which does not meet the Profits Criteria, provided that the court was convinced that there is no reasonable concern that such payment will prevent the company from satisfying its existing and foreseeable obligations as they become due.

Under our Articles of Association, our Board of Directors is authorized to determine the amount of dividends, subject to the Israeli Companies Law, and the record date for determining the Shareholders entitled to such dividends. The Shareholders entitled to receive dividends shall be the Shareholders on the date upon which it was resolved to distribute the dividends or at such later date as shall be determined by our Board of Directors. Any dividends will be paid in Hong Kong dollars.

The declaration of dividends is subject to the absolute discretion of our Board of Directors, and the amount of dividends actually declared and paid (if any) will depend on a number of factors, including our general business performance, our results of operations and financial condition, our capital requirements and cash flows, existing contractual restrictions, and any other factors which our Board of Directors may deem relevant.

In addition, under the Facility Agreement (the amounts due under which are repayable in 2020), we are restricted from paying any dividends unless we satisfy certain tests, such as interest coverage, net profit, net leverage and cash flow ratios. Historically, we have been in compliance with such ratios. Please see "Financial Information—Indebtedness—Interest-bearing bank borrowings" in this prospectus for further details. The Company neither declared nor paid any dividends during the Track Record Period. We do not presently intend to declare any dividends following Listing.

DISTRIBUTABLE RESERVES

As at March 31, 2017, the distributable reserves of the Group were approximately US$27.8 million (being the retained earnings of the Group). Under the Facility Agreement, we are restricted from paying dividends, unless we meet certain financial covenants. Please see "—Dividends" above. A1A33(5)

LISTING EXPENSES A1A20(2)

Our listing expenses mainly include underwriting commissions and professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the Listing and the Global Offering. The total listing expenses (based on the mid-point of the indicative Offer Price range for the Global Offering and assuming that the Over-allotment Option is not exercised, including underwriting commissions and excluding any discretionary incentive fee which may be payable by us) for the Global Offering to be borne by the Group are estimated to be approximately US$12.9 million. During the Track Record Period, we incurred listing expenses of approximately US$4.4 million, of which US$3.6 million was recognized as administrative expenses for the year ended December 31, 2016, and approximately US$0.8 million was capitalized as deferred expense for the year ended

December 31, 2016, which is expected to be charged against equity upon the Listing. For the remaining US$8.5 million of estimated listing expenses, US$3.2 million is expected to be recorded in our statement of profit or loss, while the other US$5.3 million is expected to be recorded in equity.

PROPOSED CASH BONUS PLAN

On August 30, 2017, the Board resolved to adopt the Cash Bonus Plan, subject to the Global Offering becoming unconditional. The Cash Bonus Plan comprises the IPO Bonus and the Performance Bonus. The Cash Bonus will be funded using our cash flow generated from operating activities. A total of 111 existing management personnel and employees will receive a cash bonus based on the criteria set forth in the Cash Bonus Plan. Based on the terms of the Cash Bonus Plan and assuming that the relevant conditions have been fulfilled, (i) the total amount of IPO Bonus to be paid by the Company will be between US$7.47 million (assuming the Minimum Offer Price) and US$15.63 million (assuming the Maximum Offer Price) and (ii) the total amount of Performance Bonus to be paid by the Company will be between US$0.93 million (assuming the Minimum Offer Price) and US$1.95 million (assuming the Maximum Offer Price). Of the total amount of cash bonus to be paid by the Company under the Cash Bonus Plan, the total amount to be paid in 2017 will be between US$3.74 million (assuming the Minimum Offer Price) and US$7.82 million (assuming the Maximum Offer Price), and the total amount to be paid in 2018 will be between US$4.67 million (assuming the Minimum Offer Price) and US$9.77 million (assuming the Maximum Offer Price). For details of the terms of the Cash Bonus Plan, please refer to "Business—Proposed Cash Bonus Plan" in this prospectus.

RECENT DEVELOPMENTS

Since December 31, 2016 and up to the Latest Practicable Date, we have witnessed several mergers and consolidations taking place in our industry. Please see "Industry—Global energy-based medical aesthetic treatment systems market—competitive landscape" for further details. Under this market climate, we believe that we can continue to distinguish ourselves through our commitment to research and development as evidenced by the launch of four new applicators up to the Latest Practicable Date. These include a new applicator for our Harmony XL treatment system, Zero, a new applicator for our Lipolife treatment system, (Liposense), a new generation of our SINON Q treatment system, a new applicator for our Alma Q treatment system, (HomoGenius) and SINON II, a new generation of our SINON Q treatment system. Please see "Business—Our products and services—Recently launched products and product pipeline" in this prospectus for further detail. In March 2017, we renewed our distribution agreement with our distributor in Hong Kong, which we believe to be a well-known industry player in the market.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since March 31, 2017, being the date on which our latest audited combined financial statements were prepared, and there is no event since March 31, 2017 which would materially and adversely affect the information as set out in the Accountants' Report in Appendix I to this prospectus. A1A38

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS A1A21

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on our net tangible assets of the Group as at March 31, 2017 as if the Global Offering had taken place on that date. Our unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of our net tangible assets had the Global Offering been completed as at March 31, 2017 or at any future date. Our unaudited pro forma statement of net tangible assets is based on the audited consolidated net tangible assets derived from our audited financial information as at March 31, 2017, as set out in the Accountants' Report in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountants' Report.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at March 31, 2017	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets**	**Unaudited pro forma adjusted consolidated net tangible assets per Share**	
	US$'000	*US$'000*	*US$'000*	*US$*	*HK$*
	Note 1	*Note 2*		*Note 3*	*Note 3, 4*
Based on the Minimum Offer Price of HK$8.88 per Share	(128,368)	96,678	(31,690)	(0.102)	(0.795)
Based on the Maximum Offer Price of HK$12.35 per Share	(128,368)	136,457	6,089	0.020	0.153

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as at March 31, 2017 was equal to the audited net assets attributable to owners of the Company as at March 31, 2017 of US$45,883,000 after deducting goodwill and other intangible assets of US$174,251,000 as at March 31, 2017 set out in the Accountants' Report in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$8.88 and HK$12.35 respectively, being the Minimum Offer Price and the Maximum Offer Price in the Offer Price range, after deduction of the estimated underwriting fees and other related expenses payable by the Company and take no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in note 2 above and on the basis of 310,948,648 Shares are in issue, assuming that the Capitalization Issue and the Global Offering had been completed on March 31, 2017 but takes no account of the Over-allotment Option and capitalization of the Capital Notes.

(4) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in US$ are converted into HK$ at the rate of US$1.00 to HK$7.80.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions for the Group entered into subsequent to March 31, 2017.

(6) Immediately prior to completion of the Global Offering, the Capital Notes with an aggregate principal amount of US$146,920,000 owing to the existing Shareholders will be capitalized at the indicative Offer Price, i.e., 129,051,352 shares at Office Price of HK$8.88 or 92,791,579 shares at Office Price of HK$12.35. The following unaudited pro forma adjusted consolidated net tangible assets per Share will be US$0.26 (equivalent to HK$2.04) if the Offer Price is HK$8.88 per Share, or US$0.38 (equivalent to HK$2.96) if the Offer Price is HK$12.35 per Share, assuming that the Capitalization Issue, the capitalization of the Capital Notes and the Global Offering had been completed on March 31, 2017 but takes no account of the Over-allotment Option.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see "Business—Our strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

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We estimate that we will receive net proceeds from the Global Offering of approximately HK$836.5 million, after deducting underwriting fees and commissions and estimated total expenses paid and payable by us in connection thereto, assuming an Offer Price of HK$10.62 per Share, being the approximate midpoint of the indicative Offer Price range of HK$8.88 to HK$12.35 per Share. We intend to use such net proceeds as follows:

(a) Approximately HK$156.0 million or approximately 18.6% of our total estimated net proceeds for expanding our sales channels and distribution network and intensifying our marketing efforts. Specifically:

- We intend to use approximately HK$93.6 million or approximately 11.2% in expanding our sales channels in the United States, Germany, and India and our distribution network globally. Specifically, we intend to use approximately HK$70.2 million or approximately 8.4% for expanding our direct sales channels, and approximately HK$23.4 million or approximately 2.8% for expanding our distribution network:

  - To expand our direct sales channel, we intend to increase the number of sales representatives focusing on the sales of minimally invasive and beauty treatment systems, and to double the total headcount of our sales representatives in the next few years.

  - To expand our distribution network, we intend to (i) provide our distributors with additional support and marketing resources (e.g., funding their advertising campaigns and offering them greater degree of assistance in handling local regulatory matters); as well as (ii) increase the total headcount of our country managers as the number of our distributors increases.

  - To support the expansion of our sales team (both country managers and sales representatives), we intend to provide them with more on-the-ground infrastructure such as additional offices (for additional space or in additional locations if suitable) and vehicles (to transport sample products), according to our actual needs as we expand.

- We intend to use approximately HK$31.2 million or approximately 3.7% to invest in global digital marketing, such as producing webinars or webcasts, as well as purchasing advertisements and maintaining accounts on various popular internet websites, mobile phone applications, and social media platforms, in order to enhance our direct-to-consumer marketing efforts.

- We intend to use approximately HK$31.2 million or approximately 3.7% in developing analytics capabilities using cloud technology (in our treatment systems and which link to our information technology system). We expect such technology to assist us in:

  - allowing more effective and accurate data collection concerning marketing activities (e.g., tracking the effectiveness of specific marketing campaigns), treatment recipients (e.g., anonymous basic demographic information of treatment recipients), treatment providers (e.g., how often they use the treatment systems and which function is used more often) and distributors (e.g., more detailed data on sales performance and behavior), which is expected to assist us in developing more responsive business strategies;

  - providing treatment providers which operate chain stores with the possibility of having a linked network of treatment systems featuring a friendly and easy-to-use interface such that they can better manage their businesses; and

  - working with treatment providers so that we could charge them fees based on a payment-per-treatment pricing model (i.e., instead of paying for the purchase price of the treatment system upfront, the treatment provider is charged a fee each time it uses the treatment system, which we monitor remotely by using the cloud technology); we expect such pricing model to contribute to a relatively insubstantial portion of our total revenue in the near future.

(b) Approximately HK$156.0 million or approximately 18.6% of our total estimated net proceeds for capital investments. Specifically:

- We intend to use approximately HK$78.0 million or approximately 9.3% in upgrading existing or establishing new service centers in our direct sales markets (i.e., India and Germany). We intend to use approximately HK$39.0 million or 4.7% to upgrade our existing service facility in Germany and we intend to use approximately HK$39.0 million or 4.7% to establish a new service center in India, so to achieve, among others things, the following key objectives:

  - enhance our subsidiaries' refurbishment capabilities, since substantially all of our refurbishment capabilities are currently based in our Israel production facilities only. Our concept of refurbishment involves the ability to collect from customers used treatment systems, and to service such treatment systems as part of our trade-in projects, so that they can be sold again, while customers trading-in would be offered discounts on purchasing new units from us; and

  - enhance the range and depth of our subsidiaries' after-sale and maintenance services such that our local service teams can solve more complex issues.

We expect such capital investment to boost our service quality and responsiveness to market demand, as more and higher quality services can be provided locally to treatment providers across our geographical segments instead of only in Israel.

- We intend to use approximately HK$39.0 million or approximately 4.7% in upgrading and remapping our production lines to, among other things, enhance efficiency and increase throughput, as well as to strengthen our capability in developing and producing more advanced products as technologies evolve.

- We intend to use approximately HK$39.0 million or approximately 4.7% in optimizing and updating our information technology system and infrastructure.

(c) Approximately HK$117.0 million or approximately 14.0% of our total estimated net proceeds for research and development activities. Specifically:

- We intend to use approximately HK$39.0 million or approximately 4.7% in developing and expanding our minimally invasive product line to treat additional non-medical aesthetic indications utilizing our current minimally invasive technologies, such as treatment systems for various out-patient indications (such as proctology). We intend to complete developing the relevant products in 2018.

- We intend to use approximately HK$39.0 million or approximately 4.7% in increasing the funding for our clinical studies in the United States.

- We also intend to use approximately HK$39.0 million, or approximately 4.7% to bolster our regulatory capabilities (with the objectives of complementing our efforts to expand our product offerings by shortening the time it takes for our newly developed products and technologies to obtain regulatory approval so as to sustain the regularity and frequency of our product launches), by increasing our budget for engaging third-party professionals to liaise with regulators in various jurisdictions, and by hiring additional staff for our regulatory and compliance functions in the PRC, Brazil and other countries an effort to work more efficiently with the local regulators.

(d) Approximately HK$78.0 million or approximately 9.3% of our total estimated net proceeds for repaying the Buy-out Loan from a related party, Fosun Industrial. Please see "History and Corporate Structure—The Reorganization—(a) Company Buy-out" for further details.

(e) Approximately HK$245.8 million or approximately 29.5% of our total estimated net proceeds for strategic acquisitions, entering into strategic partnerships, and other business development. Specifically:

- We intend to identify opportunities for acquiring or entering into strategic partnerships with companies, typically medical device manufacturers (including medical aesthetic treatment system manufacturers) that:

  - offer innovative and potentially breakthrough products and technology in the energy-based medical aesthetic treatment systems market that are complementary to our current product lines and technology offerings (i.e. products that do not compete directly with our existing products or technologies), such as companies offering or developing additional minimally invasive treatment systems or treatment systems for treating urology indications (such as kidney stones and prostate issues), and companies that offer or develop devices/mechanisms that deliver lasers to the skin (e.g., fiber manufactures) which could lower our cost from having to purchase such delivery devices/mechanisms from suppliers;

  - could enable us to consolidate and expand our market shares in key geographic markets such as the PRC, North America and Europe, or provide us with better access to new geographic markets (for example, they may have a well-established customer base in a state in the United States or in a province in the PRC in which we have relatively less presence); and

  - are operating in complementary product areas which can be marketed through similar channels and to similar end users as ours, such as medical aesthetic service providers like treatment clinic chains.

- As at the Latest Practicable Date, we did not have any definitive acquisition targets or acquisition plans, nor any definitive quantitative criteria for potential targets (such as revenue or the scale of business, although the targets are likely to be businesses of relatively smaller scale than us). We will seek potential acquisition targets through internal market research and/or recommendations from our business partners. In evaluating acquisition targets, we will consider various factors including the level of synergy, the degree of innovation of the underlying technology, the target's current customer base, as well as the potential growth and profitability of the business. For example, our targets may include companies that have certain specific technologies that would complement the treatment systems that we have or are developing, or companies that have successfully penetrated certain geographic markets and therefore have an established customer base that we are trying to develop.

- In terms of partnerships and strategic cooperations, we intend to focus on opportunities to develop additional revenue streams (which we expect to remain a relatively small part of our business in terms of revenue as compared to energy-based medical aesthetic treatment systems). We intend to grow our partnership with a

European company that produces injectable medical aesthetic products (including derma fillers) with which we entered into a letter of intent in July 2017. We also intend to seek strategic partnership opportunities with other reputable companies in the biotechnology industry with potential breakthrough technologies in areas such as orthopedic and dermatology, which may have synergies with us in terms of cross-selling or joint product development (i.e. utilizing our expertise in laser technologies). Other than the aforementioned letter of intent, we are only in the exploratory phase of other potential strategic partnerships and do not have any definitive plans.

(f) The remaining amount of approximately HK$83.6 million or approximately 10.0% of our total estimated net proceeds for supplementing our working capital and for other general corporate purposes.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds of the Global Offering, assuming that the Over-allotment Option is not exercised, will increase or decrease by approximately HK$147.8 million, respectively. In such event, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro rata basis.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase to approximately HK$1,005.6 million, assuming an Offer Price of HK$10.62 per Share, being the approximate mid-point of the indicative Offer Price range. If the Offer Price is set at the high-end or low-end of the indicative Offer Price range, the net proceeds of the Global Offering, including the proceeds from the exercise of the Over-allotment Option, will increase or decrease by approximately HK$175.5 million, respectively. In such event, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro rata basis.

If any part of our expansion plan does not proceed as planned for reasons such as changes in relevant laws and regulations that would render the strategies that we are contemplating not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the new proceeds of the Global Offering.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest bearing bank accounts with licensed banks and/or financial institutions.

We will not receive any of the proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering. The net proceeds from the Global Offering the Selling Shareholder will receive, after deducting underwriting fees and commissions payable by it, assuming an Offer Price of HK$10.62 per Share, being the approximate mid-point of the indicative Offer Price range, will be approximately HK$225.4 million.

CORNERSTONE INVESTMENTS

As part of the International Offering, the Company has entered into cornerstone investment agreements with three cornerstone investors, details of which are set out below (together, the "**Cornerstone Investors**").

The Cornerstone Investors have agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 400 Shares) that may be subscribed for an aggregate amount of approximately HK$224,640,000.

Assuming an Offer Price of HK$8.88, being the Minimum Offer Price, the Cornerstone investors have agreed to subscribe for an aggregate of 25,297,000 Offer Shares, representing (a) approximately 5.75% of the total Shares in issue and approximately 23.00% of the total number of Offer Shares, in each ease immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised and (b) approximately 5.54% of the total number of Shares in issue and approximately 20.00% of the total number of Offer Shares, in each case immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is exercised in full.

Assuming an Offer Price of HK$10.62, being the approximate mid-point of the Offer Price Range of HK$8.88 to HK$12.35, the Cornerstone Investors have agreed to subscribe for an aggregate of 21,152,400 Offer Shares, representing (a) approximately 5.05% of the total Shares in issue and approximately 19.23% of the total number of Offer Shares, in each case immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised and (b) approximately 4.86% of the total number of Shares in issue and approximately 16.72% of the total number of Offer Shares, in each case immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is exercised in full.

Assuming an Offer Price of HK$12.35, being the Maximum Offer Price, the Cornerstone Investors have agreed to subscribe for an aggregate of 18,189,000 Offer Shares, representing (a) approximately 4.49% of the total Shares in issue and approximately 16.53% of the total number of Offer Shares, in each case immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised and (b) approximately 4.32% of the total number of Shares in issue and approximately 14.38% of the total number of Offer Shares, in each case immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is exercised in full.

The Offer Shares to be delivered to each of the Cornerstone Investors pursuant to the relevant cornerstone investment agreements will rank *pari passu* with all other Shares then in issue and to be listed on the Stock Exchange and will count towards the public float of the Shares.

The Offer Shares to be delivered to the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering or any exercise of the Over-allotment Option, as further described in "Structure of the Global Offering".

Each Cornerstone Investor is an Independent Third Party, is not a connected person of the Company and is not an existing Shareholder. Immediately following the completion of the Capitalization Issue and the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of the Company.

The Cornerstone Investors (a) will not have any representation on the Board immediately following the completion of the Global Offering, (b) will not subscribe for any Offer Shares pursuant to the Global Offering, other than pursuant to the relevant cornerstone investment agreements and (c) do not have any preferential rights compared with other public Shareholders in their respective cornerstone investment agreements.

DETAILS OF THE CORNERSTONE INVESTORS

			Based on the Offer Price of HK$8.88 (being the Minimum Offer Price)			
			Approximate % of total number of Offer Shares		**Approximate % of total Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering**	
Cornerstone Investor	**Investment Amount**	**Number of Offer Shares (rounded down to nearest whole board lot of 400 Shares)**	**Assuming the Over-allotment Option is not exercised**	**Assuming the Over-allotment Option is exercised in full**	**Assuming the Over-allotment Option is not exercised**	**Assuming the Over-allotment Option is exercised in full**
Shanghai Free Trade Zone Phase I Equity Investment Fund Partnership Enterprise (Limited Partnership) ("**Shanghai FTZ Fund**")	117,000,000	13,175,600	11.98%	10.42%	2.99%	2.89%
Rise Huge Corporation Limited	78,000,000	8,783,600	7.99%	6.94%	2.00%	1.92%
Neo Derm Group Limited	29,640,000	3,337,800	3.03%	2.64%	0.76%	0.73%
Total	HK$224,640,000	25,297,000	23.00%	20.00%	5.75%	5.54%

			Based on the Offer Price of HK$12.35 (being the Maximum Offer Price)			
			Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering	
Cornerstone Investor	**Investment Amount**	**Number of Offer Shares (rounded down to nearest whole board lot of 400 Shares)**	**Assuming the Over-allotment Option is not exercised**	**Assuming the Over-allotment Option is exercised in full**	**Assuming the Over-allotment Option is not exercised**	**Assuming the Over-allotment Option is exercised in full**
Shanghai FTZ Fund	117,000,000	9,473,600	8.61%	7.49%	2.34%	2.25%
Rise Huge Corporation Limited	78,000,000	6,315,600	5.74%	4.99%	1.56%	1.50%
Neo Derm Group Limited	29,640,000	2,400,000	2.18%	1.90%	0.59%	0.57%
Total	HK$224,640,000	18,189,000	16.53%	14.38%	4.49%	4.32%

The following information on the Cornerstone Investors was provided to the Company by the Cornerstone Investors.

Information about Shanghai FTZ Fund

Shanghai FTZ Fund is a limited partnership enterprise established in the PRC, which is primarily engaged in asset management. It was co-founded by Shanghai Airport Authority, China Cinda Asset Management Co., Ltd., and China Orient Asset Management Co., Ltd..

Information about Rise Huge Corporation Limited

Rise Huge Corporation Limited is a company incorporated in Hong Kong, which is primarily engaged in investment in equity securities and general trading of medical and electronic devices. Its ultimate controlling shareholders are Mr. Siu Muk CHAN and Mr. Shaoan CHEN.

Mr. Siu Muk CHAN and Mr. Shaoan CHEN are entrepreneurs in various industries in the PRC, including software development, packaging materials printing and investment. Mr. Siu Muk CHAN and Mr. Shaoan CHEN currently are also directors of Shenzhen Zohontie Holding Group Co., Ltd. (深圳市中恒泰控股集團有限公司), a company incorporated in the PRC, which is engaged in the businesses of financing guarantees, property development and investment management.

Information about Neo Derm Group Limited

Neo Derm Group Limited is a company incorporated in Hong Kong, which is primarily engaged in investment holding. The principal activities of its subsidiaries are the provision of hair removal, sliming and skin rejuvenation services and sales of skin care products and machines. Its ultimate controlling shareholder is Mr. Meng Teng LIM.

Mr. Meng Teng LIM graduated from Monash University, Australia, with a degree in Business Administration in 1990. After graduation, Mr. Meng Teng LIM was employed by Nestle China Ltd. as a sales operation manager based in Beijing and subsequently the organization and planning manager of Nestle China Ltd.. He established Neo Derm Group Limited in 1997 and has operated Neo Derm Group Limited since then.

CONDITIONS PRECEDENT

The obligation of each Cornerstone Investor to subscribe, and the obligation of the Company to issue and deliver, the Offer Shares pursuant to the relevant cornerstone investment agreement is conditional upon the following:

(a) the Underwriting Agreements being entered into and having become unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements or as subsequently waived or varied by agreement of the parties thereto;

(b) neither of the Underwriting Agreements having been terminated;

(c) the Offer Price having been agreed between the Company and the Joint Global Coordinators (on behalf of the Underwriters);

(d) no laws having been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the subscription of the Offer Shares under the relevant cornerstone investment agreement and there being no order or injunction of a court of competent jurisdiction in effect which precludes or prohibits the consummation of such transactions;

(e) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange; and

(f) the representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor in the relevant cornerstone investment agreement remaining true and accurate in all material respects and there being no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTORS

Each Cornerstone Investor has agreed that without the prior written consent of the Company, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the relevant cornerstone investment agreement) any of the Shares subscribed for by it pursuant to the relevant cornerstone investment agreement and any other securities of the Company which are derived therefrom (the "**Relevant Shares**") or any interest in any company or entity holding any of the Relevant Shares.

Each Cornerstone Investor may transfer the Relevant Shares in certain limited circumstances as set out in the relevant cornerstone investment agreement, such as a transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that prior to such transfer, such wholly-owned subsidiary undertakes to be bound by such Cornerstone Investor's obligations under the relevant cornerstone investment agreement and be subject to the restrictions on disposal of Relevant Shares imposed on such Cornerstone Investor.

CONSENT FOR ALLOCATION OF OFFER SHARES TO A CONNECTED CLIENT OF CICC

In connection with the cornerstone investment by Shanghai FTZ Fund, Shanghai FTZ Fund has engaged China International Capital Corporation Limited, an asset manager that is a qualified domestic institutional investor as approved by the relevant PRC authority (the "**QDII Manager**"), to subscribe for and hold such Offer Shares on a non-discretionary basis on behalf of Shanghai FTZ Fund. The QDII Manager acts in accordance with the instructions from Shanghai FTZ Fund in order to facilitate the participation by Shanghai FTZ Fund in the Global Offering. Other than being a client of the QDII Manager, Shanghai FTZ Fund is an Independent Third Party of the Joint Bookrunners. As CICC, one of the Joint Bookrunners, is an indirect wholly-owned subsidiary of the QDII Manager, the QDII Manager is a "connected client" of CICC under paragraph 13(7) of Appendix 6 to the Listing Rules. Accordingly, the participation of Shanghai FTZ Fund as a cornerstone investor through the QDII Manager is subject to the consent under paragraph 5(1) of Appendix 6 to the Listing Rules from the Stock Exchange.

The Company confirmed that the cornerstone investment agreement entered into with Shanghai FTZ Fund does not contain any material terms which are more favorable to Shanghai FTZ Fund or the QDII Manager than those in other cornerstone investment agreements.

In addition, other than the preferential treatment of assured entitlement under such cornerstone investment agreement, (a) each of the Company and CICC, and to the best of the knowledge and belief, each of the Joint Bookrunners, confirmed that no preferential treatment has been, nor will be, given to the QDII Manager by virtue of its relationship with CICC; (b) the QDII Manager confirmed that to the best of its knowledge and belief, it has not received and will not receive preferential treatment in the allocation of the Offer Shares under the Global Offering on behalf of Shanghai FTZ Fund as a cornerstone investor by virtue of its relationship with CICC; and (c) each of the Joint Sponsors confirmed that, based on the confirmations (a) and (b) mentioned above and to the best of its knowledge and belief, it has no reason to believe that the QDII Manager received any preferential treatment in the allocation of the Offer Shares under the Global Offering as a cornerstone investor on behalf of Shanghai FTZ Fund by virtue of its relationship with CICC.

An application has been made to the Stock Exchange, and the Stock Exchange has granted us, a consent under paragraph 5(1) of Appendix 6 to the Listing Rules to allow the Offer Shares to be allocated to the QDII Manager (to be held on behalf of Shanghai FTZ Fund) as a "connected client" of CICC.

UNDERWRITING

HONG KONG UNDERWRITERS

A1A15(2)(h)

CO S.342(3)(a)

China International Capital Corporation Hong Kong Securities Limited
Jefferies Hong Kong Limited
Fosun Hani Securities Limited
Haitong International Securities Company Limited
Huatai Financial Holdings (Hong Kong) Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 11,000,000 Hong Kong Offer Shares and the International Offering of initially 99,000,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in "Structure of the Global Offering", as well as to the Over-allotment Option in the case of the International Offering. Of the 99,000,000 Offer Shares initially being offered under the International Offering, 5,500,000 Offer Shares will be offered to Qualifying Fosun International Shareholders pursuant to the Preferential Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on September 4, 2017. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not having been withdrawn and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination A1A15(2)(i)

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), in their sole and absolute discretion, shall be entitled by notice to the Company and the Selling Shareholder to terminate the Hong Kong Underwriting with immediate effect if:

(a) there shall develop, occur, exist or come into force:

(i) any new law or regulation or any change or development involving a prospective change in any existing law or regulation or in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the State of Israel, the PRC, the United States, the United Kingdom or the European Union (or any member thereof) (collectively, the "**Relevant Jurisdictions**" and each, a "**Relevant Jurisdiction**"); or

(ii) any change or development involving a prospective change or development in, or any event or circumstance or series of events or circumstances resulting or likely to result in or representing a change or development, or a prospective change or development, in any local, national, regional or international financial, political, military, industrial, legal, fiscal, economic, regulatory, credit, market or currency matters or conditions or exchange control or any monetary or trading settlement system (including, but not limited to, a change in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong dollar is linked to the U.S. dollar or revaluation of Hong Kong dollar or Renminbi against any foreign currencies or a change in any other currency exchange rates) in or affecting any of the Relevant Jurisdictions, including any event which involves one or more members of the European Union announcing, voluntarily or compulsorily, its or their intention to leave the Economic and Monetary Union of the European Union; or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in, securities generally on the Stock Exchange, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, or in the NASDAQ Global Market; or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent government authority), New York (imposed at Federal or New York State level or other competent government authority), London or any other Relevant Jurisdictions (declared by the relevant authorities), or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

(v) any change or development or event involving any prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a change in the system under which the value of the Hong Kong currency is linked to the U.S. dollar, or a material devaluation of the U.S. dollar, Euro, New Israeli Shekels, Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(vi) any imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vii) the outbreak or escalation of hostilities (whether or not war is or has been declared) involving or affecting any of the Relevant Jurisdictions or the declaration by any of the Relevant Jurisdictions of a national emergency or war or any other national or international calamity or crisis; or

(viii) any event or circumstance, or series of events or circumstances, in the nature of force majeure in or affecting directly or indirectly any of the Relevant Jurisdictions including, without limiting the generality thereof, any act of God, act of government, declaration of a national or international emergency or war, calamity, crisis, riot, civil commotion, public disorder, civil commotion, fire, flood, explosion, epidemic (including SARS, swine or avian flu, H5N1, H1N1, H7N9 or such related/mutated forms), pandemic, outbreak of infectious disease, earthquake, terrorism, strike, fire, explosion, flooding, earthquake, volcanic eruption, acts of terrorism, labor dispute or lock-out; or

(ix) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus, Application Forms, preliminary offering circular or offering circular (or to any other documents in connection with the contemplated offer, subscription and sale of the Offer Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC without the prior written consent of the Joint Global Coordinators; or

(x) any change, development or event involving a prospective change in, or a materialization of, any of the risks set out in "Risk Factors" in this prospectus; or

(xi) an order or a petition is presented for the winding up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(xii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(xiii) any contravention by any member of the Group or any Director of the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or other applicable laws; or

(xiv) a prohibition on the Company or the Selling Shareholder for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xv) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer, subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations; or

(xvi) (1) any litigation or claim being threatened or instigated against any member of the Group or Fosun Pharma; or (2) any material litigation or claim being threatened or instigated against Fosun International; or

(xvii) a governmental authority or a political or regulatory body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director or any Controlling Shareholder; or

(xviii) the chairman or chief executive officer of the Company or any Director vacating his or her office; or

(xix) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company,

and which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters),

(A) has or will or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations or financial or trading position or condition or performance of the Group as a whole; or

(B) has or will or may have a material adverse effect on the success or marketability of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(C) makes or will or may make it inadvisable or inexpedient or impracticable for any part of the Hong Kong Public Offering or the International Offering to proceed as envisaged or to market the Global Offering or deliver the Offer Shares on the terms and in the manner as contemplated by this prospectus; or

(D) has or will or may have the effect of (i) making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or (ii) preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Global Coordinators:

(i) that any statement contained in this prospectus, the Application Forms, the formal notice in connection with the Hong Kong Public Offering and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the "**Hong Kong Offering Documents**") (but excluding information relating to the Underwriters) was, when it was issued, incomplete, or has become, untrue, incorrect or inaccurate in any material respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation expressed or contained in any of the Hong Kong Offering Documents is not fair and honest and not made on reasonable grounds or, where appropriate, not based on reasonable assumptions with reference to the facts and circumstances then subsisting; or

(ii) that there is a breach of, or any matter, event or circumstance rendering, any of the representations, warranties, agreements and undertakings given by the Company or any of the Relevant Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, untrue, incorrect, incomplete or misleading in any respect; or

(iii) that there is a material breach of any provisions of, or any obligations imposed upon any party to, the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than obligations imposed upon any of the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Hong Kong Underwriters or the International Underwriters); or

(iv) that there is any material adverse change, or any development involving a prospective material adverse change or development, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, properties, results of operations, position or condition, financial, trading or otherwise, or performance of any member of the Group; or

(v) any of the experts specified in this prospectus has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(vi) that the approval of the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over Allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(vii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus constitute a material omission from any of the Hong Kong Offering Documents; or

(viii) that the Company withdraws this prospectus and the Application Forms (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) *Undertakings by our Company*

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that we will not, at any time within six months from the Listing Date, issue any Shares or other securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement or arrangement to such an issue (whether or not such issue of Shares or such other securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering (including the issue of additional Shares pursuant to the exercise of the Over-allotment Option) or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) *Undertakings by the Controlling Shareholders*

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to each of the Stock Exchange and our Company that, except pursuant to (a) any lending of Shares pursuant to the Stock Borrowing Agreement or (b) any sale of the Sale Shares by the Selling Shareholder pursuant to the Global Offering, and save as permitted under the Listing Rules, it will not (and will procure that the relevant registered holder(s) will not):

(i) in the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and

(ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has further undertaken to each of the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any Shares beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraph (i) and (ii) above (if any) by any of the Controlling Shareholders and subject to the then applicable requirements of the Listing Rules disclose such matters by way of an announcement.

Undertakings provided to the Hong Kong Underwriters

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except for the issue, offer or sale of the Offer Shares by our Company pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) and the issue of Shares by the Company pursuant to the Capitalization Issue, not to, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date falling six months after the Listing Date (the "**First Six-Month Period**"):

(i) offer, accept subscription for, allot, issue, sell, offer, contract or agree to allot, issue or sell, grant or sell (or agree to grant or sell) any option, warrant, contract or right to subscribe for or purchase, grant or purchase (or agree to grant or purchase) any option, warrant, contract or right to allot, issue or sell, make any short sale, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any Shares or other securities of our Company or any interest therein (including, but not limited to, any securities convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company);

(ii) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company;

(iii) enter into any transaction with the same economic effect as any transaction set out in paragraphs (i) or (ii) above; or

(iv) offer or agree or contract to effect any transaction set out in paragraphs (i), (ii) or (iii) above or publicly announce any intention to do so,

in each case, whether any of the transactions set out in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period). In the event that, during the six-month period commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), our Company enters into any of the transactions set out in paragraphs (i), (ii) or (iii) above or offers or agrees or contracts to, or publicly announces an intention to, enter into any such transactions, our Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of our Company.

Undertakings by the Relevant Controlling Shareholders

Each of the Relevant Controlling Shareholders agrees and undertakes to our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

(a) save for (1) the sale of the Sale Shares by the Selling Shareholder pursuant to the Global Offering, (2) any lending of Shares pursuant to the Stock Borrowing Agreement and (3) any pledge or charge of Shares (in respect of which it is shown in this prospectus as the beneficial owner) by it as security in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, during the First Six-Month Period, it will not:

(i) offer, pledge, charge, sell, offer, contract or agree to sell, pledge, assign, mortgage, charge, hypothecate, lend, grant or sell (or agree to grant or sell) any option, warrant, contract or right to subscribe for or purchase, grant or purchase (or agree to grant or purchase) any option, warrant, contract or right to sell, lend or otherwise transfer or dispose of, make any short sale, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities convertible into or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company), directly or indirectly held by it as of the date of the Hong Kong Underwriting Agreement; or

(ii) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company) directly or indirectly held by it as of the date of the Hong Kong Underwriting Agreement; or

(iii) enter into any transaction with the same economic effect as any transaction set out in paragraphs (i) or (ii) above; or

(iv) publicly disclose that it will or may enter into any transaction set out in paragraphs (i), (ii) or (iii) above,

whether any of the transactions set out in paragraphs (i), (ii) or (iii) above is to be settled by delivery of such capital or securities of our Company, in cash or otherwise (whether or not the transaction will be completed within the First Six-Month Period);

(b) during the Second Six-Month Period, it will not enter into any transaction described in paragraphs (a)(i), (ii) or (iii) above or offer, agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transaction, it will cease, whether individually or collectively with the other Relevant Controlling Shareholders, to be a controlling shareholder (as defined in the Listing Rules) of our Company;

(c) until the expiry of the Second Six-Month Period, in the event that it enters into any such transactions specified in paragraphs (a)(i), (ii) or (iii) above or offers, agrees or contracts to, or publicly announces an intention to enter into any such transaction, it will notify the Joint Global Coordinators and take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company; and

(d) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, it shall:

(i) if and when it pledges or charges any Shares or other securities of our Company (or any interests therein) beneficially owned by it, immediately inform our Company and the Joint Global Coordinators in writing of such pledge or charge together with the number of Shares or securities (or interests therein) so pledged or charged; and

(ii) if and when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities (or interests therein) of the Company will be disposed of, immediately inform the Company and the Joint Global Coordinators in writing of such indications.

Our Company agrees and undertakes that upon receiving such information in writing from any of the Relevant Controlling Shareholders, it shall, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of press announcement.

Hong Kong Underwriters' interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters was interested legally or beneficially, directly or indirectly, in any Shares or other securities of us or any other member of Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or other securities of us or any other member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, our Company and the Relevant Controlling Shareholders expect to enter into the International Underwriting Agreement on the Price Determination Date with the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. See "Structure of the Global Offering — The International Offering" in this prospectus.

Over-allotment Option

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), pursuant to which the Company may be required to issue up to an aggregate of 16,500,000 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. See "Structure of the Global Offering — Over-allotment Option" in this prospectus.

Commissions and Expenses A1A20(2)

The Underwriters will receive an underwriting commission (including the sponsor fee payable to the Joint Sponsors) of 2.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commission. CO Sch 3 para 14

The Joint Global Coordinators may receive a discretionary incentive fee of up to 1.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commission payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK$10.62 per Offer Share (which is the approximate mid-point of the indicative Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HK$[38.8] million.

The aggregate underwriting commission and fees payable to the Underwriters, together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$104.2 million (assuming an Offer Price of HK$10.62 per Offer Share (which is the approximate mid-point of the indicative Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) and will be paid by the Company, save for the underwriting commission and discretionary incentive fee (if any) relating to the sale of the Sale Shares by the Selling Shareholder which will be paid by the Selling Shareholder.

Indemnity

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may

be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to us and our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as described in this Prospectus.

The Global Offering comprises: A1A15(1) A1A15(2)(a)

(i) the Hong Kong Public Offering of initially 11,000,000 Shares (subject to reallocation) in Hong Kong as described in "— The Hong Kong Public Offering" below; and

(ii) the International Offering of initially 99,000,000 Shares (subject to reallocation and the Over-allotment Option) (a) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in accordance with Regulation S and (b) in the United States to QIBs in reliance on an exemption from registration under the US Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, as described in "— The International Offering" below. A1A15(2)(b)

Of the 99,000,000 Offer Shares initially being offered under the International Offering, 5,500,000 Offer Shares will be offered to Qualifying Fosun International Shareholders as an Assured Entitlement as described in "— The Preferential Offering".

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both (except that Qualifying Fosun International Shareholders who are eligible to apply for the Reserved Shares in the Preferential Offering may also either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering, if eligible; or (ii) indicate an interest for International Offer Shares under the International Offering, if qualified to do so).

Assuming the Offer Price is HK$8.88 (being the Minimum Offer Price), the Offer Shares will represent approximately 25.00% of the issued share capital of the Company immediately following the completion of the Capitalization Issue and the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.71% of the issued share capital of us immediately following the completion of the Global Offering.

Assuming the Offer Price is HK$12.35 (being the Maximum Offer Price), the Offer Shares will represent approximately 27.25% of the issued share capital of the Company immediately following the completion of the Capitalization Issue and the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 30.10% of the issued share capital of us immediately following the completion of the Global Offering.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering and the Preferential Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

A1A15(1)
A1A15(2)(a)

We are initially offering 11,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. The number of Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent between approximately 2.50% (assuming the Minimum Offer Price) and 2.72% (assuming the Maximum Offer Price) of the total issued share capital of the Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong, as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "— Conditions of the Global Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction

levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 5,500,000 Hong Kong Offer Shares are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. These require a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares under the Global Offering if certain prescribed total demand levels are reached.

If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times and (iii) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 33,000,000 Offer Shares (in the case of (i)), 44,000,000 Offer Shares (in the case of (ii)) and 55,000,000 Offer Shares (in the case of (iii)), representing 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

The Reserved Shares which are offered under the Preferential Offering to Qualifying Fosun International Shareholders out of the Offer Shares being offered under the International Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is breached and/or untrue (as the case may be) or if it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the Maximum Offer Price of HK$12.35 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$4,989.78 for one board lot of 400 Shares. If the Offer Price, as finally determined in the manner described in "— Pricing and Allocation" below, is less than the Maximum Offer Price of HK$12.35 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. See "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus. AIA15(2)(c)

THE PREFERENTIAL OFFERING

Basis of the Assured Entitlement

In order to enable Fosun International Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and the Global Offering becoming unconditional, Qualifying Fosun International Shareholders are being invited to apply for an aggregate of 5,500,000 Reserved Shares in the Preferential Offering as Assured Entitlement. The Reserved Shares are being offered out of the International Offer Shares under the International Offering and are not subject to reallocation as described in "—The Hong Kong Public Offering—Reallocation" above. AIA(2)(a)

The basis of the Assured Entitlement is one Reserved Share for every integral multiple of 1,560 Fosun International Shares held by Qualifying Fosun International Shareholders as at 4:30 p.m. on the Record Date.

Qualifying Fosun International Shareholders should note that Assured Entitlement to Reserved Shares may not represent a number of a full board lot of 400 Shares. Further, the Reserved Shares allocated to the Qualifying Fosun International Shareholders will be rounded down to the closest whole number if required. No odd lot matching services will be provided and dealings in odd lots of the Shares may be at a price below the prevailing market price for full board lots.

Assured Entitlement of Qualifying Fosun International Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

Qualifying Fosun International Shareholders who hold less than 1,560 Fosun International Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares as further described below.

Basis of Allocation for Applications for Reserved Shares

Qualifying Fosun International Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying Fosun International Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Forms or the **Blue Form eIPO** service via **www.eipo.com.hk**, and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying Fosun International Shareholder applies for a number of Reserved Shares which is greater than the Qualifying Fosun International Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full (subject to terms and conditions mentioned above) but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares (as defined below).

Where a Qualifying Fosun International Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Qualifying Fosun International Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement using the **BLUE** Application Forms for Assured Entitlement or who intend to apply for excess Reserved Shares using the **BLUE** Application Forms for excess Reserved Shares, should apply for a number which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form and make a payment of the corresponding amount. If you intend to apply for a number of Assured Entitlement or excess Reserved Shares which is not one of the numbers set out in the table in the **BLUE** Application Form for Assured Entitlement and excess Reserved Shares, you MUST apply by using **Blue Form eIPO** only. If you are a Qualifying Fosun International Shareholder and wish to apply for excess Reserved Shares in addition to your Assured Entitlement, you should complete and sign the **BLUE** Application Form for excess Reserved Shares and lodge it, together with a separate remittance for the full amount payable on application in respect of the excess Reserved Shares applied for or apply for through the **Blue Form eIPO** service via **www.eipo.com.hk**.

To the extent that the excess applications for the Reserved Shares are:

(a) less than the Reserved Shares not taken up by the Qualifying Fosun International Shareholders' Assured Entitlement (the "**Available Reserved Shares**"), the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Global Coordinators, to the International Offering;

(b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on a fair and reasonable basis, which is consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares. If there are any Shares remaining after satisfying the excess applications, such Shares will be reallocated, at the discretion of the Joint Global Coordinators, to the International Offering. No preference will be given to any excess application made to top up odd lot holdings to whole lot holdings of Shares.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

Beneficial Fosun International Shareholders (not being Non-Qualifying Fosun International Shareholders) whose Fosun International Shares are held by a nominee company should note that the Company will regard the nominee company as a single Fosun International Shareholder according to the register of members of Fosun International. Accordingly, such Beneficial Fosun International Shareholders whose Fosun International Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to them individually. Any Beneficial Fosun International Shareholders (not being Non-Qualifying Fosun International Shareholders) whose Fosun International Shares are registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder in relation to applications for Reserved Shares under the Preferential Offering. Any such person is advised to consider whether it wishes to arrange for the registration of the relevant Fosun International Shares in the name of the beneficial owner prior to the Record Date.

Applications by Qualifying Fosun International Shareholders for the Hong Kong Offer Shares

In addition to any application for Reserved Shares made either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form, Qualifying Fosun International Shareholders will be entitled to make one application for Hong Kong Offer Shares on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC via CCASS or by applying through the **White Form eIPO** service. Qualifying Fosun International

Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service under the Hong Kong Public Offering.

Qualifying Fosun International Shareholders and Non-Qualifying Fosun International Shareholders

Only Fosun International Shareholders whose names appeared on the register of members of Fosun International at 4:30 p.m. on the Record Date and who are not Non-Qualifying Fosun International Shareholders, are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying Fosun International Shareholders are those Fosun International Shareholders with registered addresses in, or who are otherwise known by Fosun International to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of Fosun International and the Company, based on the enquiries made by them, consider it necessary or expedient to exclude from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant Fosun International Shareholder is resident or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of Fosun International and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territories and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Shares to the Fosun International Shareholders in the Specified Territories. Having considered the circumstances, the directors of Fosun International and the Company have formed the view that it is necessary or expedient to restrict the ability of Fosun International Shareholders in the Specified Territories to take up their Assured Entitlement to the Reserved Shares under the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps which the Company and the Fosun International Shareholders would need to take to comply with the local legal and/or other requirements which would need to be satisfied in order to comply with the relevant local or regulatory requirements in those territories.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying Fosun International Shareholders are:

(a) Fosun International Shareholders whose names appeared in the register of members of Fosun International on the Record Date and whose addresses as shown in such register are in any of the Specified Territories; and

(b) Fosun International Shareholders on the Record Date who are otherwise known by Fosun International to be resident in any of the Specified Territories.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms or the terms and conditions of the **Blue Form eIPO** service, the Company reserves the right to permit any Fosun International Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

Beneficial Fosun International Shareholders who hold Fosun International Shares through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect

The Company has been advised by the Company's PRC legal adviser that pursuant to Article 23 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Programme, CSDCC does not provide services relating to the subscription of newly issued shares. Accordingly, Beneficial Fosun International Shareholders who hold Fosun International Shares through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect cannot participate in the Preferential Offering and will not be able to take up their respective Assured Entitlement to the Reserved Shares under the Preferential Offering through the trading mechanism of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Distribution of this Prospectus and the BLUE Application Forms

A **BLUE** Application Form has been despatched to each Qualifying Fosun International Shareholder. In addition, Qualifying Fosun International Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under Fosun International's corporate communications policy. For further details, see "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

Application Procedures

The procedures for application under and the terms and conditions of the Preferential Offering are set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus and on the **BLUE** Application Forms.

THE INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

A1A15(1)
A1A15(2)(a), (b)

The International Offering will consist of an offering of initially 99,000,000 Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option).

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States, as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies

(including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of us and the Shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allotment of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in "—The Hong Kong Public Offering—Reallocation" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time during the 30 day period from the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 16,500,000 Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised, an announcement will be made. AIA15(3)(c)

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial AIA15(3)(b)

public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing action, if taken, (i) will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and in what the Stabilizing Manager reasonably regards as the best interest of us, (ii) may be discontinued at any time and (iii) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering. A1A15(3)(e)

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above. A1A15(3)(c)

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on October 8, 2017, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall; A1A15(3)(d)
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

We will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period. A1A15(3)(a)

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, using Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, through the stock borrowing arrangement as detailed below, a combination of these means or other legally permitted means.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may choose to borrow up to 16,500,000 Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilizing Manager (or any person acting for it) and Ample Up on or about the Price Determination Date, or acquire Shares from other sources, including exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price.

If such stock borrowing arrangement with Ample Up is entered into, it will only be effected by the Stabilizing Manager or any person acting for it for the settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Shares so borrowed must be returned to Ample Up or its nominees, as the case may be, on or before the third business day following the earlier of (i) the last day for exercising the Over-allotment Option and (ii) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Ample Up by the Stabilizing Manager or any person acting for it in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

CO Sch 3 para 9

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about September 11, 2017 and, in any event, not later than September 18, 2017, by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

A1A15(2)(c) A1A15(2)(d)

The Offer Price will not be more than HK$12.35 per Offer Share and is expected to be not less than HK$8.88 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the Maximum Offer Price of HK$12.35 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK$4,989.78 for one board lot of 400 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of us, reduce the number of Offer Shares offered and/or the Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange at **www.sisram-medical.com** and **www.hkexnews.com.hk**, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and us, will be fixed within such revised Offer Price range. Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and us, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering, the basis of allocation of the Hong Kong Offer Shares and the Preferential Offering and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares and Reserved Shares—H. Despatch/ Collection of Share Certificates and Refund Monies."

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in "Underwriting."

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not having been withdrawn;

(ii) the Offer Price having been agreed between us and the Joint Global Coordinators (on behalf of the Underwriters);

(iii) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Joint Global Coordinators (on behalf of the Underwriters) on or before September 18, 2017, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at **www.hkexnews.hk** and us at **www.sisram-medical.com** on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares— H. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on September 19, 2017 provided that the Global Offering has become unconditional in all respects and the right of termination described in "Underwriting" has not been exercised.

DEALING

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Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, September 19, 2017, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, September 19, 2017.

The Shares will be traded in board lots of 400 Shares each and the stock code of the Shares will be 1696.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

IMPORTANT

The Company will be relying on Section 9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing (a) the **WHITE** and **YELLOW** Application Forms without them being accompanied by a printed prospectus and (b) the **BLUE** Application Forms to the relevant Qualifying Fosun International Shareholders without them being accompanied by a printed prospectus, unless the relevant Qualifying Fosun International Shareholders have elected to receive corporate communications in printed form under Fosun International's corporate communications policy or have not been asked to elect the means of receiving Fosun International's corporate communications, in which case the printed prospectus will be despatched to them separately. The contents of the printed prospectus are identical to the electronic version of the prospectus which can be accessed and downloaded from the websites of the Company at **www.sisram-medical.com** and the Stock Exchange at **www.hkexnews.hk** under the "*HKExnews* > *Listed Company Information* > *Latest Listed Company Information*" section, respectively.

Members of the public and Qualifying Fosun International Shareholders may obtain a copy of the printed prospectus, free of charge, upon request during normal business hours from 9:00 a.m. on Tuesday, September 5, 2017 until 12:00 noon on Friday, September 8, 2017 at the following locations:

1. any of the following branches of the receiving bank for the Hong Kong Public Offering:

	Branch Name	Address
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
Kowloon	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan

2. any of the following offices of the Hong Kong Underwriters:

   (a) China International Corporation Hong Kong Securities Limited, at 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong; and

   (b) Jefferies Hong Kong Limited, at Suite 2201, 22/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong; and

   (c) Fosun Hani Securities Limited, at Suite 2101-2105, 21/F, Champion Tower, 3 Garden Road, Central, Hong Kong; and

   (d) Haitong International Securities Company Limited, 22/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong; and

(e) Huatai Financial Holdings (Hong Kong) Limited, Room 5801-05 & 08-12, 58/F, The Center, 99 Queen's Road Central, Hong Kong.

3. the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

Details of where printed prospectuses may be obtained will be displayed prominently at every branch of the receiving bank where WHITE Application Forms are distributed.

During normal business hours from 9:00 a.m. on Tuesday, September 5, 2017 until 12:00 noon on Friday, September 8, 2017, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** and **YELLOW** Application Forms are distributed as set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the Joint Bookrunners, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;

- are outside the United States (within the meaning of Regulation S), and a person described in paragraph (h)(3) of Rule 902 of Regulation S); and

- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in the Company and/or any its subsidiaries;

- are a Director or chief executive officer of the Company and/or any of its subsidiaries;

- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;

- are a close associate (as defined in the Listing Rules) of any of the above; and

- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering (except in respect of Reserved Shares applied for pursuant to the preferential offering).

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

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You can collect a **WHITE** Application Form during normal business hours from 9:00 a.m. on Tuesday, September 5, 2017 until 12:00 noon on Friday, September 8, 2017 from:

(i) any of the following offices of the Hong Kong Underwriters:

China International Capital Corporation Hong Kong Securities Limited	29th floor, One International Finance Centre 1 Harbour View Street Central Hong Kong
Jefferies Hong Kong Limited	22nd Floor, Cheung Kong Centre 2 Queen's Road Central Central Hong Kong
Fosun Hani Securities Limited	Suite 2101-2105, 21/F, Champion Tower 3 Garden Road Central Hong Kong
Haitong International Securities Company Limited	22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Huatai Financial Holdings (Hong Kong) Limited	Room 5801-05 & 08-12, 58/F The Center 99 Queen's Road Central Hong Kong

(ii) any of the following branches of the receiving bank:

A1A15(2)(f)

	Branch	Address
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	North Point Centre Branch	Shop G, G/F, North Point Centre, 284 King's Road, North Point
Kowloon	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
	Telford Gardens Branch	Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street, Kwun Tong
New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
	Tseung Kwan O Branch	Shop G37-40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate, Tseung Kwan O

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, September 5, 2017 until 12:00 noon on Friday, September 8, 2017 from the Depository Counter of **HKSCC** at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**HORSFORD NOMINEES LIMITED — SISRAM MEDICAL PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Tuesday, September 5, 2017 — 9:00 a.m. to 5:00 p.m.
- Wednesday, September 6, 2017 — 9:00 a.m. to 5:00 p.m.
- Thursday, September 7, 2017 — 9:00 a.m. to 5:00 p.m.
- Friday, September 8, 2017 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, September 8, 2017, the last day for applications or such later time as described in "Effect of Bad Weather on the Opening and Closing of the Applications Lists" in this section. CO Sch 3 para 8

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Israeli Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Memorandum of Association and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering (except in respect of Reserved Shares pursuant to the Preferential Offering);

(viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving bank, the Joint Global Coordinators, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that except for an application made by a Qualifying Fosun International Shareholder under the Preferential Offering, this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through the **White Form eIPO** service by you or by any one as your agent or by any other person (except in respect of application for Reserved Shares pursuant to the Preferential Offering); and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC (except in respect of application for Reserved Shares pursuant to the Preferential Offering); and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Terms and Conditions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "— Who can apply" may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Tuesday, September 5, 2017 until 11:30 a.m. on Friday, September 8, 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, September 8, 2017 or such later time under the "Effect of Bad Weather on the Opening and Closing of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-service and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK$2.0 for each "Sisram Medical Ltd" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of Dong Jiang — Hong Kong Forest" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

A1A15(2)(d)

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- **agree** that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- **agree** to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- **undertake** and **confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the electronic application instructions are given for your benefit) **declare** that only one set of electronic application instructions has been given for your benefit;

- (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- **confirm** that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- **authorize** the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- **agree** that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- **agree** to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving bank, the Joint Global Coordinators, the Underwriters and/or its respective advisers and agents;

- **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may

revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- **agree** that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;

- **agree** with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- **agree** that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- **instructed** and **authorized** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- **instructed** and **authorized** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- **instructed** and **authorized** HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 400 Hong Kong Offer Shares. Instructions for more than 400 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- Tuesday, September 5, 2017 — 9:00 a.m. to 8:30 p.m. (1)
- Wednesday, September 6, 2017 — 8:00 a.m. to 8:30 p.m.(1)
- Thursday, September 7, 2017 — 8:00 a.m. to 8:30 p.m.(1)
- Friday, September 8, 2017 — 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Tuesday, September 5, 2017 until 12:00 noon on Friday, September 8, 2017 (24 hours daily, except on the last day for applications).

The latest time for inputting your electronic application instructions will be 12:00 noon on Friday, September 8, 2017, the last day for applications or such later time as described in "Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications in making your electronic applications. The Company, the Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Friday, September 8, 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are a Qualifying Fosun International Shareholder applying for Reserved Shares under the Preferential Offering either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form, you may also make one application for Hong Kong Offer Shares either on a **WHITE** or **YELLOW** Application Form or electronically through CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or submit an application through the **White Form eIPO** service through the designated website at **www.eipo.com.hk**. However, in respect of any application for Hong Kong Offer Shares using the above methods, you will not enjoy the preferential treatment accorded to you under the Preferential Offering as described in "*Structure of the Global Offering — The Preferential Offering*".

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. APPLICATIONS FOR RESERVED SHARES

1. WHO CAN APPLY

Only Fosun International Shareholders whose names appeared on the register of members of Fosun International on the Record Date and who are not Non-Qualifying Fosun International Shareholders are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying Fosun International Shareholders are those Fosun International Shareholders with registered addresses in, or who are otherwise known by Fosun International to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of Fosun

International and the Company, based on the enquiries made by them, consider it necessary or expedient to exclude them from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant Fosun International Shareholder is resident or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of Fosun International and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territories and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Shares to the Fosun International Shareholders in the Specified Territories. Having considered the circumstances, the directors of Fosun International and the Company have formed the view that it is necessary or expedient to restrict the ability of Fosun International Shareholders in the Specified Territories to take up their Assured Entitlement to the Reserved Shares under the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps which the Company and the Fosun International Shareholders would need to take to comply with the local legal and/or other requirements which would need to be satisfied in order to comply with the relevant local or regulatory requirements in those territories.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying Fosun International Shareholders are:

(a) Fosun International Shareholders whose names appeared in the register of members of Fosun International on the Record Date and whose addresses as shown in such register are in any of the Specified Territories; and

(b) Fosun International Shareholders on the Record Date who are otherwise known by Fosun International to be resident in any of the Specified Territories.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms or the terms and conditions of the **Blue Form eIPO** service, the Company reserves the right to permit any Fosun International Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

With respect to the Specified Territories, Fosun International has sent a letter to CCASS Participants (other than CCASS Investor Participants) notifying them that in light of applicable laws and regulations of the Specified Territories, to the extent they hold any Fosun International Shares on behalf of the Non-Qualifying Fosun International Shareholders, they are excluded from participating in the Preferential Offering.

Qualifying Fosun International Shareholders are entitled to apply on the basis of an Assured Entitlement of one Reserved Share for every integral multiple of 1,560 Fosun International Shares held by them on the Record Date.

Qualifying Fosun International Shareholders who hold less than 1,560 Fosun International Shares on the Record Date will not have an Assured Entitlement to the Reserved Shares, but they will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares.

If the applicant is a firm, the application must be in the individual members' names, but not in the name of the firm. If the applicant is a body corporate, the **BLUE** Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with the corporation's chop.

If an application is made by a duly authorized person under a valid power of attorney, the Company and the Joint Global Coordinators, as the Company's agents, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority. The Company and the Joint Global Coordinators, as the Company's agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

You cannot apply for any Reserved Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- a Director or chief executive of the Company and/or any of the Company's subsidiaries (other than a Director and/or his associates who are Qualifying Fosun International Shareholders who may apply for Reserved Shares pursuant to the Preferential Offering);
- a connected person of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- a close associate of any of the above persons; or
- a Non-Qualifying Fosun International Shareholder.

2. HOW TO APPLY

An application for Reserved Shares under the Preferential Offering may only be made by Qualifying Fosun International Shareholders either through the **Blue Form eIPO** service via **www.eipo.com.hk** or using **BLUE** Application Forms which have been despatched to Qualifying Fosun International Shareholders by the Company.

Qualifying Fosun International Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying Fosun International Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Forms or the **Blue Form eIPO** service and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying Fosun International Shareholder applies for a number of Reserved Shares which is greater than the Qualifying Fosun International Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied full, subject as mentioned above, but the excess portion of such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Where a Qualifying Fosun International Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Qualifying Fosun International Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement using the **BLUE** Application Forms for Assured Entitlement or who intend to apply for excess Reserved Shares using the **BLUE** Application Forms for excess Reserved Shares, should apply for a number which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form and make a payment of the corresponding amount. If you intend to apply for a number of Assured Entitlement or excess Reserved Shares which is not one of the numbers set out in the table in the BLUE Application Form for Assured Entitlement and excess Reserved Shares, you MUST apply by using **Blue Form eIPO** only. If you are a Qualifying Fosun International Shareholder and wish to apply for excess Reserved Shares in addition to your Assured Entitlement, you should complete and sign the **BLUE** Application Form for excess Reserved Shares and lodge it, together with a separate remittance for the full amount payable on application in respect of the excess Reserved Shares applied for or apply for through the **Blue Form eIPO** service via **www.eipo.com.hk**.

To the extent that excess applications for the Reserved Shares are:

(a) less than the Available Reserved Shares, the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Global Coordinators, to the International Offering;

(b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on an allocation basis which will be consistent with the allocation basis commonly used in the case of over- subscription in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. If there are any Shares remaining after satisfying the excess applications, such Shares will be reallocated, at the discretion of the Joint Global Coordinators, to the International Offering. No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of Shares.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

Qualifying Fosun International Shareholders who have applied for Reserved Shares under the Preferential Offering, either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form, may also make one application either on a **WHITE** or **YELLOW** Application Form, or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or through the **White Form eIPO** service for the Hong Kong Offer Shares in the Hong Kong Public Offering. However, Qualifying Fosun International Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service under the Hong Kong Public Offering.

Persons who held their Fosun International Shares on the Record Date in CCASS indirectly through a broker/ custodian, and wish to participate in the Preferential Offering, should instruct their broker or custodian to apply for the Reserved Shares on their behalf by no later than the deadline set by HKSCC or HKSCC Nominees. In order to meet the deadline set by HKSCC, such persons should check with their broker/custodian for the timing on the processing of their instructions, and submit their instructions to their broker/custodian as required by them. Persons who held their Fosun International Shares on the Record Date in CCASS directly as a CCASS Investor Participant, and wish to participate in the Preferential Offering, should give their instruction to HKSCC via the CCASS Phone System or CCASS Internet System by no later than the deadline set by HKSCC or HKSCC Nominees.

3. DISTRIBUTION OF THIS PROSPECTUS AND THE BLUE APPLICATION FORMS

BLUE Application Forms have been despatched to all Qualifying Fosun International Shareholders to their address recorded on the register of members of Fosun International on the Record Date.

In addition, Qualifying Fosun International Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under Fosun International's corporate communications policy.

If a Qualifying Fosun International Shareholder has elected to receive corporate communications from Fosun International in printed form under Fosun International's corporate communications policy or has not been asked to elect the means of receiving Fosun International's corporate communications, a printed copy of this prospectus in the elected language version(s) (if applicable) will be despatched to such Qualifying Fosun International Shareholder.

If a Qualifying Fosun International Shareholder (a) has elected to receive an electronic version of corporate communications or (b) is deemed to have consented to receiving the electronic version of corporate communications from Fosun International, an electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of the Company at **www.sisram-medical.com** and the Stock Exchange at **www.hkexnews.hk** under the section headed "*HKEXnews > Listed Company Information > Latest Information*".

A Qualifying Fosun International Shareholder who has elected to receive or is deemed to have consented to receiving the electronic version of this prospectus may at any time request for a printed copy of this prospectus, free of charge, by sending a request in writing to Fosun International c/o Computershare Hong Kong Investor Services Limited or by email to Fosun International at fosun.ecom@computershare.com.hk. Fosun International will promptly, upon request, send by ordinary post a printed copy of this prospectus to such Qualifying Fosun International Shareholder, free of charge, although such Qualifying Fosun International Shareholder may not receive that printed copy of this prospectus before the close of the Hong Kong Public Offering and the Preferential Offering.

Qualifying Fosun International Shareholders who require a replacement **BLUE** Application Form should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or on its hotline 2862 8555.

Distribution of this prospectus and/or the **BLUE** Application Forms into any jurisdiction other than Hong Kong may be restricted by law. Persons who come into possession of this prospectus and/or the **BLUE** Application Forms come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this prospectus should not be distributed, forwarded or transmitted in, into or from any of the Specified Territories with or without the **BLUE** Application Forms, except to Qualifying Fosun International Shareholders as specified in this prospectus.

Receipt of this prospectus and/or the **BLUE** Application Forms does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/ or the **BLUE** Application Forms must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or the **BLUE** Application Forms should not, in connection with the Preferential Offering, distribute or send the same in, into or from, any of the Specified Territories. If the **BLUE** Application Form is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not apply for any Reserved Shares unless the directors of Fosun International and the Company determine that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this prospectus and/or the **BLUE** Application Form(s) in, into or from any Specified Territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

4. APPLYING THROUGH THE BLUE FORM eIPO SERVICE

If you apply for Reserved Shares online through the **Blue Form eIPO** service:

(a) detailed instructions for application through the **Blue Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read those instructions carefully. If you do not follow the instructions, your application may be rejected by the **Blue Form eIPO** Service Provider and may not be submitted to the Company;

(b) you must provide a valid e-mail address; and

(c) once payment is completed via **electronic application instructions** given by you or for your benefit, an actual application is deemed to have been made. If you submit applications both via the **Blue Form eIPO** service and by using the **BLUE** Application Form, only the application submitted via the **Blue Form eIPO** service will be accepted and the other application will be rejected.

The application for Reserved Shares through the **Blue Form eIPO** service is only a facility provided by the **Blue Form eIPO** Service Provider to Qualifying Fosun International Shareholders. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for application to make your electronic application. The Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents and any other parties involved in the Global Offering and the **Blue Form eIPO** Service Provider take no responsibility for such applications.

5. APPLYING BY USING BLUE APPLICATION FORMS

(a) The **BLUE** Application Form will be rejected by the Company if:

- the **BLUE** Application Form is not completed in accordance with the instructions as stated in the **BLUE** Application Form;
- the **BLUE** Application Form has not been duly signed (only written signatures are acceptable) (or in the case of a joint application, not all applicants have signed);
- in respect of applicants who are corporate entities, the **BLUE** Application Form has not been duly signed (only written signature is acceptable) by an authorized officer or affixed with a company chop;
- the cheque/banker's cashier order/**BLUE** Application Form is defective;
- the **BLUE** Application Form for either Reserved Shares pursuant to the Assured Entitlement or excess Reserved Shares is not accompanied with a cheque/banker's cashier order or is accompanied by more than one cheque/banker's cashier order for each of the application for Assured Entitlement and excess application for Reserved Shares;
- the account name on the cheque/banker's cashier order is not pre-printed or certified by the issuing bank;
- the cheque/banker's cashier order is not drawn on a Hong Kong dollar bank account in Hong Kong;
- the name of the payee indicated on the cheque/banker's cashier order is not "**HORSFORD NOMINEES LIMITED — SISRAM MEDICAL PREFERENTIAL OFFER**";

- the cheque has not been crossed "Account Payee Only";
- the cheque was post-dated;
- the applicant's payment is not made correctly or if the applicant pays by cheque or banker's cashier order the cheque or banker's cashier order is dishonored on its first presentation;
- the applicant's name/the first applicant's name on the joint application is not the same as the name pre-printed or certified/endorsed by the drawee bank on the cheque/banker's cashier order;
- any alteration(s) to the application details on the **BLUE** Application Form has or have not been authorized by the signature(s) of the applicant(s);
- the Company believes that by accepting the application, the Company would violate the applicable securities or other laws, rules or regulations of the jurisdiction where the **BLUE** Application Form is received or where the applicant's address is located; or
- the Company and the Joint Global Coordinators, and their respective agents or nominees, exercise their discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

(b) If you are applying by using the **BLUE** Application Form for Assured Entitlement, you may apply for a number of Reserved Shares pursuant to your Assured Entitlement that is equal to or less than the number stated in Box B. If you intend to apply for a number of Reserved Shares that is less than your Assured Entitlement, you MUST apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees). If you intend to apply for a number of Assured Entitlement which is not one of the numbers set out in the table in the **BLUE** Application Form for Assured Entitlement, you MUST apply by using **Blue Form eIPO** only. You need to complete and sign the **BLUE** Application Form for Assured Entitlement and submit one cheque (or banker's cashier order) for the exact amount of remittance printed in Box B or the corresponding amount payable as set out in the table in the **BLUE** Application Form.

(c) If you are applying by using the **BLUE** Application Form for excess Reserved Shares, you MUST apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees). If you intend to apply for a number of excess Reserved Shares which is not one of the numbers set out in the table in the **BLUE** Application Form for excess Reserved Shares, you MUST apply by using **Blue Form eIPO** only. You need to complete and sign the **BLUE** Application Form for excess Reserved Shares and submit one separate cheque (or banker's cashier order) for the exact amount of remittance.

(d) If you intend to apply for both Reserved Shares pursuant to your Assured Entitlement and excess Reserved Shares, you must submit both the **BLUE** Application Form for Assured Entitlement and the **BLUE** Application Form for excess Reserved Shares. Each **BLUE** Application Form must be accompanied by a separate cheque (or banker's cashier order) for the exact amount of remittance.

Instead of using the **BLUE** Application Form, you may apply for Reserved Shares through the **Blue Form eIPO** service at **www.eipo.com.hk**.

6. WHEN MAY APPLICATIONS BE MADE

(a) Application through the Blue Form eIPO service

You may submit your application via the **Blue Form eIPO** service through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Tuesday, September 5, 2017 until 11:30 a.m. on Friday, September 8, 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, September 8, 2017, the last day for applications, or such later time as described in "— *D. Effect of Bad Weather on the Opening and Closing of the Application Lists*" below.

If you do not complete payment of the application monies (including any related fees) in time, the **Blue Form eIPO** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**.

(b) Applications on BLUE Application Form(s)

Your completed **BLUE** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**HORSFORD NOMINEES LIMITED — SISRAM MEDICAL PREFERENTIAL OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above at the following times:

- Tuesday, September 5, 2017 — 9:00 a.m. to 5:00 p.m.
- Wednesday, September 6, 2017 — 9:00 a.m. to 5:00 p.m.
- Thursday, September 7, 2017 — 9:00 a.m. to 5:00 p.m.
- Friday, September 8, 2017 — 9:00 a.m. to 12:00 noon

Completed **BLUE** Application Forms, together with payment attached, must be lodged by 12:00 noon on Friday, September 8, 2017, the last day for applications, or such later time as described in "— *D. Effect of Bad Weather on the Opening and Closing of the Application Lists*" below.

(c) Application Lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, September 8, 2017, the last day for applications, or such later time as described in "— *D. Effect of Bad Weather on the Opening and Closing of the Application Lists*" below.

7. HOW MANY APPLICATIONS MAY BE MADE

You should refer to "— *A. Applications for Hong Kong Offer Shares — 8. How Many Applications Can You Make*" above for the situations where you may make an application for Hong Kong Offer Shares under the Hong Kong Public Offering in addition to application(s) for Reserved Shares under the Preferential Offering.

8. ADDITIONAL TERMS AND CONDITIONS AND INSTRUCTIONS

You should refer to the **BLUE** Application Form for details of the additional terms and conditions and instructions which apply to applications for Reserved Shares.

C. HOW MUCH ARE THE HONG KONG OFFER SHARES AND THE RESERVED SHARES

A1A15(2)(c)
A1A15(2)(d)

The Maximum Offer Price is HK$12.35 per Offer Share. You must pay the Maximum Offer Price, brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% in full upon application for the Hong Kong Offer Shares or Reserved Shares under the terms set out in the Application Forms. This means that for one board lot of 400 Hong Kong Offer Shares or one board lot of 400 Reserved Shares, you will pay HK$4,989.78.

The Application Forms have tables showing the exact amount payable for the number of Offer Shares that may be applied for.

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You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 400 Shares Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 400 Shares Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see "Structure of the Global Offering — Pricing and Allocation."

D. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is:

- a tropical cyclone warning signal number 8 or above; or

- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, September 8, 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, September 8, 2017 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable", an announcement will be made in such event.

E. PUBLICATION OF RESULTS

A1A15(2)(k)

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering and the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares on Monday, September 18, 2017 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company's website at **www.sisram-medical.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering and the Preferential Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.sisram-medical.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Monday, September 18, 2017;

- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, September 18, 2017 to 12:00 midnight on Sunday, September 24, 2017;

- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Monday, September 18, 2017 to Thursday, September 21, 2017;

- in the special allocation results booklets which will be available for inspection during opening hours from Monday, September 18, 2017 to Wednesday, September 20, 2017 at all the receiving bank designated branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

F. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or through the **White Form eIPO** service and/or **Blue Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allocation of Hong Kong Offer Shares and/or Reserved Shares is void:

The allocation of Hong Kong Offer Shares and/or Reserved Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or

- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications (other than an application (if any) made either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form in your capacity as a Qualifying Fosun International Shareholder);

- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;

- your Application Form is not completed in accordance with the stated instructions;

- your electronic application instructions through the **White Form eIPO** service and/or **Blue Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;

- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;

- the Underwriting Agreements do not become unconditional or are terminated;

- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

G. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$12.35 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Monday, September 18, 2017.

H. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

A1A15(2)(g)

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE**, **YELLOW** or **BLUE** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allocated to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares and/or Reserved Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Monday, September 18, 2017. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, September 19, 2017 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) ***If you apply using a WHITE or BLUE Application Form***

If you apply for (i) 1,000,000 or more Hong Kong Offer Shares on a **WHITE** Application Form or (ii) 1,000,000 or more Reserved Shares on a **BLUE** Application Form and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, September 18, 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for (i) less than 1,000,000 Hong Kong Offer Shares on a **WHITE** Application Form or (ii) less than 1,000,000 Reserved Shares on a **BLUE** Application Form, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Monday, September 18, 2017, by ordinary post and at your own risk.

(ii) ***If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Monday, September 18, 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, September 18, 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offering Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offering Shares allocated to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, September 18, 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) ***If you apply through the White Form eIPO Service or Blue Form eIPO Service***

If you apply for (i) 1,000,000 or more Hong Kong Offer Shares through the **White Form eIPO** service or (ii) 1,000,000 or more Reserved Shares through the **Blue Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) from The Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, September 18, 2017, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for (i) less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service or (ii) less than 1,000,000 Reserved Shares through the **Blue Form eIPO** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Monday, September 18, 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) ***If you apply via Electronic Application Instructions to HKSCC***

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, September 18, 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocation of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Monday, September 18, 2017. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, September 18, 2017 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, September 18, 2017. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, September 18, 2017.

I. ADMISSION OF THE SHARES INTO CCASS

LR8.13A(2)

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

J. IMPORTANT NOTICE TO APPLICANTS WHO APPLY FOR HONG KONG OFFER SHARES AND/OR RESERVED SHARES TO BE ISSUED IN THEIR OWN NAME

The following applies **only** to:

- applicants who apply for Hong Kong Offer Shares to be issued in their own name by using a **WHITE** Application Form or by way of the **White Form eIPO** service; and

- Qualifying Fosun International Shareholders who apply for Reserved Shares which will be issued in their own name by using a **BLUE** Application Form or by way of the **Blue Form eIPO** service.

You should note that under the Israeli Companies Law, the Company is required to file a report with the Israeli Companies Registrar containing certain information on the shareholders whose names appear on the register of members of the Company (that is, HKSCC Nominees and applicants/shareholders who have requested physical share certificates).

Solely for the purpose of enabling the Company to comply with the above reporting obligation, if your application for Hong Kong Offer Shares in the Hong Kong Public Offering and/or for Reserved Shares in the Preferential Offering is successful, the Company requests that you provide the following documents as soon as practicable following the Listing Date to the Company's Hong Kong Share Registrar:

- **for individuals:** please provide a notarized copy of your passport; and

- **for corporations:** please provide a notarized copy of your certificate of incorporation and (if applicable) certificate of good standing.

If any of the above documents are not in English or Hebrew, the above documents should be accompanied by a notarized translation in English or Hebrew. Documents can be notarized by a notary public or by the Israeli Diplomatic or Consulate representative in the relevant jurisdiction where you are resident or located.

The contact details of the Company's Hong Kong Share Registrar are set out below:

Computershare Hong Kong Investor Services
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Hotline number: 2862 8555

If you have any questions regarding the documents to be provided, please contact the Company's Hong Kong Share Registrar.

K. SHAREHOLDERS WHO HOLD SHARES REGISTERED IN THEIR OWN NAME FOLLOWING THE LISTING

The requirements set out in "— J. Important notice to applicants who apply for Hong Kong Offer Shares and/or Reserved Shares to be issued in their own name" above will also apply to Shareholders and investors who acquire Shares following the Listing and whose Shares are registered in their own name. Such persons should provide the documents referred to above to the Company's Hong Kong Share Registrar as soon as practicable following the acquisition of their Shares. If you have any questions regarding the documents to be provided, please contact the Company's Hong Kong Share Registrar at the address and telephone number stated above.

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

Ernst & Young
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CO Sch 3 para 31
A1A33(1)
A1A29(1)
A1A32(5)(a)
A1A35
A1A37

The Directors
Sisram Medical Ltd
China International Capital Corporation Hong Kong Securities Limited
Jefferies Hong Kong Limited

Dear Sirs,

We report on the historical financial information of Sisram Medical Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-86, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2014, 2015 and 2016 and March 31, 2017 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-86 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated September 5, 2017 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in*

Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at December 31, 2014, 2015 and 2016 and March 31, 2017 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the three months ended March 31, 2016 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review,

nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made. A1A53(4)

Dividends

No dividends have been paid by the Company in respect of the Relevant Periods.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

September 5, 2017

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young, Hong Kong in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in United States dollars ("US$") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

A1A33(1)
LR8.05(1)(a)
A1A34(1)(b)

		Year ended December 31,			Three months ended March 31,	
		2014	2015	2016	2016	2017
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
REVENUE	7	101,321	110,406	118,156	27,605	32,647
Cost of sales		(49,459)	(53,043)	(55,933)	(13,571)	(15,174)
Gross profit		51,862	57,363	62,223	14,034	17,473
Other income and gains	7	281	450	719	365	971
Selling and distribution expenses		(16,646)	(18,590)	(21,380)	(5,096)	(5,379)
Administrative expenses		(10,166)	(11,121)	(12,989)	(2,331)	(2,370)
Research and development expenses		(6,869)	(7,069)	(7,307)	(1,848)	(2,387)
Other expenses		(1,803)	(2,798)	(2,438)	(365)	(259)
Finance costs	9	(7,336)	(7,308)	(6,968)	(1,775)	(1,711)
PROFIT BEFORE TAX	8	9,323	10,927	11,860	2,984	6,338
Income tax expense	12	(2,618)	(2,334)	(3,359)	(752)	(1,288)
PROFIT FOR THE YEAR/PERIOD		6,705	8,593	8,501	2,232	5,050
Attributable to:						
Owners of the parent		5,943	7,814	8,055	2,046	5,050
Non-controlling interests		762	779	446	186	—
		6,705	8,593	8,501	2,232	5,050
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted						
For profit for the year/period	13	N/A	N/A	N/A	N/A	N/A

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended December 31,			Three months ended March 31,	
		2014	2015	2016	2016	2017
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
PROFIT FOR THE YEAR/PERIOD		6,705	8,593	8,501	2,232	5,050
OTHER COMPREHENSIVE INCOME						
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations		(12)	(277)	(210)	74	347
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
Remeasurement gain/(loss) of a defined benefit plan	32	(27)	(43)	(92)	62	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		(39)	(320)	(302)	136	347
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		6,666	8,273	8,199	2,368	5,397
Attributable to:						
Owners of the parent		5,904	7,494	7,753	2,182	5,397
Non-controlling interests		762	779	446	186	—
		6,666	8,273	8,199	2,368	5,397

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at March 31,
		2014	2015	2016	2017
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
NON-CURRENT ASSETS					
Plant and equipment	14	1,740	2,054	2,353	2,393
Goodwill	15	108,351	108,351	108,351	108,351
Other intangible assets	16	76,523	71,977	67,092	65,900
Deferred tax assets	18	4,027	4,815	6,259	6,423
Other non-current assets	19	148	150	138	140
Total non-current assets		190,789	187,347	184,193	183,207
CURRENT ASSETS					
Inventories	21	18,431	21,501	21,955	24,632
Trade receivables	22	22,265	22,663	28,207	30,304
Prepayments, deposits and other receivables	23	2,105	2,065	2,966	3,881
Derivative financial instruments	24	—	110	187	529
Cash and bank balances	25	36,793	39,306	41,653	46,546
Total current assets		79,594	85,645	94,968	105,892
CURRENT LIABILITIES					
Trade payables	26	7,254	6,910	7,372	11,833
Other payables and accruals	27	11,227	21,593	15,209	14,642
Interest-bearing bank borrowings	28	8,747	10,496	12,246	12,246
Loan from a related party	29	—	—	9,845	9,929
Tax payable		2,102	2,439	2,300	1,811
Total current liabilities		29,330	41,438	46,972	50,461
NET CURRENT ASSETS		50,264	44,207	47,996	55,431
TOTAL ASSETS LESS CURRENT LIABILITIES		241,053	231,554	232,189	238,638
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	28	58,594	48,507	36,672	36,774
Deferred tax liabilities	18	13,131	12,200	12,613	12,425
Deferred income	30	803	706	634	763
Other long-term liabilities	31	143,403	137,596	141,784	142,793
Total non-current liabilities		215,931	199,009	191,703	192,755
NET ASSETS		25,122	32,545	40,486	45,883
EQUITY					
Equity attributable to owners of the parent					
Share capital	33	2	2	2	2
Reserves	34	25,120	32,543	40,484	45,881
Total equity		25,122	32,545	40,486	45,883

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital	Share premium account	Other reserves	Exchange fluctuation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	US$'000 (note 33)	*US$'000 (note 33)*	*US$'000 (note 34)*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2014	2	999	19,335	(52)	1,123	21,407	—	21,407
Profit for the year	—	—	—	—	5,943	5,943	762	6,705
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	—	—	—	(12)	—	(12)	—	(12)
Remeasurement loss of a defined benefit plan	—	—	—	—	(27)	(27)	—	(27)
Total comprehensive income for the year	—	—	—	(12)	5,916	5,904	762	6,666
Reclassification of non-controlling interests of a subsidiary embedded with put options (note 31(b))	—	—	—	—	—	—	(762)	(762)
Fair value adjustment on non-controlling interests of a subsidiary embedded with put options (note 31(b))	—	—	(2,189)	—	—	(2,189)	—	(2,189)
At December 31, 2014 and January 1, 2015	2	999	17,146	(64)	7,039	25,122	—	25,122
Profit for the year	—	—	—	—	7,814	7,814	779	8,593
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	—	—	—	(277)	—	(277)	—	(277)
Remeasurement loss of a defined benefit plan	—	—	—	—	(43)	(43)	—	(43)
Total comprehensive income for the year	—	—	—	(277)	7,771	7,494	779	8,273
Reclassification of non-controlling interests of a subsidiary embedded with put options (note 31(b))	—	—	—	—	—	—	(779)	(779)
Fair value adjustment on non-controlling interests of a subsidiary embedded with put options (note 31 (b))	—	—	(71)	—	—	(71)	—	(71)
At December 31, 2015	2	999	17,075	(341)	14,810	32,545	—	32,545

	Attributable to owners of the parent							
	Share capital	**Share premium account**	**Other reserves**	**Exchange fluctuation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	US$'000 (note 33)	*US$'000 (note 33)*	*US$'000 (note 34)*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2016	2	999	17,075	(341)	14,810	32,545	—	32,545
Profit for the year	—	—	—	—	8,055	8,055	446	8,501
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	—	—	—	(210)	—	(210)	—	(210)
Remeasurement loss of a defined benefit plan	—	—	—	—	(92)	(92)	—	(92)
Total comprehensive income for the year	—	—	—	(210)	7,963	7,753	446	8,199
Reclassification of non-controlling interests of a subsidiary embedded with put options (note 31(b))	—	—	—	—	—	—	(446)	(446)
Fair value adjustment on non-controlling interests of a subsidiary embedded with put options (note 31(b))	—	—	188	—	—	188	—	188
At December 31, 2016	2	999	17,263	(551)	22,773	40,486	—	40,486

	Attributable to owners of the parent							
	Share capital	Share premium account	Other reserves	Exchange fluctuation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	US$'000 (note 33)	*US$'000 (note 33)*	*US$'000 (note 34)*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2016	2	999	17,075	(341)	14,810	32,545	—	32,545
Profit for the period (unaudited)	—	—	—	—	2,046	2,046	186	2,232
Other comprehensive income for the period: (unaudited)								
Exchange differences on translation of foreign operations (unaudited)	—	—	—	74	—	74	—	74
Remeasurement gain of a defined benefit plan (unaudited)	—	—	—	—	62	62	—	62
Total comprehensive income for the period (unaudited)	—	—	—	74	2,108	2,182	186	2,368
Reclassification of non-controlling interests of a subsidiary embedded with put options (note 31(b)) (unaudited)	—	—	—	—	—	—	(186)	(186)
Fair value adjustment on non-controlling interests of a subsidiary embedded with put options (note 31(b)) (unaudited)	—	—	200	—	—	200	—	200
At March 31, 2016 (unaudited)	2	999	17,275	(267)	16,918	34,927	—	34,927

	Attributable to owners of the parent					
	Share capital	Share premium account	Other reserves	Exchange fluctuation reserve	Retained earnings	Total
	US$'000 (note 33)	*US$'000 (note 33)*	*US$'000 (note 34)*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2017	2	999	17,263	(551)	22,773	40,486
Profit for the period	—	—	—	—	5,050	5,050
Other comprehensive income for the period:						
Exchange differences on translation of foreign operations	—	—	—	347	—	347
Total comprehensive income for the period	—	—	—	347	5,050	5,397
At March 31, 2017	2	999	17,263	(204)	27,823	45,883

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,			Three months ended March 31,	
		2014	2015	2016	2016	2017
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		9,323	10,927	11,860	2,984	6,338
Adjustments for:						
Finance costs	9	7,336	7,308	6,968	1,775	1,711
Bank interest income	7	(281)	(239)	(357)	(76)	(95)
Fair value losses/(gains) from foreign exchange forward contracts not qualifying as hedges	7	—	(211)	(362)	74	(787)
Depreciation	8	590	644	720	175	221
Amortization of other intangible assets	8	4,828	4,882	4,885	1,225	1,192
Provision for impairment of trade receivables	8	510	583	611	118	148
Provision for impairment of inventories	8	563	1,290	1,090	173	111
		22,869	25,184	25,415	6,448	8,839
Decrease/(increase) in inventories		(2,894)	(4,360)	(1,544)	215	(2,788)
Increase in trade receivables		(1,160)	(981)	(6,155)	(2,459)	(2,245)
Decrease/(increase) in prepayments, deposits and other receivables		(677)	25	(899)	95	(552)
Decrease/(increase) in other non-current assets		25	(2)	12	(3)	(2)
Increase/(decrease) in trade payables		4,069	(344)	462	311	4,461
Increase/(decrease) in other payables and accruals		1,701	176	3,403	(2,854)	(831)
Increase/(decrease) in deferred income		336	(97)	(72)	60	129
Increase/(decrease) in other long-term liabilities		(533)	(38)	(80)	88	(37)
Cash generated from operations		23,736	19,563	20,542	1,901	6,974
Income tax paid		(929)	(3,716)	(4,529)	(1,623)	(2,506)
Net cash flows from operating activities		22,807	15,847	16,013	278	4,468

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	191	250	357	31	107
Purchases of items of plant and equipment	(579)	(923)	(1,039)	(75)	(187)
Additions to other intangible assets	(115)	(336)	—	—	—
Proceeds received from consideration adjustment of the acquisition of subsidiaries	11,000	—	—	—	—
Increase in term deposits with original maturity of more than three months	(19,000)	(1,000)	(3,500)	(1,000)	(1,400)
Net cash flows used in investing activities	(8,503)	(2,009)	(4,182)	(1,044)	(1,480)
CASH FLOWS FROM FINANCING ACTIVITIES					
New bank loans	79,950	—	—	—	—
New loans received from a related party	—	—	9,690	—	—
Repayment of bank loans	(92,900)	(8,747)	(10,496)	—	—
Acquisition of non-controlling interests	—	(195)	(9,693)	—	—
Interest paid	(3,197)	(2,913)	(2,524)	(24)	(20)
Proceeds from settlement of foreign currency forward contracts	—	101	285	72	445
Dividends paid to non-controlling shareholders of a subsidiary	(266)	(579)	(314)	—	—
Net cash flows from/(used in) financing activities	(16,413)	(12,333)	(13,052)	48	425
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,109)	1,505	(1,221)	(718)	3,413
Cash and cash equivalents at beginning of year/period	18,550	17,747	19,256	19,256	18,105
Effect of foreign exchange rate changes, net	1,306	4	70	(140)	78
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	17,747	19,256	18,105	18,398	21,596

		Year ended December 31,			Three months ended March 31,	
		2014	2015	2016	2016	2017
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the consolidated statements of cash flows		17,747	19,256	18,105	18,398	21,596
Pledged bank balances for long-term bank loans	25	46	50	48	52	50
Term deposits with original maturity of more than three months	25	19,000	20,000	23,500	21,000	24,900
Cash and bank balances as stated in the consolidated statements of financial position	25	36,793	39,306	41,653	39,450	46,546

STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at March 31,
		2014	2015	2016	2017
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
NON-CURRENT ASSET					
Investment in a subsidiary	20	211,964	212,158	222,033	222,033
CURRENT ASSETS					
Prepayments, deposits and other receivables	23	—	—	50	50
Cash and bank balances	25	1,786	1,138	1,044	862
Total current assets		1,786	1,138	1,094	912
CURRENT LIABILITIES					
Other payables and accruals	27	589	495	581	855
Interest-bearing bank borrowings	28	8,747	10,496	12,246	12,246
Loan from a related party	29	—	—	9,845	9,929
Total current liabilities		9,336	10,991	22,672	23,030
NET CURRENT LIABILITIES		(7,550)	(9,853)	(21,578)	(22,118)
TOTAL ASSETS LESS CURRENT LIABILITIES		204,414	202,305	200,455	199,915
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	28	58,594	48,507	36,672	36,774
Other long-term liabilities	31	132,978	137,018	141,194	142,240
Total non-current liabilities		191,572	185,525	177,866	179,014
NET ASSETS		12,842	16,780	22,589	20,901
EQUITY					
Share capital	33	2	2	2	2
Reserves	34	12,840	16,778	22,587	20,899
Total equity		12,842	16,780	22,589	20,901

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Sisram Medical Ltd (the "Company" or "Sisram") is a limited liability company incorporated under the laws of the State of Israel on April 25, 2013. The registered office of the Company is located at 14 Halamish Street, Caesarea Industrial Park, Caesarea 38900, Israel.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries (together with the Company, the "Group") were mainly involved in the design, development, manufacture and sale of energy-based aesthetic medical and minimally invasive treatment systems.

On May 27, 2013, the Company acquired a 95.16% equity interest in Alma Lasers Ltd. ("Alma"), a global medical technology company incorporated in Caesarea, Israel. More details are set out in the paragraph headed "The Acquisition of the Group by the Fosun Pharma Group" in the section headed "History and Corporate Structure" in the Prospectus. On July 28, 2016, the Company acquired all the remaining shares held by the non-controlling shareholders of Alma (the "Remaining Shares"). As a result of the transaction, and as of the date of this report, the Company held 100% of Alma's shares.

As at the date of this report, the Company had direct and indirect interests in the following subsidiaries, all of which have substantially similar characteristics to a private company incorporated in Hong Kong, the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Alma Lasers Ltd. (note (a))	Israel October 5, 1999	New Israeli Shekels ("NIS") 14,000,000	100%	—	Manufacture and sale of medical equipment
Alma Lasers Inc. (note (b))	United States August 1, 2005	US$10	—	100%	Distribution of medical equipment
Alma Lasers GmbH (note (b))	Germany July 31, 2012	Euro 25,000	—	100%	Distribution of medical equipment
Alma Lasers AT GmbH (note (b))	Austria March 22, 2010	Euro 35,000	—	100%	Distribution of medical equipment
Alma Medical Private Limited (note (b))	India December 3, 2014	Indian Rupee ("INR") 7,500,000	—	100%	Distribution of medical equipment

Notes:

(a) The statutory financial statements of this entity for the years ended December 31, 2014 and 2015 prepared in accordance with International Financial Reporting Standards ("IFRSs") were both audited by Kost Forer Gabbay & Kasierer, a member firm of Ernst & Young Global Limited and registered certified public accountants in Israel. No audited financial statements have been prepared for this entity for the year ended December 31, 2016.

(b) No audited statutory financial statements have been prepared for these entities for the years ended December 31, 2014, 2015 and 2016 (or since their respective dates of incorporation, where later than the beginning of the Relevant Periods), as the entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

2.1 BASIS OF PRESENTATION

The consolidated financial statements include the financial statements of the Group for the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from January 1, 2017, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for derivative financial instruments and a share redemption option granted to non-controlling shareholders of a subsidiary which have been measured at fair value.

3. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 15	*Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
IFRS 17	*Insurance Contracts*[3]
Amendments to IFRS 15	*Clarifications to IFRS 15*[1]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[2]
Amendments to IFRS 1 included in *Annual improvements 2014-2016 Cycle*	*First-time Adoption of International Financial Reporting Standards*[1]

Amendments to IAS 28 included in *Annual improvements 2014-2016 Cycle*	*Investments in Associates and Joint Ventures*[1]

[1] Effective for annual periods beginning on or after January 1, 2018

[2] Effective for annual periods beginning on or after January 1, 2019

[3] Effective for annual periods beginning on or after January 1, 2021

[4] No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Directors of the Company anticipate that the new and revised IFRSs, excluding IFRS 9, IFRS 15 and IFRS 16, may result in changes in accounting policies but are unlikely to have any material impact on the Group's results of operations and financial position upon application.

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from January 1, 2018. The Group has performed a high-level assessment of the impact of the adoption of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarized as follows:

(a) **Classification and measurement**

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value.

(b) **Impairment**

IFRS 9 requires an impairment on debt instruments recorded at amortized cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of IFRS 9.

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the Group's financial performance and financial position, including the measurement of financial assets and disclosures.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognizing revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In June 2016, the IASB issued amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt IFRS 15 on January 1, 2018.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 15 on the Group. Based on the preliminary assessment, the Group anticipates that the adoption of IFRS 15 in the future is unlikely to have significant impact on the Group's revenue recognition.

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases — Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the

right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt IFRS 16 on January 1, 2019.

As set out in note 35 to the Historical Financial Information, total operating lease commitments of the Group as at March 31, 2017 amounted to US$20,971,000. The Directors of the Company do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results but it is expected that the commitments due after December 31, 2019 will be required to be recognized in the consolidated statement of financial position as right-of-use assets and lease liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant and machinery	15% to 33%
Furniture and fixtures	6% to 15%
Leasehold improvements	Over the shorter of the lease terms and 10%

Where parts of an item of plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Customer relationships

Customer relationships are stated at cost less any impairment losses and are amortized on the straight-line basis over the estimated useful lives of 14.5 years.

Trademarks

Trademarks with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful lives of trademarks are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Patents and technology

Patents and technology are stated at cost less any impairment losses and are amortized on the straight-line basis over the estimated useful lives of 5 to 10 years.

License agreement

Purchased license agreement is stated at cost less any impairment losses and is amortized on the straight-line basis over the estimated useful life of 8 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Expenditure which does not meet these criteria is expensed when incurred.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss and loans and receivables, as appropriate. When financial assets are recognized initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognized in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in other income and gains in profit or loss. The loss arising from impairment is recognized in profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when:

(a) the rights to receive cash flows from the asset have expired; or

(b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each of the Relevant Periods whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and loans and borrowings.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank borrowings and other long-term liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less estimated costs to be incurred to completion and disposal. Any provision for impairment of inventories is recognized within other expenses in profit or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provisions for product warranties granted by the Group on certain products are recognized based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

(a) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when the relevant services have been rendered and it is probable that economic benefits will flow to the Group and the relevant fees can be measured reliably; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

A1A33(4)(a)-(c) A1A28(7)

Defined benefit plan

The Group's liability for severance pay for its employees is pursuant to the Israel's Severance Pay Law and is based on the most recent salary of the employees multiplied by the number of years of employment. Employees are entitled to severance pay equal to one month's salary for each year of employment, or a portion thereof. The Group's liability for its employees is provided for by monthly deposits with severance pay funds, insurance policies and by an accrual.

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

The cost of providing severance pay is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net

interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under "cost of sales", "selling and distribution expenses", "administrative expenses" and "research and development expenses" in the consolidated statement of profit or loss by function:

(a) service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements

(b) net interest expense or income

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

This Historical Financial Information is presented in US$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional rates of exchange ruling at the end of each of the Relevant Periods.

Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the US$. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into US$ at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss are translated into US$ at the weighted average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at December 31, 2014, 2015, 2016 and March 31, 2017 was US$108,351,000, US$108,351,000, US$108,351,000 and US$108,351,000, respectively. Further details are given in note 15 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable

amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision policy for impairment of trade receivables

The provision policy for impairment of trade receivables is based on ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of those receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required. Further details are given in note 22 to the Historical Financial Information.

Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and sale. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customers' needs or competitors' actions in response to product industry cycle. Management reassesses these estimates at the end of each of the Relevant Periods.

Useful lives and residual value of plant and equipment

The Group determines the estimated useful lives, residual value and related depreciation charges for its plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual value of plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating activities are related to a single operating segment, which is the design, development, manufacture and sale of energy-based aesthetic medical and minimally invasive treatment systems. Therefore, no analysis by operating segment is presented.

Geographical information

(a) ***Revenue from external customers***

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Europe	26,355	26,492	32,729	7,511	9,054
North America*	25,192	28,383	31,001	6,475	7,366
China	20,096	25,845	25,733	6,193	7,187
Asia Pacific (excluding China)	13,820	14,831	13,516	3,405	3,694
Latin America	10,403	9,067	8,989	2,061	3,458
Middle East and Africa	5,455	5,788	6,188	1,960	1,888
	101,321	110,406	118,156	27,605	32,647

* North America includes Canada and the United States (excluding Mexico)

The revenue information above is based on the locations of the customers.

(b) ***Non-current assets***

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Israel	186,512	182,292	177,616	176,463
United States	218	175	199	207
Other countries	32	65	119	114
	186,762	182,532	177,934	176,784

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue from a major customer located in China which accounted for more than 10% of the total revenue for each of the Relevant Periods is as follows:

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Customer A	20,096	25,845	25,733	6,193	7,187

7. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of services rendered.

An analysis of revenue, other income and gains is as follows:

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Revenue					
Sale of goods	92,126	102,471	109,826	25,240	30,343
Services and others	9,195	7,935	8,330	2,365	2,304
	101,321	110,406	118,156	27,605	32,647
Other income and gains					
Bank interest income	281	239	357	76	95
Foreign exchange gains, net	—	—	—	289	89
Fair value gains from foreign exchange forward contracts not qualifying as hedges	—	211	362	—	787
	281	450	719	365	971

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Cost of inventories sold	34,655	37,485	38,768	9,347	10,864
Cost of services and others	14,804	15,558	17,165	4,224	4,310
Employee benefit expense (including directors' and chief executive's remuneration (note 10)):					
Wages and salaries	16,200	17,200	19,381	4,651	5,339
Defined benefit plan costs	620	647	660	163	211
	16,820	17,847	20,041	4,814	5,550
Research and development expenses:					
Current year/period expenditure	6,869	7,069	7,307	1,848	2,387
Listing expenses	—	—	3,559	—	—
Auditors' remuneration	180	180	330	85	100
Minimum lease payments under operating leases	2,088	2,148	1,833	432	477
Depreciation (note 14)	590	644	720	175	221
Amortization of other intangible assets (note 16)	4,828	4,882	4,885	1,225	1,192
Provision for impairment of inventories	563	1,290	1,090	173	111
Provision for impairment of trade receivables (note 22)	510	583	611	118	148
Foreign exchange differences, net	730	925	737	(289)	(89)

9. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Interest on loans and borrowings	3,414	3,268	2,792	748	665
Imputed interest on long-term interest-free capital notes	3,922	4,040	4,176	1,027	1,046
	7,336	7,308	6,968	1,775	1,711

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

A1A28(7)
A1A33(2)(a)-(c)

Directors' and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	307	311	319	80	96
Performance related bonuses	—	—	—	—	—
	307	311	319	80	96

(a) **Directors and the chief executive**

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Total remuneration
	US$'000	*US$'000*	*US$'000*	*US$'000*
Year ended December 31, 2014				
Director:				
Mr. Yao FANG (i)	—	—	—	—
Mr. John Changzheng MA (i)	—	—	—	—
Mr. Chun LI	—	—	—	—
Mr. Xiaojun DING (ii)	—	—	—	—
Mr. Hongfei JIA (ii)	—	—	—	—
Mr. Lei ZHONG	—	—	—	—
Ms. Elyse SILVERBERG	—	—	—	—
Mr. Charles Barton NICHOLS (iii)	—	—	—	—
Ms. Yu HU (iii)	—	—	—	—
Chief executive:				
Mr. Lior Moshe DAYAN (vii)	—	307	—	307
	—	307	—	307

(i) Mr. Yao FANG resigned as a director of the Company and Mr. John Changzheng MA was appointed as a director of the Company on February 19, 2014.

(ii) Mr. Xiaojun DING resigned as a director of the Company and Mr. Hongfei JIA was appointed as a director of the Company on March 10, 2014.

(iii) Mr Charles Barton NICHOLS resigned as a director of the Company and Ms. Yu HU was appointed as a director of the Company on November 18, 2014.

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Total remuneration
	US$'000	*US$'000*	*US$'000*	*US$'000*
Year ended December 31, 2015				
Director:				
Mr. John Changzheng MA	—	—	—	—
Mr. Chun LI	—	—	—	—
Mr. Hongfei JIA	—	—	—	—
Mr. Lei ZHONG	—	—	—	—
Ms. Elyse SILVERBERG	—	—	—	—
Ms. Yu HU	—	—	—	—
Chief executive:				
Mr. Lior Moshe DAYAN (vii)	—	311	—	311
	—	311	—	311
Year ended December 31, 2016				
Director:				
Mr. John Changzheng MA (iv)	—	—	—	—
Mr. Hongfei JIA (v)	—	—	—	—
Mr. Chun LI	—	—	—	—
Mr. Lei ZHONG (vi)	—	—	—	—
Ms. Elyse SILVERBERG (iv)	—	—	—	—
Ms. Yu HU	—	—	—	—
Mr. Yao WANG (iv)	—	—	—	—
Mr. Yi LIU (iv)	—	—	—	—
Mr. Yifang WU (v)	—	—	—	—
Chief executive:				
Mr. Lior Moshe DAYAN (vii)	—	319	—	319
	—	319	—	319

(iv) Mr. John Changzheng MA and Ms. Elyse SILVERBERG resigned as directors of the Company and Mr. Yao WANG and Mr. Yi LIU were appointed as directors of the Company on April 14, 2016.

(v) Mr. Hongfei JIA resigned as a director of the Company and Mr. Yifang WU was appointed as a director of the Company on October 17, 2016.

(vi) Mr. Lei ZHONG resigned as a director of the Company on October 18, 2016.

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Total remuneration
	US$'000 (Unaudited)	*US$'000 (Unaudited)*	*US$'000 (Unaudited)*	*US$'000 (Unaudited)*
Three months ended March 31, 2016				
Director:				
Mr. John Changzheng MA	—	—	—	—
Mr. Hongfei JIA	—	—	—	—
Mr. Chun LI	—	—	—	—
Mr. Lei ZHONG	—	—	—	—
Ms. Elyse SILVERBERG	—	—	—	—
Ms. Yu HU	—	—	—	—
Chief executive:				
Mr. Lior Moshe DAYAN (vii)	—	80	—	80
	—	80	—	80

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Total remuneration
	US$'000	*US$'000*	*US$'000*	*US$'000*
Three months ended March 31, 2017				
Director:				
Mr. Chun LI	—	—	—	—
Ms. Yu HU	—	—	—	—
Mr. Yao WANG	—	—	—	—
Mr. Yi LIU	—	—	—	—
Mr. Yifang WU	—	—	—	—
Chief executive:				
Mr. Lior Moshe DAYAN (vii)	—	96	—	96
	—	96	—	96

(vii) Mr. Lior Moshe DAYAN was appointed as chief executive officer and a director of the Company on June 6, 2017.

There were no arrangement under which the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included the chief executive, details of whose remuneration are set out in note 10 above. Details of the remuneration for the Relevant Periods of the remaining four to five highest paid employees who are neither directors nor chief executives of the Company are as follows: A1A28(7)

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Salaries, allowances and benefits in kind	1,936	2,233	1,934	487	439
Performance related bonuses	612	556	586	142	192
	2,548	2,789	2,520	629	631

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
US$50,001 to US$100,000	—	—	—	2	1
US$100,001 to US$150,000	—	—	—	1	2
US$300,001 to US$350,000	2	2	1	1	1
US$350,001 to US$400,000	1	2	1	—	—
US$450,001 to US$500,000	—	—	1	—	—
US$1,350,001 to US$1,400,000	—	1	1	—	—
US$1,550,001 to US$1,600,000	1	—	—	—	—
	4	5	4	4	4

12. INCOME TAX

The Israeli corporate tax rates applicable to the Company were 26.5%, 26.5%, 25.0%, 25.0% and 24.0% for each of the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017, respectively. Each entity in the group is taxable based on its standalone results as measured by the local tax system.

No income tax has been provided for Sisram itself as there was no assessable profit earned by Sisram for each of the Relevant Periods. Taxes on taxable income assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Alma Lasers Ltd., the major operating subsidiary of the Company, was granted the status of "Preferred Enterprise" under the Law for the Encouragement of Capital Investments, 1959 (as amended in 2011, the "2011 Amendment of the Investment Law") and therefore enjoyed a preferential corporate tax rate of 16% during the Relevant Periods.

The income of Alma Lasers Inc. is taxed based upon the tax law in the United States, the country of residence. Alma Lasers Inc. had cumulative net operating losses ("NOL") for U.S. federal income tax return purposes at the end of each of the Relevant Periods.

The income of the Alma Lasers GmbH, a subsidiary incorporated in Germany, is taxed based upon the tax law in Germany, the country of residence. Income was taxed at a flat corporate income tax rate of 15% during the Relevant Periods and was also subject to additional trade income taxes of 15.65% as applicable.

The income of the Alma Lasers AT GmbH, a subsidiary incorporated in Austria, is taxed based upon the tax law in Austria, the country of residence. Income was taxed at a flat corporate income tax rate of 25% during the Relevant Periods and was also subject to additional trade income taxes as applicable.

The income of Alma Medical Private Limited, a subsidiary incorporated in India, is taxed based upon the tax law in India, the country of residence. Income was taxed at a corporate income tax rate of 30.9% during the Relevant Periods (which was not a flat rate but included many deductions/exemptions/rebates as per Income tax Act 1961) and was also subject to withholding taxes as per provisions of the said Income tax act 1961.

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Current	4,501	4,053	4,390	1,109	1,640
Deferred (note 18)	(1,883)	(1,719)	(1,031)	(357)	(352)
Total tax charge for the year/period	2,618	2,334	3,359	752	1,288

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country in which the Company and its major operating subsidiary are domiciled to the tax expense at the effective tax rates is as follows:

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Profit before tax	9,323	10,927	11,860	2,984	6,338
Statutory tax rate	26.5%	26.5%	25.0%	25.0%	24.0%
Tax at the statutory tax rate	2,471	2,896	2,965	746	1,521
Different tax rates for certain entities	36	(29)	22	43	36
Tax losses utilized from previous periods	(33)	(76)	(67)	—	—
Profit subject to special tax rates	(1,513)	(2,459)	(1,740)	(580)	(813)
Expenses not deductible for tax	1,650	2,090	2,521	417	411
Others	7	(88)	(342)	126	133
Total tax charge for the year/period	2,618	2,334	3,359	752	1,288

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful.

14. PLANT AND EQUIPMENT

Group

	Plant and machinery	Furniture and fixtures	Leasehold improvements	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cost:				
At January 1, 2014	1,472	372	268	2,112
Additions	514	68	21	603
At December 31, 2014 and January 1, 2015	1,986	440	289	2,715
Additions	835	72	51	958
At December 31, 2015 and January 1, 2016	2,821	512	340	3,673
Additions	805	95	119	1,019
At December 31, 2016	3,626	607	459	4,692
Additions	238	—	23	261
At March 31, 2017	3,864	607	482	4,953
Accumulated depreciation:				
At January 1, 2014	295	59	31	385
Depreciation provided during the year (note 8)	451	91	48	590
At December 31, 2014 and January 1, 2015	746	150	79	975
Depreciation provided during the year (note 8)	576	18	50	644
At December 31, 2015 and January 1, 2016	1,322	168	129	1,619
Depreciation provided during the year (note 8)	582	81	57	720
At December 31, 2016 and January 1, 2017	1,904	249	186	2,339
Depreciation provided during the period (note 8)	194	13	14	221
At March 31, 2017	2,098	262	200	2,560
Net carrying amount:				
At December 31, 2014	1,240	290	210	1,740
At December 31, 2015	1,499	344	211	2,054
At December 31, 2016	1,722	358	273	2,353
At March 31, 2017	1,766	345	282	2,393

15. GOODWILL

Group

	US$'000
Cost and net carrying amount at January 1, 2014	119,351
Acquisition consideration adjustment*	(11,000)
Cost and net carrying amount at December 31, 2014, 2015 and 2016 and March 31, 2017	108,351

* Acquisition consideration adjustment represented the adjustment to the provisional assessment of consideration for the Company's acquisition of 95.16% equity interest in Alma. Such adjustment was mutually agreed by the Company and the selling shareholders, within one year from the acquisition date, to finalize the acquisition consideration, which was provisional as at the acquisition date.

Impairment testing of goodwill

The Group's goodwill acquired through business combination is from the acquisition of Alma in 2013 and the goodwill has been allocated to Alma as the cash-generating unit for impairment testing.

The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on a financial budget covering a five-year period approved by senior management. The discount rates applied to the cash flow projections are 20.2%, 17.5%, 17.5% and 17.4% for each of the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, respectively. The growth rate used to extrapolate the cash flows of the above cash-generating unit beyond the five-year period is 3%, which is also an estimate of the rate of raw materials price inflation.

Assumptions were used in the value in use calculation of the cash-generating unit for the Relevant Periods. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development. The budgeted gross margins used in the Relevant Periods are 53.2%, 50.4%, 50.4% and 50.4% for each of the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, respectively.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant unit.

Raw materials price inflation — The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year for Israel from where the raw materials are sourced.

The values assigned to the key assumptions on market development of the medical equipment industry, discount rates and raw materials price inflation are consistent with external information sources.

As at December 31, 2014, 2015 and 2016 and March 31, 2017, the recoverable amount of the cash-generating unit exceeds its carrying amount by US$27,981,000, US$5,497,000, US$20,328,000 and US$32,593,000, respectively.

The following table illustrates the breakeven points of each key variables, with all other variables held constant, where the recoverable amount of the cash-generating unit would have been approximately equal to the carrying amount.

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	%	%	%	%
Budgeted gross margins	50.5%	50.1%	48.6%	47.6%
Pre-tax discount rate	22.5%	17.8%	19.0%	19.8%
Growth rate beyond the five-year period	(1.9%)	2.3%	0.1%	(1.9%)

The following table sets forth the impact of reasonably possible changes in each of the key assumptions, with all other variables held constant, of goodwill impairment testing of Alma as of the dates indicated.

Possible changes of key assumptions	Recoverable amount of the cash-generating unit exceeds/(below) its carrying amount by			
	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Gross margins decrease by 1%	19,882	(10,952)	3,753	19,493
Gross margins decrease by 3%	(3,324)	(30,843)	(17,473)	(2,732)
Pre-tax discount rate increase by 1%	14,967	(7,818)	6,207	17,716
Pre-tax discount rate increase by 3%	(7,097)	(29,812)	(17,121)	(6,847)
Growth rate beyond the five-year period decrease by 1%	21,036	(1,936)	12,440	24,215
Growth rate beyond the five-year period decrease by 3%	9,211	(14,247)	(633)	10,342

16. OTHER INTANGIBLE ASSETS

Group

	Customer relationships	Trademarks	Patents and technology	License agreement	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost:					
At January 1, 2014	39,896	24,493	19,676	—	84,065
Additions	—	—	—	115	115
At December 31, 2014 and January 1, 2015	39,896	24,493	19,676	115	84,180
Additions	—	—	—	336	336
At December 31, 2015 and 2016 and March 31, 2017	39,896	24,493	19,676	451	84,516
Accumulated amortization:					
At January 1, 2014	1,617	—	1,212	—	2,829
Amortization provided during the year (note 8)	2,748	—	2,075	5	4,828
At December 31, 2014 and January 1, 2015	4,365	—	3,287	5	7,657
Amortization provided during the year (note 8)	2,751	—	2,075	56	4,882
At December 31, 2015 and January 1, 2016	7,116	—	5,362	61	12,539
Amortization provided during the year (note 8)	2,744	—	2,076	65	4,885
At December 31, 2016 and January 1, 2017	9,860	—	7,438	126	17,424
Amortization provided during the period (note 8)	688	—	491	13	1,192
At March 31, 2017	10,548	—	7,929	139	18,616
Net carrying amount:					
At December 31, 2014	35,531	24,493	16,389	110	76,523
At December 31, 2015	32,780	24,493	14,314	390	71,977
At December 31, 2016	30,036	24,493	12,238	325	67,092
At March 31, 2017	29,348	24,493	11,747	312	65,900

The useful life of trademark was determined as indefinite in accordance with IAS 38 *Intangible Assets*. The trademarks are capable of being renewed indefinitely at insignificant cost according to its legal rights and therefore are perpetual in duration, and based on future financial performance of the Group, they are expected to generate positive cash flows indefinitely.

Impairment testing of trademarks

The Group performs impairment test for the trademarks depending on the royalty saved regarding to the trademarks.

The recoverable amounts of trademarks have been determined based on a value-in-use calculation using cash flow projection based on a financial budget covering a five-year period approved by senior management. The pre-tax discount rates applied to the cash flow projections are 20.7%, 17.3%, 17.3% and 17.3% for each of the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, respectively. The growth rate used to extrapolate the cash flows beyond the five-year period is 3%, which is also an estimate of the rate of inflation.

Key assumption used for the value in use calculation

Assumptions were used in the value-in-use calculation for the Relevant Periods. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of indefinite life intangible assets:

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

Raw materials price inflation — The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year for Israel from where the raw materials are sourced.

The values assigned to the key assumptions on market development of the medical equipment industry, discount rates and raw materials price inflation are consistent with external information sources.

As at December 31, 2014, 2015 and 2016 and March 31, 2017, the recoverable amount of trademarks exceeds the carrying amounts by US$3,673,000, US$598,000, US$2,388,000 and US$3,503,000, respectively.

The following table illustrates the breakeven points of each key variables, with all other variables held constant, where the recoverable amount of the trademarks would have been approximately equal to the carrying amounts.

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	%	%	%	%
Pre-tax discount rate	23.2%	17.7%	18.7%	19.4%
Growth rate beyond the five-year period	(1.8%)	2.4%	0.6%	(0.6%)

The following table sets forth the impact of reasonably possible changes in each of the key assumptions, with all other variables held constant, of trademarks impairment testing of Alma as of the dates indicated.

Possible changes of key assumptions	Recoverable amount of the trademarks exceeds/(below) the carrying amounts by			
	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Pre-tax discount rate increase by 1%	2,117	(992)	682	1,729
Pre-tax discount rate increase by 3%	(535)	(3,619)	(2,135)	(1,202)
Growth rate beyond the five-year period decrease by 1%	2,756	(415)	1,300	2,372
Growth rate beyond the five-year period decrease by 3%	1,187	(2,092)	(497)	503

17. INVESTMENT IN AN ASSOCIATE

Group

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Share of net assets	—	—	—	—

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attribute to the Group	Principal activity
BELKIN Laser Ltd.*	Ordinary shares	Israel	19.88	Development of laser treatment for glaucoma

* The Group's investment in the associate is accounted for under the equity method of accounting because the Group has significant influence over the entity by way of representation on the board of directors and participation in the policy-making process, despite the fact that the Group's equity interest in the associate was lower than 20% during the Relevant Periods.

The Group's shareholding in the associate all comprise equity shares held through Alma, a subsidiary of the Company.

The Group has discontinued the recognition of its share of losses of BELKIN Laser Ltd. because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amounts of the Group's unrecognized share of losses of this associate were US$33,000 and US$51,000 for each of the years ended December 31, 2014 and 2015, respectively. The accumulated unrecognized share of losses of this associate were US$33,000 and US$84,000 as at December 31, 2014 and 2015, respectively. As of the date of this report, the Company has not obtained the financial statements of the associate for the year ended December 31, 2016 and for the three months ended March 31, 2017.

18. DEFERRED TAX

Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Warranties	Reserves and allowances	Research and development	Intangible assets	U.S. net operating loss carried forward	Deferred revenue	Unrealized intercompany profit and others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Gross deferred tax assets at January 1, 2014	81	962	1,019	339	1,288	162	526	4,377
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 12)	21	11	44	(262)	(377)	69	1,447	953
Gross deferred tax assets at December 31, 2014 and January 1, 2015	102	973	1,063	77	911	231	1,973	5,330
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 12)	17	52	64	14	280	127	340	894
Gross deferred tax assets at December 31, 2015 and January 1, 2016	119	1,025	1,127	91	1,191	358	2,313	6,224
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 12)	14	328	20	67	(674)	(44)	468	179
Gross deferred tax assets at December 31, 2016 and January 1, 2017	133	1,353	1,147	158	517	314	2,781	6,403
Deferred tax credited/(charged) to the statement of profit or loss during the period (note 12)	(4)	41	150	6	(118)	1	96	172
Gross deferred tax assets at March 31, 2017	129	1,394	1,297	164	399	315	2,877	6,575

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries	Others	Total
	US$'000	*US$'000*	*US$'000*
Gross deferred tax liabilities at January 1, 2014	15,247	117	15,364
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 12)	(962)	32	(930)
Gross deferred tax assets at December 31, 2014 and January 1, 2015	14,285	149	14,434
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 12)	(919)	94	(825)
Gross deferred tax liabilities at December 31, 2015 and January 1, 2016	13,366	243	13,609
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 12)	(935)	83	(852)
Gross deferred tax liabilities at December 31, 2016 and January 1, 2017	12,431	326	12,757
Deferred tax charged/(credited) to the statement of profit or loss during the period (note 12)	(228)	48	(180)
Gross deferred tax liabilities at March 31, 2017	12,203	374	12,577

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Net deferred tax liabilities recognized in the consolidated statement of financial position	13,131	12,200	12,613	12,425
Net deferred tax assets recognized in the consolidated statement of financial position	4,027	4,815	6,259	6,423
	9,104	7,385	6,354	6,002

19. OTHER NON-CURRENT ASSETS

Group

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Long-term deposits	148	150	138	140

20. INVESTMENTS IN SUBSIDIARIES

Company

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Unlisted equity investments, at cost	211,964	212,158	222,033	222,033

Particulars of the subsidiaries of the Company are included in note 1 of Section II to the Historical Financial Information.

21. INVENTORIES

Group

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Raw materials	8,565	11,035	10,695	12,702
Work in progress	2,679	2,428	2,364	1,920
Finished goods	7,773	8,943	10,038	11,226
Provision	(586)	(905)	(1,142)	(1,216)
	18,431	21,501	21,955	24,632

22. TRADE RECEIVABLES

Group

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade receivables	22,875	23,264	29,185	31,269
Impairment	(610)	(601)	(978)	(965)
	22,265	22,663	28,207	30,304

The Group's trading terms with its customers are mainly on credit. The ordinary credit period is up to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Details of the concentration of credit risk arising from the customers are set out in note 39 to the Historical Financial Information.

An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of provisions, is as follows:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 month	11,143	11,754	12,361	14,561
1 to 2 months	5,327	3,066	6,584	6,915
2 to 3 months	1,390	2,941	3,152	2,185
Over 3 months	4,405	4,902	6,110	6,643
	22,265	22,663	28,207	30,304

The movements in provision for impairment of trade receivables are as follows:

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
At beginning of year/period	308	610	601	601	978
Impairment losses recognized (note 8)	510	583	611	118	148
Written off	(208)	(592)	(234)	(127)	(161)
At the end of year/period	610	601	978	592	965

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Neither past due nor impaired	16,305	15,414	18,440	25,310
Less than 1 month past due	3,334	3,761	3,484	2,232
1 to 3 months past due	892	2,015	4,123	1,405
Over 3 months	1,346	954	1,589	942
	21,877	22,144	27,636	29,889

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Advances to suppliers	793	709	676	644
Deposits	26	87	94	71
Other receivables	1,286	1,269	2,196	3,166
	2,105	2,065	2,966	3,881
Company				
Other receivables	—	—	50	50

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

24. DERIVATIVE FINANCIAL INSTRUMENTS

Group

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Foreign exchange forward contracts	—	110	187	529

25. CASH AND BANK BALANCES

Group

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cash and cash equivalents as stated in the consolidated statements of cash flows	17,747	19,256	18,105	21,596
Pledged bank balances for long-term bank loans	46	50	48	50
Term deposits with original maturity of more than three months	19,000	20,000	23,500	24,900
Cash and bank balances as stated in the consolidated statements of financial position	36,793	39,306	41,653	46,546

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of above three months to less than one year, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Company

Cash at banks	1,786	1,138	1,044	862

26. TRADE PAYABLES

Group

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 month	3,860	4,570	3,024	8,289
1 to 2 months	2,428	2,308	2,030	3,455
2 to 3 months	600	14	2,318	31
Over 3 months	366	18	—	58
	7,254	6,910	7,372	11,833

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

27. OTHER PAYABLES AND ACCRUALS

Group

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Advances from customers	298	326	618	569
Payroll	4,316	4,635	5,217	4,594
Accrued expenses	4,411	2,358	6,385	5,526
Current portion of deferred warranty income (note 30)	1,592	1,801	1,721	1,688
Share redemption option granted to non-controlling shareholders of a subsidiary (note 31(b))	—	9,930	—	—
Others	610	2,543	1,268	2,265
	11,227	21,593	15,209	14,642

Company

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Accrued expenses	17	3	—	—
Others	572	492	581	855
	589	495	581	855

28. INTEREST-BEARING BANK BORROWINGS

Group and Company

	As at December 31,								As at March 31,		
	2014			2015			2016			2017		
	Effective interest rate (%)	*Maturity*	*US$'000*	*Effective interest rate (%)*	*Maturity*	*US$'000*	*Effective interest rate (%)*	*Maturity*	*US$'000*	*Effective interest rate (%)*	*Maturity*	*US$'000*
Current												
Current portion of long-term bank loans, secured (note a)	6-month LIBOR+ 3.75	2015	8,747	6-month LIBOR+ 3.75	2016	10,496	6-month LIBOR+ 3.75	2017	12,246	6-month LIBOR+ 3.75	2017	12,246
Non-current												
Bank loan, secured (note a)	6-month LIBOR+ 3.75	2020	58,594	6-month LIBOR+ 3.75	2020	48,507	6-month LIBOR+ 3.75	2020	36,672	6-month LIBOR+ 3.75	2020	36,774
			67,341			59,003			48,918			49,020

Note: LIBOR stands for London Interbank Offered Rate.

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Loan balance	69,100	60,353	49,857	49,857
Less: loan arrangement fees	1,759	1,350	939	837
	67,341	59,003	48,918	49,020
Analyzed into:				
Within one year	8,747	10,496	12,246	12,246
In the second year	10,496	12,246	13,995	13,995
In the third to fifth years, inclusive	48,098	36,261	22,677	22,779
	67,341	59,003	48,918	49,020

Notes:

(a) In May 2014, the Company obtained a bank loan of US$82,000,000 from a group of banks. The loan was to be repaid in twelve semi-annual instalments commencing in October 2014. On December 31, 2014, the Company paid US$9,900,000 as an early repayment. The loan was secured by 100% equity interests of the Company held by the three shareholders of the Company. As part of this loan the Company paid coordination and arrangement fees in the amount of US$2,050,000 which will be amortized over the term of the loan.

(b) On April 13, 2014, the Company entered into a loan agreement pursuant to which an unconditional guarantee agreement with the banks was entered into, pursuant to which, the Company granted and pledged to the banks a continuing security interest in all the Company's assets. In addition, the Company granted and pledged to the banks all of the issued and outstanding shares of Alma and a floating charge over all of the present and future assets of the Company as they may be from time to time, the Company also agreed not to sell, transfer, assign, mortgage, pledge, lease, grant a security interest in, or encumber any of its assets. As at December 31, 2014, 2015 and 2016 and March 31, 2017, the Company has met all the aforementioned financial covenants. A1A32(4)

29. LOAN FROM A RELATED PARTY A1A32(3)

Group and Company

		As at December 31,			As at March 31,
		2014	2015	2016	2017
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Fosun Industrial Co., Limited	(a)	—	—	9,845	9,929

Note:

(a) On July 21, 2016, the Company received a loan from Fosun Industrial Co., Limited, a related party of the Company, in an aggregate amount of US$9,690,000 under the following terms:

1. The loan principal bears interest at an annual interest rate of 3.5%.

2. The principal amount and the applicable interest will be paid in one instalment on the earlier of July 21, 2020, and no later than 60 days from the occurrence of any of the following events:

   - The consummation of an Initial Public Offering ("IPO") of Sisram on the Stock Exchange;
   - Inability to comply with certain financial covenants.

   The loan is classified as a current liability because of the early repayment option in connection with the IPO.

30. DEFERRED INCOME

Group

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Deferred warranty income	2,395	2,507	2,355	2,451
Less: deferred warranty income classified as current portion (note 27)	1,592	1,801	1,721	1,688
	803	706	634	763

Deferred income represents the consideration received for either standalone warranty service contracts or extended warranties sold with sales of certain equipment. Such deferred income is amortized on a straight-line basis during the service period or warranty term as applicable.

31. OTHER LONG-TERM LIABILITIES

Group

		As at December 31,			As at March 31,
		2014	2015	2016	2017
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Interest-free loan from shareholders	(a)	132,696	136,736	140,912	141,958
Share redemption option granted to non-controlling shareholders of a subsidiary	(b)	9,852	—	—	—
Employee benefit liabilities, net (note 32)		349	397	471	497
Others		506	463	401	338
		143,403	137,596	141,784	142,793

Company

		As at December 31,			As at March 31,
		2014	2015	2016	2017
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Interest-free loan from shareholders	(a)	132,696	136,736	140,912	141,958
Others		282	282	282	282
		132,978	137,018	141,194	142,240

Notes:

(a) In May 2013, the Company issued capital notes (the "Capital Notes" or "Notes") to its three shareholders in the amount of US$146,920,000. The Notes bear no interest and the holders of the Notes may demand repayment at any time after five years from the date of issuance of the Notes. The repayment of the Notes is subordinated to other obligations of the Company but senior to the distribution of the assets of the Company in its liquidation.

Management recognized the Capital Notes as the long-term liabilities in their present value using the discount rate of 3%, which was the interest rate of 5 year long-term loan in US$ in the local financial market. The difference between original value and present value was recorded in reserves. The Company then recorded the interest expenses using the effective interest method in the following years.

(b) Pursuant to the liquidity arrangement agreement signed between the Company and non-controlling shareholders of Alma who owned 4.84% non-controlling interests in Alma on May 27, 2013, the 4.84% non-controlling interests in Alma had certain embedded put rights that were exercisable commencing on the third anniversary of the agreement date and if exercised, would require the Company to acquire the non-controlling interests at a price based on certain multiples of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of Alma.

In contemplation with the acquisition of Alma, certain of Alma's shareholders (the non-controlling shareholders) received a buy-out option to sell their shares to the Company in exchange for a certain amount based on the predetermined formula taking into account the future results of Alma. The option term commenced on the third year anniversary of the acquisition date and ends on the earlier of: (i) an initial public offering; (ii) the date of the closing of an exit event, as defined in the share purchase agreement by the Company and Alma which was dated April 26, 2013; and (iii) the tenth year anniversary of the date of the share purchase agreement. In accordance with IAS 27 and IAS 32, the Company recorded the non-controlling shareholders' portion of profit or loss in its consolidated statement of profit or loss, the buy-out option amount was classified as a financial liability at the end of each of the Relevant Periods and the changes in the amount of the option were recognized in equity (other reserves).

In June 2016, all of the remaining shareholders of Alma signed an acceptance agreement according to which all of them agreed to sell their portions of shares to the Company. On July 28, 2016, the Company paid US$9,690,000 for the purchase of all the Remaining Shares. As a result of the transaction, and as of the date of this report, the Company held 100% of Alma's shares.

32. DEFINED BENEFIT OBLIGATIONS

A1A34(a)-(c)

Group

The Group operates a defined benefit plan in respect of severance pay pursuant to the Israel's Severance Pay Law. According to the law, employees are entitled to severance pay upon dismissal or retirement. The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on high quality corporate bonds that are linked to the Consumer Price Index of Israel with a term that is consistent with the estimated term of the severance pay obligation.

In respect of its severance pay obligation to certain of its employees, the Group makes current deposits in pension funds and insurance companies (the "Plan Assets"). The Plan Assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. The Plan Assets are not available to the Group's own creditors and cannot be returned directly to the Group.

The liability for employee benefits shown in the consolidated statements of financial position reflects the present value of the defined benefit obligation less the fair value of the plan assets. Remeasurement of the net liability is recognized in other comprehensive income in the Relevant Periods in which they occur.

The most recent actuarial valuations of the Plan Assets and the present value of the defined benefit obligations were carried out on March 31, 2017 by Ogen, an Israeli actuarial company, using the projected unit credit actuarial valuation method.

The principal actuarial assumptions used as at the end of each of the Relevant Periods are as follows:

	2014	2015	2016	March 31, 2017
Discount rate				
Employees	3.59%	3.52%	4.14%	4.14%
Officers	3.38%	3.30%	3.63%	3.63%

	2014	2015	2016	March 31, 2017
Expected rate of salary increase				
Employees	3.50%	3.50%	3.50%	3.50%
Officers	2.50%	2.50%	2.50%	2.50%

The actuarial valuation showed that the market values of plan assets were US$3,439,000, US$3,910,000, US$4,509,000 and US$4,952,000 as at December 31, 2014, 2015, 2016 and March 31, 2017, respectively, and that the actuarial values of these assets represented 90.8%, 90.8%, 90.6% and 90.9% of the benefits that had accrued to qualifying employees.

A quantitative sensitivity analysis for significant assumptions as at the end of each of the Relevant Periods is shown below:

Employees

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Recorded liability	2,215	2,593	3,056	3,355
Discount rate changed to	4.59%	4.52%	5.14%	5.14%
Adjusted liability	2,190	2,555	3,012	3,307
Discount rate changed to	2.59%	2.52%	3.14%	3.14%
Adjusted liability	2,290	2,691	3,172	3,482
Expected rate of salary increase changed to	4.50%	4.50%	4.50%	4.50%
Adjusted liability	2,290	2,691	3,171	3,482
Expected rate of salary increase changed to	2.50%	2.50%	2.50%	2.50%
Adjusted liability	2,190	2,555	3,012	3,307

Officers

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Recorded liability	711	798	934	1,019
Discount rate changed to	4.38%	4.30%	4.63%	4.63%
Adjusted liability	682	765	895	976
Discount rate changed to	2.38%	2.30%	2.63%	2.63%
Adjusted liability	757	849	994	1,084
Expected rate of salary increase changed to	3.50%	3.50%	3.50%	3.50%
Adjusted liability	757	850	994	1,085
Expected rate of salary increase changed to	1.50%	1.50%	1.50%	1.50%
Adjusted liability	682	765	895	976

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of each of the Relevant Periods. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The total expenses recognized in the consolidated statement of profit or loss in respect of the plan are as follows:

	Year ended December 31,			Three months ended March 31,	
	2014	**2015**	**2016**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
Current service cost	607	633	662	167	177
Net interest expense	13	14	(2)	(4)	34
Net benefit expenses	620	647	660	163	211
Recognized in cost of sales	357	387	402	93	128
Recognized in selling and distribution expenses	72	81	80	32	26
Recognized in administrative expenses	43	39	37	—	12
Recognized in research and development expenses	148	140	141	38	45
Net benefit expenses	620	647	660	163	211

The movements in the present value of the defined benefit obligations are as follows:

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
At beginning of year/period	3,720	3,788	4,307	4,307	4,980
Current service cost	607	633	662	167	177
Net interest expense	13	14	(2)	(4)	34
Benefits paid	(295)	(212)	(174)	(52)	(54)
Return on plan assets	125	96	128	35	20
Loss/(benefits) from measurement in other comprehensive income	57	3	(7)	(47)	—
Effect of changes in foreign exchange rate	(439)	(15)	70	156	292
Contributions by employer	—	—	(4)	—	—
At end of year/period	3,788	4,307	4,980	4,562	5,449

The movements in the defined benefit obligations and the fair value of plan assets are as follows:

For the year ended December 31, 2014

		Expenses recognized in profit or loss				Gain (loss) from measurement in other comprehensive income						
	Balance at January 1, 2014	Current service cost	Net interest expense	Total expense recognized in profit or loss for the year	Payments from the plan	Return on plan assets (excluding amounts included in net interest expenses)	Actuarial gain (loss) arising from changes in financial assumptions	Actuarial gain (loss) arising from experience adjustments	Total effect on other comprehensive income for the year	Effect of changes in foreign exchange rates	Contributions by employer	Balance at December 31, 2014
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Defined benefit obligations	3,720	607	13	620	(295)	125	(27)	84	57	(439)	—	3,788
Fair value of plan assets	3,349	—	—	—	(295)	125	—	30	30	(399)	629	3,439
Net defined benefit liability	371	607	13	620	—	—	(27)	54	27	(40)	(629)	349

For the year ended December 31, 2015

		Expenses recognized in profit or loss				Gain (loss) from measurement in other comprehensive income						
	Balance at January 1, 2015	Current service cost	Net interest expense	Total expense recognized in profit or loss for the year	Payments from the plan	Return on plan assets (excluding amounts included in net interest expenses)	Actuarial gain (loss) arising from changes in financial assumptions	Actuarial gain (loss) arising from experience adjustments	Total effect on other comprehensive income for the year	Effect of changes in foreign exchange rates	Contributions by employer	Balance at December 31, 2015
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Defined benefit obligations	3,788	633	14	647	(212)	96	5	(2)	3	(15)	—	4,307
Fair value of plan assets	3,439	—	—	—	(212)	96	—	(40)	(40)	(13)	640	3,910
Net defined benefit liability	349	633	14	647	—	—	5	38	43	(2)	(640)	397

For the year ended December 31, 2016

	Balance at January 1, 2016	Expenses recognized in profit or loss			Payments from the plan	Gain (loss) from measurement in other comprehensive income				Effect of changes in foreign exchange rates	Contributions by employer	Balance at December 31, 2016
		Current service cost	Net interest expense	Total expense recognized in profit or loss for the year		Return on plan assets (excluding amounts included in net interest expenses)	Actuarial gain (loss) arising from changes in financial assumptions	Actuarial gain (loss) arising from comprehensive experience adjustments	Total effect on other income for the year			
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Defined benefit obligations	4,307	662	(2)	660	(174)	128	(2)	(5)	(7)	70	(4)	4,980
Fair value of plan assets	3,910	—	—	—	(174)	128	—	(99)	(99)	63	681	4,509
Net defined benefit liability	397	662	(2)	660	—	—	(2)	94	92	7	(685)	471

For the three months ended March 31, 2017

	Balance at January 1, 2017	Expenses recognized in profit or loss			Payments from the plan	Gain (loss) from measurement in other comprehensive income				Effect of changes in foreign exchange rates	Contributions by employer	Balance at March 31, 2017
		Current service cost	Net interest expense	Total expense recognized in profit or loss for the period		Return on plan assets (excluding amounts included in net interest expenses)	Actuarial gain (loss) arising from changes in financial assumptions	Actuarial gain (loss) arising from comprehensive experience adjustments	Total effect on other income for the period			
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Defined benefit obligations	4,980	177	34	211	(54)	20	—	—	—	292	—	5,449
Fair value of plan assets	4,509	—	—	—	(54)	20	—	—	—	266	211	4,952
Net defined benefit liability	471	177	34	211	—	—	—	—	—	26	(211)	497

Expected contributions to the defined benefit plan in future years are as follows:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within the next 12 months	1,347	660	568	568

A maturity analysis of the expected payments for terminated employees is as follows:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within the next 12 months	579	329	1,315	1,315
Between 1 and 2 years	593	366	532	532
Between 2 and 5 years	2,524	1,067	931	931
Between 5 and 10 years	3,526	4,079	1,395	1,395
Over 10 years	3,989	4,408	2,914	2,914
Total expected payments	11,211	10,249	7,087	7,087

33. SHARE CAPITAL

Group and Company

Shares

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Authorized:				
1,000,000 ordinary shares of NIS0.01 each	3	3	3	3
Issued and fully paid:				
735,000 ordinary shares of NIS0.01 each	2	2	2	2

In May 2013, the Company issued ordinary shares of 265,850, 248,430 and 220,720 with par value of NIS0.01 each to Chindex Medical Limited, Magnificent View Investments Limited and Ample Up Limited respectively for a total consideration of US$1,001,000. The difference between the par value of the issued ordinary shares and the consideration received amounting to US$999,000 was credited to share premium account. There has been no change to the share capital of the Company during the Relevant Periods.

34. RESERVES

The amounts of the Group's reserves and the movements therein for Relevant Periods are presented in the consolidated statement of changes in equity of the Historical Financial Information.

Other reserves

(i) The Company recognized the Notes at fair value upon initial recognition, with the fair value calculated by discounting the estimated future cash flows using market interest rate. The difference between the fair value and face amount of the Notes upon initial recognition, amounting to US$20,474,000, was credited to other reserves as a contribution from shareholders. More details of the Notes are given in note 31(a) to the Historical Financial Information.

(ii) The Company has granted a share redemption option to the non-controlling shareholders of Alma. The share redemption option provides the holders the option to require the Company to purchase the shares held by the non-controlling shareholders at a determinable price after three years from the date of issue of the option. As at of December 31, 2014 and 2015, although the share redemption option remained unexercised, the Company derecognized the non-controlling interests (the "NCI") as if the they were acquired at that date, and recognized as a financial liability, which is measured on the basis of the estimated present value of the consideration to be transferred upon the exercise of the share redemption option. The difference between the amount of NCI and the financial liability was recognized to other reserves. On July 28, 2016 the Company paid US$9,690,000 for the purchase of the Remaining Shares. As a result of the transaction, and as of the date of this report, the Company held 100% of Alma's shares. More details of the share redemption option are given in note 31(b) to the Historical Financial Information.

35. OPERATING LEASE ARRANGEMENTS AND COMMITMENTS A1A32(4)

Operating lease arrangements

As lessee

The Group leases certain of its office building, production plant and equipment and commercial vehicles under operating lease arrangements. The leases are negotiated for terms ranging from three to ten years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one year	1,905	1,936	2,554	3,105
In the second to fifth years, inclusive	3,492	2,777	7,781	6,583
After five years	834	604	9,377	11,283
	6,231	5,317	19,712	20,971

Commitments

Other than the operating lease commitments detailed above, the Group did not have any significant capital commitments as at the end of each of the Relevant Periods.

36. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with its related parties during the Relevant Periods:

On July 21, 2016, the Company received a loan from Fosun Industrial Co., Limited, a related party of the Company, in an aggregate amount of US$9,690,000. Details are included in note 29 to the Historical Financial Information.

(b) Outstanding balances with related parties:

(i) The Group and the Company had outstanding Capital Notes due to their shareholders at the end of each of the Relevant Periods. Details are included in note 31 to the Historical Financial Information.

(ii) Details of the Group's and the Company's loan from a related party are included in note 29 to the Historical Financial Information.

(c) Compensation of key management personnel of the Group:

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Salaries, allowances and benefits in kind	1,360	1,280	1,303	321	335
Performance related bonuses	500	400	378	95	95
Total compensation paid to key management personnel	1,860	1,680	1,681	416	430

Further details of directors' and the chief executive's emoluments are included in note 10 to the Historical Financial Information.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Group

Financial assets

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Financial assets at fair value through profit or loss - designated as such upon initial recognition				
Derivative financial instruments	—	110	187	529
Loans and receivables				
Other non-current assets	148	150	138	140
Trade receivables	22,265	22,663	28,207	30,304
Financial assets included in prepayments, deposits and other receivables	1,312	1,356	1,400	1,970
Cash and bank balances	36,793	39,306	41,653	46,546
	60,518	63,475	71,398	78,960
	60,518	63,585	71,585	79,489

Financial liabilities

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Financial liabilities at fair value through profit or loss - designated as such upon initial recognition				
Share redemption option granted to non-controlling shareholders of a subsidiary (included in other payables and accruals and other long-term liabilities)	9,852	9,930	—	—
Financial liabilities at amortized cost				
Trade payables	7,254	6,910	7,372	11,833
Financial liabilities included in other payables and accruals	5,021	4,901	7,653	7,791
Interest-bearing bank borrowings	67,341	59,003	48,918	49,020
Loan from a related party	—	—	9,845	9,929
Financial liabilities included in other long-term liabilities	132,696	136,736	140,912	141,958
	212,312	207,550	214,700	220,531
	222,164	217,480	214,700	220,531

Company

Financial assets

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Loans and receivables				
Financial assets included in prepayments, deposits and other receivables	—	—	50	50
Cash and bank balances	1,786	1,138	1,044	862
	1,786	1,138	1,094	912

Financial liabilities

	As at December 31,			As at March 31,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Financial liabilities at amortized cost				
Financial liabilities included in other payables and accruals	589	495	581	855
Interest-bearing bank borrowings	67,341	59,003	48,918	49,020
Loan from the related party	—	—	9,845	9,929
Financial liabilities included in other long-term liabilities	132,696	136,736	140,912	141,958
	200,626	196,234	200,256	201,762

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at December 31, 2014, 2015 and 2016 and March 31, 2017, the fair values of the Group's and the Company's financial assets or financial liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, deposits, and other receivables, trade payables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the non-current portion of interest-bearing bank borrowings and other long-term liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank borrowings as at the end of each of the Relevant Periods was assessed to be insignificant.

The Group enters into derivative financial instruments with The Hongkong and Shanghai Banking Corporation Limited. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Group

Assets measured at fair value:

As at December 31, 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Foreign exchange forward contracts	—	110	—	110

As at December 31, 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Foreign exchange forward contracts	—	187	—	187

As at March 31, 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Foreign exchange forward contracts	—	529	—	529

Liabilities measured at fair value:

As at December 31, 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Amounts included in other long-term liabilities: share redemption option granted to non-controlling shareholders of a subsidiary	—	—	9,852	9,852

As at December 31, 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Amounts included in other payables and accruals: share redemption option granted to non-controlling shareholders of a subsidiary	—	—	9,930	9,930

Significant unobservable valuation inputs for the share redemption option granted to non-controlling shareholders of a subsidiary included in other long-term liabilities/other payables and accruals of US$9,852,000, US$9,930,000 at December 31, 2014 and 2015 are EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of Alma in the year indicated and cash and bank balances of Alma as at the year end.

As at December 31, 2014, the estimated EBITDA ranged from US$24,029,000 to US$25,515,000 (December 31, 2015: from US$25,902,000 to US$27,504,000), and the estimated cash and bank balances of Alma ranged from US$33,932,000 to US$36,030,000 (December 31, 2015: from US$37,023,000 to US$39,313,000).

As at December 31, 2014, increase (decrease) in EBITDA by 3% would result in increase (decrease) in the fair value of the share redemption option by 2.5% (December 31, 2015: 2.5%), increase (decrease) in cash and bank balances of Alma by 3% would result in increase (decrease) in the fair value of the share redemption option by 0.5% (December 31, 2015: 0.5%).

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the Relevant Periods under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Interest rate risk

The Group's exposure to interest rate risk relates principally to the Group's interest-bearing bank borrowings with floating interest rates. The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly. The Group has not used any interest rate swap to hedge its exposure to interest rate risk.

All of the Group's interest-bearing bank borrowings bore interest at floating rates as at December 31, 2014, 2015 and 2016 and March 31, 2017.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate borrowings.

	Increase/(decrease) in basis points	Increase/(decrease) in profit before tax
		US$'000
For the year ended December 31, 2014	100	(691)
	(100)	691
For the year ended December 31, 2015	100	(604)
	(100)	604
For the year ended December 31, 2016	100	(499)
	(100)	499
For the three months ended March 31, 2017	100	(125)
	(100)	125

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 27%, 23%, 22%, 23% (unaudited) and 20% for the years ended December 31, 2014, 2015 and 2016 and three months ended March 31, 2016 and 2017, respectively, of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, whilst approximately 56%, 58%, 61%, 71% (unaudited) and 66% for the years ended December 31, 2014, 2015 and 2016 and three months ended March 31, 2016 and 2017, respectively, of costs were denominated in currencies other than the functional currencies of the operating units.

The following table demonstrates the sensitivity as at the end of each of the Relevant Periods to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit before tax
	%	*US$'000*
For the year ended December 31, 2014		
If US$ strengthens against NIS	5	380
If US$ weakens against NIS	(5)	(380)
If US$ strengthens against Euro	5	(377)
If US$ weakens against Euro	(5)	377
If US$ strengthens against Canadian dollar ("CAD")	5	(119)
If US$ weakens against CAD	(5)	119
For the year ended December 31, 2015		
If US$ strengthens against NIS	5	277
If US$ weakens against NIS	(5)	(277)
If US$ strengthens against Euro	5	(223)
If US$ weakens against Euro	(5)	223
If US$ strengthens against CAD	5	(78)
If US$ weakens against CAD	(5)	78
For the year ended December 31, 2016		
If US$ strengthens against NIS	5	373
If US$ weakens against NIS	(5)	(373)
If US$ strengthens against Euro	5	(212)
If US$ weakens against Euro	(5)	212
If US$ strengthens against CAD	5	(261)
If US$ weakens against CAD	(5)	261
For the three months ended March 31, 2017		
If US$ strengthens against NIS	5	319
If US$ weakens against NIS	(5)	(319)
If US$ strengthens against Euro	5	(236)
If US$ weakens against Euro	(5)	236
If US$ strengthens against CAD	5	(123)
If US$ weakens against CAD	(5)	123

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank balances and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. The Group had certain concentrations of credit risk as 20%, 22%, 24% and 26% of the Group's trade receivables were due from the Group's largest customer, and 39%, 30%, 37% and 40% of the Group's trade receivables were due from the five largest customers as at December 31, 2014, 2015 and 2016 and March 31, 2017, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the Historical Financial Information.

Liquidity risk A1A32(5)(a)

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and finance from shareholders. 5%, 6%, 7% and 7% of the Group's borrowings would mature in less than one year as at December 31, 2014, 2015 and 2016 and March 31, 2017, respectively, based on the carrying value of borrowings reflected in the Historical Financial Information.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

Group

December 31, 2014

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade payables	7,254	—	—	—	7,254
Financial liabilities included in other payables and accruals	5,021	—	—	—	5,021
Interest-bearing bank borrowings	—	—	10,916	67,061	77,977
Financial liabilities included in other long-term liabilities	—	—	—	146,920	146,920
	12,275	—	10,916	213,981	237,172

December 31, 2015

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade payables	6,910	—	—	—	6,910
Financial liabilities included in other payables and accruals	4,901	—	—	—	4,901
Interest-bearing bank borrowings	—	—	12,887	54,174	67,061
Financial liabilities included in other long-term liabilities	—	—	—	146,920	146,920
	11,811	—	12,887	201,094	225,792

December 31, 2016

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade payables	7,372	—	—	—	7,372
Financial liabilities included in other payables and accruals	7,653	—	—	—	7,653
Interest-bearing bank borrowings	—	—	14,178	39,996	54,174
Loan from the related party	—	—	9,845	—	9,845
Financial liabilities included in other long-term liabilities	—	—	—	146,920	146,920
	15,025	—	24,023	186,916	225,964

March 31, 2017

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade payables	11,833	—	—	—	11,833
Financial liabilities included in other payables and accruals	7,791	—	—	—	7,791
Interest-bearing bank borrowings	—	—	14,178	39,996	54,174
Loan from the related party	—	—	9,929	—	9,929
Financial liabilities included in other long-term liabilities	—	—	—	146,920	146,920
	19,624	—	24,107	186,916	230,647

The maturity profile of the Company's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

Company

December 31, 2014

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Financial liabilities included in other payables and accruals	589	—	—	—	589
Interest-bearing bank borrowings	—	—	10,916	67,061	77,977
Financial liabilities included in other long-term liabilities	—	—	—	146,920	146,920
	589	—	10,916	213,981	225,486

December 31, 2015

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Financial liabilities included in other payables and accruals	495	—	—	—	495
Interest-bearing bank borrowings	—	—	12,887	54,174	67,061
Financial liabilities included in other long-term liabilities	—	—	—	146,920	146,920
	495	—	12,887	201,094	214,476

December 31, 2016

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Financial liabilities included in other payables and accruals	581	—	—	—	581
Interest-bearing bank borrowings	—	—	14,178	39,996	54,174
Loan from a related party	—	—	9,845	—	9,845
Financial liabilities included in other long-term liabilities	—	—	—	146,920	146,920
	581	—	24,023	186,916	211,520

March 31, 2017

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Financial liabilities included in other payables and accruals	855	—	—	—	855
Interest-bearing bank borrowings	—	—	14,178	39,996	54,174
Loan from a related party	—	—	9,929	—	9,929
Financial liabilities included in other long-term liabilities	—	—	—	146,920	146,920
	855	—	24,107	186,916	211,878

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes interest-bearing bank borrowings, the Capital Notes and a loan from a related party, less cash and cash equivalents. Total equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratios as at the end of each of the Relevant Periods are as follows:

Group

	As at December 31,			As at March 31,
	2014	**2015**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Interest-bearing bank borrowings	67,341	59,003	48,918	49,020
Capital Notes included in other long-term liabilities	132,696	136,736	140,912	141,958
A loan from a related party	—	—	9,845	9,929
Less: cash and cash equivalents	17,747	19,256	18,105	21,596
Net debt	182,290	176,483	181,570	179,311
Total equity	25,122	32,545	40,486	45,883
Total equity and net debt	207,412	209,028	222,056	225,194
Gearing ratio	88%	84%	82%	80%

40. EVENTS AFTER THE RELEVANT PERIODS

There has been no significant event since the end of the Relevant Periods.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to March 31, 2017.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Global Offering had taken place on March 31, 2017.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at March 31, 2017 or any future dates.

The following statement of unaudited pro forma adjusted consolidated net tangible assets is based on the consolidated net tangible assets of the Group attributable to owners of the Company as at March 31, 2017 as shown in the Accountants' Report of the Group, the text of which is set forth in Appendix I to this prospectus, and is adjusted as follows:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at March 31, 2017	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets**	**Unaudited pro forma adjusted consolidated net tangible assets per Share**	
	US$'000	*US$'000*	*US$'000*	*US$*	*HK$*
	Note 1	*Note 2*		*Note 3*	*Note 3, 4*
Based on the Minimum Offer Price of HK$8.88 per Share	(128,368)	96,678	(31,690)	(0.102)	(0.795)
Based on the Maximum Offer Price of HK$12.35 per Share	(128,368)	134,457	6,089	0.020	0.153

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as at March 31, 2017 was equal to the audited net assets attributable to owners of the Company as at March 31, 2017 of US$45,883,000 after deducting goodwill and other intangible assets of US$174,251,000 as at March 31, 2017 set out in the Accountants' Report in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$8.88 and HK$12.35 respectively, being the Minimum Offer Price and the Maximum Offer Price in the Offer Price range, after deduction of the estimated underwriting fees and other related expenses payable by the Company and take no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in note 2 above and on the basis of 310,948,648 Shares are in issue, assuming that the Capitalization Issue and the Global Offering had been completed on March 31, 2017 but takes no account of the Over-allotment Option and Capitalization of the Capital Notes.

(4) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in US$ are converted into HK$ at the rate of US$1.00 to HK$7.80.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions for the Group entered into subsequent to March 31, 2017.

(6) Immediately prior to completion of the Global Offering, the Capital Notes with an aggregate principal amount of US$146,920,000 owing to the existing Shareholders will be capitalized at the indicative Offer Price, i.e., 129,051,352 Shares at Office Price of HK$8.88 or 92,791,579 Shares at Office Price of HK$12.35. The unaudited pro forma adjusted consolidated net tangible assets per Share will be US$0.26 (equivalent to HK$2.04) if the Offer Price is HK$8.88 per Share, or US$0.38 (equivalent to HK$2.96) if the Offer Price is HK$12.35 per Share, assuming that the Capitalization Issue, the capitalization of the Capital Notes and the Global Offering had been completed on March 31, 2017 but takes no account of the Over-allotment Option.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Ernst & Young
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To the Directors of Sisram Medical Ltd

We have completed our assurance engagement to report on the compilation of pro forma financial information of Sisram Medical Ltd (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at March 31, 2017, and related notes as set out on pages II-1 to II-2 of the prospectus dated September 5, 2017 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Part A of Appendix II to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at March 31, 2017 as if the transaction had taken place at March 31, 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended March 31, 2017, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
September 5, 2017

This Appendix provides information about certain provisions of the Articles of Association of the Company (the "**Articles**"). This description is only a summary and is qualified by reference to the Articles and does not purport to be a comprehensive or exhaustive description of the Articles. This is not intended to substitute the need to review the Articles and you are advised to review the Articles in its entirety. All capitalized terms in this summary shall have the meaning as defined in the Articles.

(a) **Directors**

(i) ***Power to allot and issue shares and options***

Article 13(a)

Subject to applicable law, the Articles, any direction that may be given by the Company in general meeting and, where applicable, the Listing Rules, the authorized but unissued shares of the Company from time to time shall be under the control of the Board of Directors, who shall have the power to issue and allot shares, offer, grant options or otherwise dispose of shares or other securities of the Company convertible, exchangeable or exercisable into shares, or other securities of the Company, to such persons, on such terms and conditions, in such manner and at such times, as the Board of Directors may think fit, and the power to give to any person the option or other right to acquire from the Company any shares, either at par or at a premium, or, subject to the provisions of the Israeli Companies Law and the Listing Rules, at a discount, during such time and for such consideration (cash, kind or otherwise) as the Board of Directors may think fit.

Neither the Company nor the Board of Directors shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Shareholders or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board of Directors, be unlawful or impracticable. Shareholders affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of shareholders for any purpose whatsoever.

(ii) ***Financial assistance to purchase shares of the Company or its subsidiaries***

Article 13(c)

The Company may at any time and from time to time, subject to the Israeli Companies Law, applicable law or regulation and the Listing Rules, repurchase or finance the purchase of any shares or other securities issued by the Company, in such manner and under such terms as the Board of Directors shall determine, whether from any one or more Shareholders. Such purchase shall not be deemed as payment of dividends to the relevant Shareholder and no Shareholder will have the right to require the Company to purchase his shares or offer to purchase shares from any other Shareholders.

(iii) ***Disclosure of interests in contracts with the Company or any of its subsidiaries*** A1A7(1)

Article 46

(a) Subject to any provisions of applicable law and the Listing Rules, a Director shall not be disqualified by virtue of his office from holding another office in the Company or in any other company in which the Company is a shareholder or in which it has any other form of interest, or of entering into a contract with the Company, either as seller or buyer or otherwise. Likewise, subject to the Israeli Companies Law, no contract made by the Company or on its behalf in which a Director has any form of interest may be nullified and a Director shall not be obligated to account to the Company for any profit deriving from such office, or resulting from such contract, merely by virtue of the fact that he serves as a Director, but such Director shall be obligated to disclose to the Board of Directors the nature of any such interest as well as any material fact or document at the meeting of the Board of Directors at which the contract or arrangement is first considered.

(b) A Director shall not vote on any resolution of the Board of Directors approving any contract or arrangement or a unilateral decision on the part of the company in respect of the grant of a right or other benefit or any other proposal in which he or any of his close associates has a personal interest (hereinafter in this Article: a "**Transaction**"), but this prohibition shall not apply to cases in which both of the following criteria "A" and "B" apply:

(A) either (*x*) it is a Transaction in the ordinary course of business of the Company, which is on market terms, and which may not materially affect the profitability of the Company, its assets or obligations, but excluding Transactions with any Director relating to the terms of his/her employment and service in the office of director or in any other capacity, or (*y*) it is a Transaction in which the majority of the Directors has a personal interest; and

(B) the proposal is made on any of the following matters:

(i) the giving of any security or indemnity either (1) to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the issuer or any of its subsidiaries or (2) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iii) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including (1) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit or (2) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(iv) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company,

or such other matters which may be permitted by the Listing Rules and the Israeli Companies Law and all without derogating from the additional corporate approvals when required under the Israeli Companies Law.

(c) Subject to the provisions of the Israeli Companies Law with respect to all of the following, the Company may enter into any contract or otherwise transact any business with any Office Holder in which contract or business such Office Holder has a personal interest, directly or indirectly; and may enter into any contract of otherwise transact any business with any third party in which contract or business an Office Holder has a personal interest, directly or indirectly, provided always that on any matter which paragraph (b)(A) above, prohibits a Director from voting, such Director also shall not be present in the discussion with regard to said matter, unless the chair of the Board of Directors has determined that such Director presence in the discussion (but not voting) is required for the presentation of the relevant contract or proposed contract or arrangement. A1A7(2)

(iv) ***Remuneration*** CO Sch 3 para 5 A1A7(2)

Article 45

Payment of remuneration to a Director by the Company for his services as Director shall be subject to the approvals required pursuant to the provisions of the Israeli Companies Law. The Company shall compensate its External Directors pursuant to the provisions of the Israeli Companies Law.

The Company may reimburse Directors for their reasonable expenses for travelling, board and lodging and other expenses connected with their participation at meetings of the Board of Directors and the performance of their duties as Directors, according to the Company's policy from time to time and subject to the Israeli Companies Law.

Any Director who holds any executive office or who otherwise performs services which in the opinion of the Board of Directors are outside the scope of ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Company's applicable organs may determine, subject to the Company's compensation policy and/or the provisions of the Israeli Companies Law.

The fees payable to non-executive Directors shall be by a fixed sum and shall not at any time be by commission on or a percentage of the profits or turnover. Salaries payable to executive Directors may not include a commission on or a percentage of turnover.

Executive Directors and non-executive directors may receive options, warrants or other securities convertible or exercisable into shares of the Company, as may be determined from time to time by the Company's applicable organs and subject to the provisions of the Israeli Companies Law and the Listing Rules.

(v) ***Retirement, appointment and removal*** A1A7(4)

Article 41

External Directors will be appointed and removed pursuant to and their service as External Directors shall be governed by, the relevant provisions of the Israeli Companies Law which apply to External Directors.

The Directors of the Company (other than any External Directors elected pursuant to the Israeli Companies Law) shall be divided by the Board of Directors into three (3) groups, designated as group I, group II and group III. Each group of Directors shall consist, as nearly as possible as determined by the Board of Directors, of one-third of the total number of directors constituting the entire Board of Directors (excluding the External Directors). The first term of office of the group I Directors shall expire at the annual general meeting occurring in 2018; the first term of office of the group II Directors shall expire at the annual general meeting in 2019; and the first term of office of the group III Directors shall expire at the annual general meeting in 2020. Any Director whose term has expired (upon the expiring of the term of such director's group) may be reelected to the Board of Directors.

At each annual general meeting, election or re-election of Directors following the expiration of the term of office of the Directors of a certain group, will be for a term of office that expires on the third annual general meeting next succeeding such election or reelection, such that from 2018 and forward, each year the term of office of only one group of Directors will expire (i.e., the term of office of Group I will initially expire at the annual general meeting held in 2018 and thereafter at 2021, 2024 etc.). Election of directors shall be conducted by a separate vote on each candidate. A Director shall hold office until his or her successors are elected or he or she are re-elected and qualified or until such earlier time as such Director's office is vacated.

The Board of Directors shall have the sole and exclusive power, at any time and from time to time, to fill a vacancy however created. In addition, the Board of Directors shall have the power, at any time and from time to time, to appoint any person to be a Director in addition to the existing members of the Board of Directors. Any such Director appointed by the Board of Directors shall be placed in a group of Directors so that all groups are as nearly equal as possible. A director so appointed to either fill a casual vacancy or as an addition to the Board of Directors will hold office until the next annual general meeting, whereat, such Director shall be eligible for re-election for a term of office equal to, in the case of vacancy — the remaining period of the term of office of the director whose office has been vacated (i.e., until the next annual general meeting of the Shareholders for the group in respect of which the vacancy was created), or in the case of an additional director — subject to approval of the general meeting, the term of office as designated by the Board of Directors in respect of the group in which such Director shall be placed.

Directors (other than External Directors) shall be elected at the general meeting by a simple majority, and each Director shall serve according to the Articles. The Shareholders shall be entitled to remove any Director(s) (other than External Directors) from office at a general meeting prior to the expiry of his full term in office, all subject to applicable law, the Listing Rules and the Articles and without prejudice to any claim for damages under any contract. The Board of Directors shall be entitled to remove from office any Director(s) appointed by the Board of Directors.

An elected External Director shall commence his term from the date of or stated in, and shall serve for the period stated in, the resolution of the general meeting at which he was elected, unless his office becomes vacant earlier in accordance with the provisions of the Israeli Companies Law.

Article 40

Unless otherwise determined by the Shareholders in General meeting, the Board of Directors shall consist of no less than five directors, including at least two External Directors, at least one External Director shall be a Director with accounting or financial expertise and the others with professional qualifications.

Article 44

The office of a Director shall be vacated, *ipso facto*, by his written resignation or upon the occurrence of any of the following events: (i) such Director's death, or if he be found lunatic or become of unsound mind or otherwise legally incompetent, or (ii) if such Director becomes bankrupt, or (iii) if such Director is no longer fit to serve as a director in accordance with the Israeli Companies Law, or (iv) if such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds, or (v) if his period of office has terminated in accordance with the provisions of these Articles.

The office of a Director shall be vacated by his written resignation. Such resignation shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later.

A general meeting shall be entitled, by an ordinary resolution, to remove any Director (other than an External Director) from office prior to the expiry of his term in office, provided that the removed Director shall be given a reasonable opportunity to state his case before the general meeting. Such removal shall become effective on the date fixed in such resolution. External Directors may be removed from office only in accordance with the provisions of the Israeli Companies Law.

Article 42 A1A7(5)

No person shall be disqualified to serve as a Director by reason of his not holding shares in the Company or by reason of his having served as a Director in the past (subject to the provisions of the Israeli Companies Law with regard to external or independent directors).

(vi) ***Borrowing powers*** A1A7(3)

Article 37(b) CO Sch 3 para 22

The Board of Directors may from time to time, in its discretion, cause the Company to borrow or secure the payment of any sum or sums of money for the purposes of the Company, and may secure or provide for the repayment of such sum or sums in such manner, at such times and upon such terms and conditions in all respects as it thinks fit, and, in particular, by the issuance of bonds, perpetual or redeemable debentures, debenture stock, or any mortgages, charges, liens or other security interests of any kind on the undertaking or the whole or any part of the property of the Company, both present and future, including its uncalled or called but unpaid capital for the time being. The Company may, from time to time, by resolution of the Board of Directors, borrow funds or guarantee and/or provide securities for the payment of any sum by the Company or any third party.

(vii) ***Proceedings of the Board***

Article 48

The Board of Directors may meet and adjourn its meetings according to the Company's needs and otherwise regulate such meetings and proceedings as the Board of Directors deems fit, provided however, that the Board of Directors shall convene at least once every three (3) calendar months.

The chair(s) of the Board of Directors may, at any time, convene a meeting of the Board of Directors. Any Director, who is not the chair(s) of the Board of Directors, may at any time, and the secretary of the Company or the chair(s) of the Board of Directors, upon the request of such Director, shall, convene a meeting of the Board of Directors.

Article 38

A resolution proposed at any meeting of the Board of Directors shall be deemed adopted if approved by a simple majority of the Directors present when such resolution is put to a vote and voting thereon (excluding abstentions). All Directors shall have the same voting rights whereby each Director shall have one vote. The chair(s) of the Board of Directors will have an additional or casting vote, in the case of a tie.

A resolution in writing, without convening an actual meeting of the Board of Directors, signed by all Directors then in office and lawfully entitled to vote thereon or to which all such Directors have given their consent (by letter, telegram, telex, facsimile, e-mail or otherwise), or their oral consent by telephone (provided that a written summary thereof has been approved and signed by the chair of the Board of Directors), shall be deemed to have been unanimously adopted by a meeting of the Board of Directors duly convened and held. The Board of Directors may adopt resolutions, without convening a meeting of the Board of Directors, in any other manner permitted by the Israeli Companies Law.

(viii) ***Register of Directors and Officers***

Article 68

The Board of Directors shall comply with all the provisions of the Israeli Companies Law in regard to the keeping and maintaining of a register of Directors, shareholders register and register of charges.

(b) **Alterations to constitutional documents**

Article 6

Subject to applicable law, any amendment of the Articles shall require a special resolution to be adopted by a general meeting.

(c) **Alteration of capital** A1A7(6)

Article 10

The Company may, from time to time, by a resolution of Shareholders (subject, however, to the provisions of the Articles, if applicable, and to applicable law):

(i) consolidate and divide all or any of its issued or unissued share capital into shares of larger nominal value than its existing shares;

(ii) subdivide its shares (issued or unissued) or any of them, into shares of smaller nominal value than is fixed by these Articles (subject, however, to the provisions of the Israeli Companies Law), and the shareholders resolution pursuant to which any share is subdivided may determine that, as among the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred or deferred rights or rights of redemption or other special rights with regard to dividends, participation in assets upon winding-up, voting and so forth, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares;

(iii) cancel any shares which, at the date of the adoption of such resolution, have not been taken or agreed to be taken by any person, and reduce the amount of its share capital by the amount of the shares so cancelled; or

(iv) reduce its share capital in any manner, and with and subject to any incident authorized, and consent required, by law.

(d) **Variation of rights of existing shares or classes of shares** A1A25(3)

Article 9

Without prejudice to any special rights previously conferred upon the holders of existing shares in the Company, the Company may, from time to time, by a resolution of shareholders and subject to applicable law and regulations and the Listing Rules, provide for shares with such preferred or deferred rights or rights of redemption or other special rights and/or such restrictions, whether with regard to dividends, voting, repayment of share capital or otherwise, as may be stipulated in such resolution.

If at any time the share capital is divided into different classes of shares, the rights attached to any class, unless otherwise provided by these Articles, may be modified or abrogated by the Company, by an special resolution of Shareholders, subject to the sanction of an ordinary resolution passed by holders of such class present and voting at a separate general meeting of the holders of the shares of such class. The provisions of the Articles relating to general meetings shall, *mutatis mutandis*, apply to any separate general meeting of the holders of the shares of a particular class (other than the ordinary shares), provided that the quorum for such general meeting (other than adjourned meeting) shall be the holders of at least one-third of the issued shares of that class.

Unless otherwise provided by the Articles, the Listing Rules or the Israeli Companies Law, an increase in the authorized share capital, the creation of a new class of shares, an increase in the authorized share capital of a class of shares, or the issuance of additional shares thereof out of the authorized and unissued share capital, shall not be deemed to modify or derogate or cancel the rights attached to previously issued shares of such class or of any other class.

(e) **Special resolution majority required**

Article 32(g)

A special resolution is defined in the Articles to mean a resolution passed by a majority of not less than three-fourths (75%) of all the actual votes cast in favor by the holders of the shares of such class present, in person or by proxy, and voting, on the relevant proposal or resolution in a general meeting, without taking into account abstentions. The approval of a special resolution shall be required for resolutions on the following matters:

(i) any amendments to the Articles;

(ii) any variation to the rights attached to any class of shares; and

(iii) winding up of the Company;

An ordinary resolution is defined in the Articles to mean a resolution passed by a majority of more than 50% of all the actual votes cast in favor by the Shareholders present (in person or by proxy), and voting on the relevant proposal or resolution in a general meeting (or class meeting, if applicable) (i.e., more than 50% of the voting power represented at the meeting and voting in favor of the resolution or proposal), without taking into account abstentions.

(f) **Increase in Shareholder's liability**

Article 5(b)

There shall be no alteration in the Articles to increase an existing Shareholder's liability to the Company, unless the Shareholder provides a written consent to such alteration.

(g) **Voting rights** A1A25(1)

Articles 32 and 34

Every resolution submitted to a general meeting shall be decided by a poll (i.e., count of votes). On a poll, votes may be given either personally or by proxy.

Subject to any provision in the Articles conferring special rights as to voting, or restricting the right to vote, every Shareholder shall have one vote for each share held by such Shareholder, on every resolution.

No Shareholder shall be entitled to be present and to vote at any general meeting (or be counted as a part of the quorum thereat), unless all calls then payable by him in respect of his Shares in the Company have been paid.

Subject to the terms of applicable law and the Listing Rules, the right of a Shareholder to vote at any general meeting (or be counted as a part of the quorum thereat), shall be subject to regulations and procedures with regard to proof of title to the shares prescribed by the Board of Directors and applicable law.

(h) **Voting procedure with HKSCC Nominees Limited**

Article 34(g)

Any Shareholder who is a Shareholder due to its capacity as a CCASS participant or as HKSCC Nominees Limited acting for the benefit of one or more Public Investors, must: (1) grant the Public Investors holding shares through them, a power of attorney/proxy letter, appoint them as corporate representative, or otherwise enable them to participate and vote directly in any General Meeting or (2) (a) vote in any General Meeting in accordance with the instructions provided to it by the Public Investors and (b) include the presence or absence of personal interest of the Public Investors when

obligated to declare a presence or absence of their own personal interest in voting. In such case, the Public Investors' instructions shall be provided in writing; cannot to be changed; will be clear and non-ambiguous which leaves no discretion to the CCASS participant and/or HKSCCN; and will refer to the resolutions included in the notice of the General Meeting.

In the Articles, a "Public Investor" is any person for whose benefit a Share is registered with a CCASS participant (or who is himself a CCASS investor participant) and whose underlying shares are included in the Shareholder Register in the name of HKSCCN.

(i) ***Material interest in a transaction***

Article 32(f), (h) and (i)

On matters for which the Israeli Companies Law requires that all votes must be cast in conjunction with a declaration of the presence or absence of personal interest and prescribes a particular threshold other than a simple majority, the resolution shall be passed if approved in accordance with the requirements of Israeli Companies Law.

Without derogating from the preceding paragraph, in respect of any resolution approving a transaction for which the Listing Rules requires a Shareholder with a material interest in that transaction to abstain from voting, such resolution shall be approved subject to the following conditions:

(i) the Company shall appoint its compliance adviser or another independent financial or legal adviser to review the votes counted by the share registrar and they confirm that the resolution would have been successfully passed if the votes cast had excluded the votes of Shareholders that would be required to abstain from voting under the Listing Rules;

(ii) the transaction agreement will contain a condition precedent that the Company obtains the confirmation described in paragraph (i) above; and

(iii) the Company will conduct the transaction only if the condition precedent is satisfied.

Votes which are not accompanied by the personal interest disclosure requirement would be ignored and not counted.

(j) **Requirements for annual general meetings**

Article 25

An annual general meeting shall be held once in every calendar year at such time (within a period of not more than 15 months after the last preceding annual general meeting) provided that the interval between the close of a financial year of the Company and the Company's annual general meeting shall not exceed six months (or such shorter period as may be prescribed by the Listing Rules).

An annual general meeting shall be held in Hong Kong for as long as the Shares are listed on the Exchange, unless otherwise permitted by applicable law and the Listing Rules. The annual general meeting shall deliberate over the matters required by the Israeli Companies Law or other applicable law or the Listing Rules to be deliberated upon at an annual general meeting or such other matters as shall be determined by the Board of Directors.

(k) **Accounts and audit**

Article 65

The Board of Directors shall cause accurate books of account to be kept in accordance with the provisions of the Israeli Companies Law and of any other applicable law. Such books of account shall be kept at the Registered Office of the Company, or at such other place or places as the Board of Directors may think fit, and they shall always be open to inspection by all Directors. No Shareholder, not being a Director, shall have any right to inspect any account or book or other similar document of the Company, except as conferred by applicable law or authorized by the Board of Directors or by a Shareholders resolution adopted at a General Meeting. At least once each year the accounts of the Company and the correctness of the statement of income and the balance sheet shall be audited and confirmed by an independent auditor or auditors.

A printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the annual general meeting and at the same time as the notice of annual general meeting and laid before the Company at the annual general meeting.

(l) **Appointment and remuneration of auditors**

Article 67

The independent auditors of the Company shall be appointed by resolution of the Shareholders at the annual general meeting and shall serve until its/their re-election, removal or replacement by subsequent resolution and in any case for the duration of no more than the next annual general meeting. The appointment, rights and duties of such independent auditors shall be subject to the Israeli Companies Law, provided, however, that the Board may make a recommendation to the Shareholders regarding the remuneration for the audit services but such remuneration shall be subject to approval by the Shareholders in a general meeting. The Board of Directors shall have the power and authority to fix the remuneration of the independent auditors for other services other than the audit services. By an act appointing such auditors, the Company may appoint the independent auditors to serve for a period of one year up to the end of the next annual general meeting in which such independent auditors were appointed.

(m) **Notices of meetings and business to be conducted thereat**

Article 28(a)

Subject to the provisions of the Israeli Companies Law and the Listing Rules, the Company shall publish notice of a General Meeting at least 21 days prior to a general meeting, and if the agenda of the meeting includes the following matters:

(i) appointment and dismissal of directors;

(ii) approval of extraordinary transactions for which the Company requires approval of the general meeting, such as acts of company officers which raise concerns of concerns of fiduciary duty;

(iii) approval of a merger;

(iv) authorizing the chairman of the board or his/her relative to act as chief executive officer or to exercise the powers of the chief executive officer, and authorizing the chief executive officer or his/her relative to act as chairman of the board or to exercise the chairman's powers;

(v) any other matter for which the Articles determine the Shareholders may vote by voting deed;

(vi) approval of the Company's executive remuneration policy;

(vii) any settlement or other arrangement between the Company and its shareholders or creditors;

(viii) approval of terms of engagement with a public company officer (other than a director) which are not in accordance with the remuneration policy, and approval of chief executive officer's remuneration (even in accordance with the remuneration policy);

(ix) any transaction outside the ordinary course of business, with a controlling shareholder or any entity related thereto, or the renewal or such transaction after three years;

(x) terms of engagement with a director, whether in his/her capacity as director or in another capacity, in accordance with the remuneration policy; and

(xi) any other matter as required by applicable law,

then notice must be provided at least 35 days prior to the meeting. The notice of a general meeting shall set forth the place where the meeting will take place, day and hour of the meeting, the agenda of the meeting and shall contain such other information as required by the Israeli Companies Law, any other applicable law and the Listing Rules. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolutions in respect of such businesses.

(n) **Transfer of shares** A1A7(8)

Article 22

No transfer of Shares shall be registered in the Shareholders Register unless a proper instrument of transfer signed by the transferor and transferee (in the usual or common form or in a form prescribed by the Exchange or in any other form approved by the Board of Directors) has been submitted to the Company or its agent, together with any share certificate(s) and such other evidence of title as the Board of Directors may reasonably require; provided however, that the Board of Directors may approve other methods of recognizing the transfer of Shares, taking into account the manner of trading of the Shares. Until the time the transferee has been registered in the Shareholders Register in respect of the shares so transferred, the Company may continue to regard the transferor as the owner thereof.

The Board of Directors, may, from time to time, prescribe a fee for the registration of a transfer which shall not exceed the maximum amount permitted by applicable law or the Stock Exchange. Shares of different classes shall not be comprised in the same instrument of transfer. The Company shall accept for registration transfers, an instrument of transfer in the form approved by the Stock Exchange signed by transferee and transferor. Furthermore, the transfer of Shares by a Shareholder shall also be recorded if: (i) a court order for the amendment of the Shareholders Register shall be delivered to the Company; or (ii) it shall be proved to the Company that lawful conditions apply with respect to the transfer of a right in the Shares registered in the Shareholders Register. The instrument of transfer of any Shares shall be signed by or on behalf of both the transferor and the transferee, provided always that an instrument of transfer in respect of which the transferor or the transferee is clearing house or its nominee may be signed by hand or by machine imprinted signature or by such other manner of execution as the Board of Directors may approve from time to time.

The effectiveness of a transfer of fully paid up Shares shall not require the prior approval of the Board of Directors. The transfer of a fraction of a Share shall lack validity.

Subject to the Articles, there shall be no restriction on the transfer of fully paid up Shares except where required by law (including, for the avoidance of doubt, Section 369 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) or by the Listing Rules but the Board of Directors may in its discretion and without giving any reason therefor decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom the Board of Directors does not approve and may refuse to register any transfer of Shares from the transferor to the transferee which transfer is in violation of the Articles. The Board of Directors may also, without prejudice to the generality of the foregoing, refuse to register a transfer of any share to more than four (4) joint holders. If the Board

of Directors shall decline to register any such transfer of shares, it shall give to both the transferor and the transferee written notice of its refusal to register as required by the Listing Rules. Instruments or deeds of transfer shall remain with the Company, but any transfer instrument or deed which the Board of Directors refused to register shall be returned to the transferor upon demand.

The Board of Directors may, in its discretion to the extent it deems necessary, close the Shareholders Register for registration of transfers of shares for a period determined by the Board of Directors, and no registrations of transfers of shares shall be made by the Company during any such period during which the Shareholders Register is so closed.

(o) **Dividends and other methods of distribution**

Article 54

Subject to the provisions of the Israeli Companies Law, the Board of Directors may from time to time declare, and cause the Company to pay, such dividend as may appear to the Board of Directors to be justified. The Board of Directors shall determine, and may authorize, subject to applicable law, any of its Directors and/or Office Holders to determine, the time for payment of such dividends and the record date for determining the Shareholders entitled thereto.

Article 55

Subject to the provisions of the Articles, the Israeli Companies Law, and subject to the rights or conditions attached at that time to any share in the capital of the Company granting preferential, special or deferred rights or not granting any rights with respect to dividends, any dividend paid by the Company shall be allocated among the Shareholders entitled thereto in proportion to their respective holdings of the shares in respect of which such dividends are being paid.

Whenever the rights attached to any shares or the terms of issue of the shares do not provide otherwise, shares which are fully paid up or which are credited as fully or partly paid within any period which in respect thereof dividends are paid shall entitle the holders thereof to a dividend in proportion to the amount paid up or credited as paid up in respect of the nominal value of such shares and to the date of payment thereof.

The Company may distribute dividends whether in cash or in bonus shares, in the distribution of assets, or in any other distribution, *pro rata* to the nominal value of the Shares.

Article 58

The Company (a) may cause any monies, investments, or other assets forming part of the undivided profits of the Company, standing to the credit of a reserve fund, or to the credit of a reserve fund for the redemption of capital, or in the hands of the Company and available for dividends, or representing premiums received on the issuance of shares and standing to the credit of the share premium account, to be capitalized and distributed among such of the Shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion, on the footing that they become entitled thereto as capital, or may cause any part of such capitalized fund

to be applied on behalf of such Shareholders in paying up in full, either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly, in payment, in full or in part, of the uncalled liability on any issued shares (if any) or debentures or debenture stock; and (b) may cause such distribution or payment to be accepted by such Shareholders in full satisfaction of their interest in the said capitalized sum.

Article 57

Upon the declaration of the Board of Directors, a dividend may be paid, wholly or partly, by the distribution of specific assets of the Company or by distribution of paid up shares, debentures or debenture stock or other securities of the Company or of any other companies, or in any one or more of such ways or any other ways, at its discretion.

Article 62 A1A7(7)

All unclaimed dividends or other monies payable in respect of a share may be invested or otherwise made use of by the Board of Directors for the benefit of the Company until claimed. The payment by the Directors of any unclaimed dividend or such other monies into a separate account shall not constitute the Company a trustee in respect thereof, and any dividend unclaimed after a period of seven years from the date of declaration of such dividend, and any such other monies unclaimed after a like period from the date the same were payable, shall be forfeited and shall revert to the Company, provided, however, that the Board of Directors may, at its discretion, cause the Company to pay any such dividend or such other monies, or any part thereof, to a person who would have been entitled thereto had the same not reverted to the Company.

Article 56

No dividend or other benefit in respect of shares shall carry interest as against the Company.

(p) **Proxies**

Article 34(d)

Any Shareholder entitled to vote may vote either personally or by proxy (who need not be a Shareholder), or, if the Shareholder is a company or other corporate body, by an authorized representative. A proxy can be appointed by more than one Shareholder, and he can vote in different ways on behalf of each principal.

Article 35(c)

Any Shareholder who holds more than one share shall be entitled to appoint a proxy with respect to all or some of its shares or appoint more than one proxy, provided that the instrument appointing a proxy shall include the number and class of shares with respect to which it was issued and only one proxy shall be appointed with respect to any one share.

(q) **Call on shares and forfeiture of shares**

Article 14

The Board of Directors may, from time to time, make such calls as it may think fit upon Shareholders in respect of any sum unpaid in respect of shares held by such Shareholders which is not, by the terms of allotment thereof or otherwise, payable at a fixed time, and each Shareholder shall pay the amount of every call so made upon him (and of each instalment thereof if the same is payable in instalments), to the person(s) and at the time(s) and place(s) designated by the Board of Directors, as any such time(s) may be thereafter extended and/or such person(s) or place(s) changed.

Notice of any call shall be given in writing to the Shareholder(s) in question not less than fourteen (14) days prior to the time of payment, specifying the time and place of payment, and designating the person to whom such payment shall be made.

A Shareholder shall not be entitled (i) to receive a dividend and (ii) to exercise any right as a Shareholder, including but not limited to, the right to attend and vote at a general meeting of any type and to transfer the shares to another, unless he has paid all the calls payable from time to time and which apply to any of his shares, whether he holds same alone or jointly with another.

Article 16(f)

Any Shareholder whose shares have been forfeited or surrendered shall cease to be a Shareholder in respect of the forfeited or surrendered shares, but shall, notwithstanding, be liable to pay, and shall forthwith pay, to the Company, all calls, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until actual payment, at such rate and at such time(s) as the Board of Directors may prescribe.

(r) **Quorum for meetings and separate class meetings**

Article 30

No business shall be transacted at a general meeting, or at any adjournment thereof, unless the requisite quorum is present when the meeting proceeds to business. Two or more Shareholders, present in person or by proxy and holding in the aggregate 25% or more of the Company's issued and paid-up share capital (i.e., representing 25% or more of the voting rights in the Company) shall constitute a quorum at general meetings. A proxy may be deemed to be two or more Shareholders pursuant to the number of Shareholders represented by the proxy holder.

If within an hour from the time appointed for the meeting a quorum is not present, the meeting, shall stand adjourned to the same day in the next week, at the same time and place, or to such later date and at such time and place as the Board of Directors may determine. No business shall be

transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called. Should no legal quorum be present at such reconvened meeting within a half hour following the time set for such meeting, the meeting will take place with one or more Shareholders present in person or by proxy, unless the meeting was called pursuant to a requisition by Shareholders in accordance with the Israeli Companies Law, in which case the quorum required is the number of Shareholders (present in person or by proxy) holding the number of shares required for making such requisition to call the meeting.

Article 9(f)

The quorum for any separate general meeting (other than adjourned meeting) of the holders of the shares of a particular class other than the ordinary shares shall be the holders of at least one-third of the issued shares of that class

(s) **Procedures on liquidation**

Article 74

A voluntary winding up (liquidation) of the Company shall require the approval by special resolution and any other approval as may be required by any applicable law.

If the Company enters into winding up (liquidation), then, subject to applicable law and to the rights of the holders of shares with special rights upon winding up, the assets of the Company available for distribution among the Shareholders shall be distributed to them in proportion to the nominal value of their respective holdings of the shares in respect of which such distribution is being made.

Subject to the provisions of the Israeli Companies Law, the Israeli Companies Ordinance and the rights attached to the various classes of shares existing in the Company, as applicable, the liquidator may, by a Shareholders' resolution adopted at a general meeting, distribute in specie among the Shareholders all or part of the surplus property, and the liquidator may further, by such resolution, deposit any part of the surplus property with trustees who shall hold same in trust in favor of the Shareholders, as the liquidator shall deem appropriate. In order to distribute the surplus property in specie, the liquidator may determine the value of the distributable assets and decide how such distribution shall be implemented among the Shareholders, taking into account the rights attached to Shares held by each of the Shareholders of the Company.

APPENDIX IV SUMMARY OF THE ISRAELI COMPANIES LAW, SHAREHOLDER PROTECTION MATTERS AND VOTING ARRANGEMENTS

LR19.08(3)
LR19.10(3)

A. SUMMARY OF THE ISRAELI COMPANIES LAW

The following is a summary of certain provisions of the Israeli Companies Law as at the date of this prospectus which are applicable to an Israeli incorporated company whose shares are listed on an overseas stock exchange. The summary below is for general guidance only and does not constitute legal advice nor should it be used as a substitute for specific legal advice on the corporate laws of Israel. The summary does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the corporate laws of Israel, which may different from equivalent provisions in jurisdictions with which interested parties may be more familiar.

The rights and obligations of the Shareholders are set out in the Articles of Association (see "Appendix III—Summary of the Articles of Association of the Company" for details) and are in addition to certain rights and obligations the Shareholders may have in accordance with applicable Israeli laws and regulations.

Duties of Shareholders

Pursuant to the Israeli Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power in the company, including, among other things, in voting at a general meeting and at shareholder class meetings with respect to the following matters:

- an amendment to the company's articles of association;
- an increase of the company's authorized share capital;
- a merger; or
- the approval of related party transactions and acts of office holders that require shareholder approval.

In addition, a shareholder also has a general duty to refrain from discriminating against other shareholders.

Certain shareholders also have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who knows that he or she has the power to determine the outcome of a shareholder vote at a general meeting or a shareholder class meeting and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or other power towards the company. The Israeli Companies Law does not define the substance of the duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness.

Shareholders' Meetings

In accordance with the Israeli Companies Law, the Company is required to hold an annual general meeting of the Shareholders once every calendar year that must be held no later than 15 months after the date of the previous annual general meeting, which may take place within or outside of the State of Israel. The Articles of Association provide that for as long as the Shares are listed on the Stock Exchange, unless otherwise permitted by applicable law of the Listing Rules, the annual general meeting of the Company will be held in Hong Kong.

Under the Israeli Companies Law, the Board may convene an extraordinary general meeting of Shareholders pursuant to a resolution of the Board and is required to convene an extraordinary general meeting pursuant to a request by (a) any two Directors or 25% of the Directors then in office or (b) any Shareholder or Shareholders holding at least 5% of the Company's issued share capital and at least 1% of the voting rights in the Company or a Shareholder or Shareholders holding at least 5% of the voting rights in the Company.

The agenda at a general meeting is determined by the Board. The agenda must also include proposals for which the convening of an extraordinary general meeting was demanded as set forth above, as well as any proposal requested by one or more Shareholders who hold at least 1% of the voting rights in the Company.

The Articles of Association require that, subject to the provisions of the Israeli Companies Law and the Listing Rules, a notice of any annual general meeting or extraordinary general meeting must be published at least 21 days prior to the meeting and if the agenda of the meeting includes the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, an approval of a merger or approval of dual office as chairman of the Board and chief executive officer, or, with certain exceptions, approval of the Company's Compensation Policy or a settlement or court approved arrangement, notice must be provided at least 35 days prior to the meeting.

The Shareholders entitled to participate and vote at the meeting are the shareholders as of the record date set forth in the resolution of the Board to convene the meeting, which subject to the provisions of the Israeli Companies Law and the regulations promulgated thereunder, may generally be between four and 40 days prior to the date of the meeting.

Under the Israeli Companies Law and as provided in the Articles of Association, the quorum required for a general meeting consists of at least two Shareholders present in person or by proxy who hold in aggregate 25% or more of the voting rights in the Company.

The Israeli Companies Law requires that resolutions relating to the following matters, among other matters, must be passed at a general meeting of the shareholders:

- amendments to the articles of association;
- change of the company's name;

- appointment of non-external directors, unless otherwise provided in the articles of association;
- appointment, termination and remuneration terms of the company's auditors;
- appointment of external directors;
- approval of certain related party transactions;
- approval of dual office as chairman of the board and chief executive officer;
- increases or reductions of the company's authorized share capital;
- merger; and
- the exercise of the board's powers by a general meeting if the board is unable to exercise its powers and the exercise of any of its powers is vital for the company's proper management.

A company may determine in its articles of association certain additional matters in respect of which resolutions by the shareholders at a general meeting will be required.

Generally, under the Articles of Association, Shareholder resolutions (for example, resolutions for the appointment of auditors) are deemed adopted if approved by the holders of a simple majority of the voting rights represented at a general meeting in person or by proxy and voting (excluding abstentions), unless a different majority is required by law or pursuant to the Articles of Association. Notable exceptions to the simple majority vote requirement are resolutions approving extraordinary transactions with a controlling shareholder, the voluntary winding-up of the Company or the amendment to the Articles of Association, which require the approval by a majority of not less than 75% of the voting rights represented at a general meeting in person or by proxy and voting (excluding abstentions).

Shareholders' Suits and Protection of Minority Shareholders

Under the Israeli Companies Law, if any of the affairs of the company were conducted in a manner that discriminates against some or all of its shareholders or if there is a significant concern that they will be so conducted, then the court may, upon the request of a shareholder, issue instructions it deems appropriate to eliminate or prevent the discrimination, including instructions relating to the conduct of the company's business in the future or instructions that shareholders or the company purchase shares of the company.

Any shareholder or director may bring a derivative claim in the name and on behalf of the company, subject to court approval, pursuant to the provisions set forth in the Israeli Companies Law. In the event of an unlawful distribution, the right to bring a derivative claim is also conferred upon a creditor of the company. If an action was brought against a company, any shareholder or director may defend in the name of the company, subject to court approval, pursuant to provisions set forth in the Israeli Companies Law.

The Israeli Class Action Law, 5766-2006 provides the possibility of submitting a class action on behalf of a group, where each of the persons listed in the class action has a cause of action arising from the same connection (as defined in the Class Action Law above) to the security.

Information Rights

Under the Israeli Companies Law, Shareholders are provided access to: minutes of the Company's general meetings, the Shareholders register and principal Shareholders register, the Articles of Association and financial statements and any document that the Company is required by law to file publicly with the Israeli Registrar of Companies or the Israel Securities Authority. In addition, Shareholders may request to be provided with any document related to an action or transaction requiring Shareholders' approval under the interested party transaction provisions of the Israeli Companies Law, however, the Company may deny this request if in its opinion it has not been made in good faith or if such denial is necessary to protect a trade secret or patent or that the document's disclosure may otherwise impair the Company's interests.

Changes in Share Capital

Under the Israeli Companies Law, the power to issue shares and securities convertible or exercisable into shares of the company is vested with the board of directors of a company. The board of directors may issue shares and securities convertible into shares of the company up to the limit of the company's authorized share capital. This authority relating to the issuance of Shares may be delegated under certain specified instances to a committee of the board of directors or the general manager of the company.

The share capital of a company may be altered by the company in the general meeting by way of a resolution passed at the general meeting. The general meeting may increase the company's authorized share capital by different classes of shares. The general meeting may cancel authorized share capital that has not yet been issued, provided that there is no obligation of the company, including a contingent obligation, to issue these shares out of the authorized share capital.

Dividends and Distributions

Under the Israeli Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company, unless in certain special

circumstances a controlling shareholder of the company has a personal interest or the company's articles of association provide otherwise. The Articles of Association do not require shareholders' approval of a dividend distribution and provide that dividend distributions may be determined by the Board.

Distributions (including dividend distributions) may be paid out of a company's profits, provided that there is no reasonable concern that the distribution will prevent the company from satisfying its existing and foreseeable obligations as they become due.

Under the Israeli Companies Law, the distribution amount is limited to the greater of retained earnings or earnings accumulated over the two most recent years, after subtracting prior distributions, according to our then last reviewed or audited financial statements (provided that the end of the period to which the financial statements relate is not more than six months prior to the date of distribution). According to the Israeli Companies Law, retained earnings refer to "surplus", that is the sums included in the equity of the company which are derived from its net profits, as determined in accordance with generally accepted accounting principles, and other sums included in the equity in accordance with generally accepted accounting principles, which are not share capital or premium, that the Israeli Minister of Justice has provided that such shall be deemed as surplus. In the event that the company does not have profits legally available for distribution (as defined in the Israeli Companies Law), the company may seek the approval of the court in order to distribute a dividend. Prior to the granting of the court order, the company will be required to give notice of the proposed distribution to its creditors, who are entitled to file their objections with the court. The court may approve the company's request if it is convinced that there is no reasonable concern that the payment of a dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

Repurchase of Shares

The repurchase by a company of its own shares as well as the purchase of a company's shares by its subsidiary or other entity under its control, or provision of financing, directly or indirectly, by a company, its subsidiary or other entity under its control, for the purpose of acquiring the company's shares or securities convertible or exercisable into shares of a company is considered a distribution under the Israeli Companies Law and subject to certain limitations (see "Dividends and Distributions" above").

Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

The Israeli Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that he or she may be aware of and all related material information or documents concerning any existing or proposed transaction with the company. An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. A personal interest includes an interest of any person in an act or transaction of a company, including a personal interest of such person's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director or general manager or in which he or she has the right to appoint at least one director or the

general manager, but excluding a personal interest stemming from one's ownership of shares in the company. An office holder is not, however, obligated to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction.

Under the Israeli Companies Law, an extraordinary transaction is defined as any of the following:

- a transaction other than in the ordinary course of business;
- a transaction that is not on market terms; or
- a transaction that may have a material impact on a company's profitability, assets or liabilities.

If it is determined that an office holder has a personal interest in a transaction, approval by the board of directors is required for the transaction. Further, so long as an office holder has disclosed his or her personal interest in a transaction, the board of directors may approve an action by the office holder that would otherwise be deemed a breach of the duty of loyalty where such action was performed by the office holder in good faith and the action or its approval is not adverse to the company's interest. An extraordinary transaction in which an office holder has a personal interest requires approval first by the company's audit committee and subsequently by the board of directors. The compensation of, or an undertaking to indemnify or insure, an office holder who is not a director requires approval first by the company's remuneration or compensation committee, then by the company's board of directors, and, if such compensation arrangement or an undertaking to indemnify or insure is inconsistent with the company's stated compensation policy or if the office holder is the chief executive officer (apart from a number of specific exceptions), then such arrangement is subject to the approval of a majority vote of the shares present and voting at a shareholders meeting, provided that either: (a) such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such compensation arrangement (excluding abstaining shareholders); or (b) the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the compensation arrangement and who vote against the arrangement does not exceed 2% of the company's aggregate voting rights. This is referred to as the "**Special Approval for Compensation**". Arrangements regarding the compensation, indemnification, exculpation or insurance of a director (who is not a controlling shareholder) require the approval of the remuneration or compensation committee, board of directors and shareholders by ordinary majority, in that order. One key element for all such transactions is that a company cannot approve a transaction or action that is not specifically determined as being for the benefit of the company.

Generally, a person who has a personal interest in a matter which is considered at a meeting of the board of directors or the relevant committee may not be present at such a meeting or vote on that matter unless the chairman of the relevant committee or board of directors, as applicable, determines that he or she should be present in order to present the transaction that is subject to approval. Generally, if a majority of the members of the relevant committee or the board of directors, as applicable, has a personal interest in the approval of a transaction, then all directors may participate

in discussions of the audit committee or the board of directors, as applicable. In the event a majority of the members of the board of directors have a personal interest in the approval of a transaction, then the approval thereof shall also require the approval of the shareholders. It should be further noted that a personal interest also generally includes the personal interest of the person voting (whether as a director or in a general meeting) by virtue of a voting proxy if the person who has provided the proxy has no personal interest in the matter.

Certain transactions regarding the compensation of a director or the chief executive officer, which would normally require shareholders' approval, may be approved in the absence of shareholders' approval in certain circumstances, including: (i) where the remuneration or compensation committee has determined that nothing in the transaction is anything other than beneficial to the company; or (ii) the cost of the transaction is not higher than certain statutory thresholds or the thresholds set forth under the company's compensation policy.

Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions

Pursuant to the Israeli Companies Law, the disclosure requirements regarding personal interests that apply to directors and executive officers also apply to a controlling shareholder of a public company. In the context of a transaction involving a shareholder of the company, a controlling shareholder also includes a shareholder who holds 25% or more of the voting rights in the company if no other shareholder holds more than 50% of the voting rights in the company. For this purpose, the holdings of all shareholders who have a personal interest in the same transaction will be aggregated. The approval of the audit committee or the compensation committee, as the case may be, the board of directors and the shareholders of the company, in that order, is required for (a) extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, (b) the engagement with a controlling shareholder or his or her relative, directly or indirectly, for the provision of services to the company, (c) the terms of engagement and compensation of a controlling shareholder or his or her relative who is not an office holder or (d) the employment of a controlling shareholder or his or her relative by the company, other than as an office holder (collectively referred to as a "**Transaction with a Controlling Shareholder**"). In addition, such shareholder approval requires one of the following (a "**Special Majority**"):

- at least a majority of the shares held by all shareholders who do not have a personal interest in the transaction and who are present and voting at the meeting approving the transaction, excluding abstentions; or

- the shares voted against the transaction by shareholders who have no personal interest in the transaction and who are present and voting at the meeting do not exceed 2% of the voting rights in the company.

To the extent that any such Transaction with a Controlling Shareholder is for a period extending beyond three years, approval is required once every three years, unless, with respect to certain transactions, the audit committee determines that the duration of the transaction is reasonable given the circumstances related thereto. Similar to the approval procedure to transactions with officeholders

as described in the previous section, any transaction with a controlling shareholder or a transaction in which a controlling shareholder has a personal interest, must be determined as being for the benefit of the company. Additionally, in such transactions the relevant committee and the board of directors are also required to review whether the contemplated transaction includes a distribution to the shareholders.

Arrangements regarding the compensation, indemnification, exculpation or insurance of a controlling shareholder in his or her capacity as an office holder require the approval of the compensation committee, board of directors and shareholders by a Special Majority and the terms thereof may not be inconsistent with the company's stated compensation policy.

Certain transactions with a company's controlling shareholder or in which a controlling shareholder has an interest, which would normally require shareholder approval, may be approved in the absence of shareholder approval in certain circumstances, including: (i) where the audit committee has determined that nothing in the transaction is anything other than beneficial to the company; (ii) where the transaction is within the terms of a validly approved framework transaction which allowed the company to enter into future transactions on the terms proposed in the interested party transaction; or (iii) the cost of the transaction is lower than certain statutory thresholds and or the compensation paid to other officeholders, as the case may be.

Fiduciary Duties of Directors and Executive Officers

The Israeli Companies Law codifies the fiduciary duties that office holders owe to a company. Under the Israeli Companies Law, office holders are defined as any of a company's directors, chief executive officer, chief financial officer, their deputies and any persons acting in such capacities, as well as any other officer who directly reports to the chief executive officer.

An office holder's fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of loyalty requires that an office holder act in good faith and in the best interests of the company.

The duty of care includes a duty to use reasonable means to obtain:

- information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position; and
- all other important information pertaining to any such action.

The duty of loyalty includes a duty to:

- refrain from any conflict of interest between the performance of his or her duties to the company and his or her other duties or personal affairs;
- refrain from any activity that is competitive with the company;

- refrain from exploiting any business opportunity of the company to receive a personal gain for himself or herself or others; and

- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

Exculpation, Insurance and Indemnification of Directors and Officers

Under the Israeli Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. The Articles of Association include such a provision. The company may not exculpate in advance a director from liability arising out of a prohibited dividend or distribution to shareholders.

Under the Israeli Companies Law, a company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed by him or her as an office holder, either pursuant to an undertaking made in advance of an event or following an event, provided its articles of association include a provision authorizing such indemnification, which the Articles of Association contain:

- financial liability imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be reasonably foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned foreseen events and amount or criteria;

- reasonable litigation expenses, including attorneys' fees, incurred by the office holder (1) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (a) no indictment was filed against such office holder as a result of such investigation or proceeding; and (b) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (2) in connection with a monetary sanction; and

- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf, or by a third party, or in connection with criminal proceedings in which the office holder was acquitted, or as a result of a conviction for an offense that does not require proof of criminal intent.

Under the Israeli Companies Law, a company may insure an office holder against the following liabilities incurred for acts performed by him or her as an office holder if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, provided that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;

- a breach of duty of care to the company or to a third party, to the extent such a breach arises out of the negligent conduct of the office holder; and

- a financial liability imposed on the office holder in favor of a third party.

Under the Articles of Association, the Company may insure an office holder against the aforementioned liabilities as well as the following liabilities:

- a breach of duty of care to the company or to a third party;

- any other action against which we are permitted by law to insure an office holder;

- expenses incurred and/or paid by the office holder in connection with an administrative enforcement procedure under any applicable law including the Efficiency of Enforcement Procedures in the Securities Authority Law (legislation amendments), 5771-2011, or the Efficiency of Enforcement Procedures, and the Israeli Securities Law, which we refer to as an Administrative Enforcement Procedure, and including reasonable litigation expenses and attorney fees; and

- a financial liability in favor of a victim of a felony pursuant to Section 52ND of the Israeli Securities Law.

Under the Israeli Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the following:

- a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;

- a breach of duty of care committed intentionally or recklessly, excluding a breach arising solely out of the negligent conduct of the office holder;

- an act or omission committed with intent to derive illegal personal benefit; or

- a fine, civil fine, administrative fine or ransom or levied against the office holder.

Under the Israeli Companies Law, exculpation, indemnification and insurance of office holders in a public company must be approved by the compensation committee and the board of directors and, with respect to certain office holders or under certain circumstances, also by the shareholders.

The Articles of Association permit the Company to exculpate, indemnify and insure the Company's office holders to the fullest extent permitted or to be permitted by the Israeli Companies Law and the Israeli Securities Law, including expenses incurred and/or paid by the office holder in connection with an Administrative Enforcement Procedure.

Mergers and Acquisitions

Full Tender Offer

A person wishing to acquire shares of a public Israeli company and who would as a result hold over 90% of the target company's issued and outstanding share capital is required by the Israeli Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company. A person wishing to acquire shares of a public Israeli company and who would as a result hold over 90% of the issued and outstanding share capital of a certain class of shares is required to make a tender offer to all of the shareholders who hold shares of the same class for the purchase of all of the issued and outstanding shares of the same class.

If the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company or of the applicable class, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law (provided that a majority of the offerees that do not have a personal interest in such tender offer shall have approved the tender offer, except that if the total votes to reject the tender offer represent less than 2% of the company's issued and outstanding share capital, in the aggregate, approval by a majority of the offerees that do not have a personal interest in such tender offer is not required to complete the tender offer) (the "**Israeli Acceptance Conditions**"). The Israeli Acceptance Conditions are intended to ensure fairness to minority shareholders of the company by requiring a high acceptance threshold before their shares in the company can be compulsorily acquired by the acquirer.

However, a shareholder that had its shares so transferred may petition the court within six months from the date of acceptance of the full tender offer, whether or not such shareholder agreed to the tender or not (excluding in cases which the company explicitly determined in advance that any shareholder that agreed to the tender shall not be entitled to such relief), to determine whether the tender offer was for less than fair value and whether the fair value should be paid as determined by the court unless the acquirer stipulated in the tender offer that a shareholder that accepts the offer may not seek appraisal rights, so long as prior to the acceptance of the full tender offer, the acquirer and the company disclosed the information required by law in connection with the full tender offer. If the shareholders who did not accept the tender offer hold 5% or more of the issued and outstanding share capital of the company or of the applicable class, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's issued and outstanding share capital or of the applicable class from shareholders who accepted the tender offer.

In addition to the requirements under Israeli law described below, the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") will also apply to the Company upon the Listing. There are differences between the requirements for takeover procedures under Hong Kong and Israeli laws in relation to a mandatory general offer. See "Compliance with the Takeovers Code" below for further details.

Special Tender Offer

The Israeli Companies Law provides that an acquisition of shares of a public Israeli company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company, unless one of the exemptions in the Israeli Companies Law is met. This rule does not apply if there is already another holder of at least 25% of the voting rights in the company. Similarly, the Israeli Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if as a result of the acquisition the purchaser would become a holder of 45% or more of the voting rights in the company, if there is no other shareholder of the company who holds 45% or more of the voting rights in the company, unless one of the exemptions in the Israeli Companies Law is met.

A special tender offer must be extended to all shareholders of a company, but the offeror is not required to purchase shares representing more than 5% of the voting power attached to the company's outstanding shares, regardless of how many shares are tendered by shareholders. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer.

If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Under regulations enacted pursuant to the Israeli Companies Law, the above special tender offer requirements may not apply to companies whose shares are listed for trading on a foreign stock exchange if, among other things, the relevant foreign laws or the rules of the stock exchange, include provisions limiting the percentage of control which may be acquired or that the purchaser is required to make a tender offer to the public.

Based on the advice of the Company's Israeli counsel and on the basis that the Takeovers Code will apply to the Company upon the Listing, the above special tender offer requirements should not apply to the Company.

Merger

The Israeli Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Israeli Companies Law are met, a majority of each party's shares voted on the proposed merger at a shareholders meeting called with at least 35 days' prior notice.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares represented at the shareholders meeting that are held by parties other than the other party to the merger, or by any person who holds 25% or more of the outstanding shares or the right to appoint 25% or more of the directors of the other party, vote against the merger. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the value of the parties to the merger and the consideration offered to the shareholders.

Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of any of the parties to the merger, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger was filed by each party with the Israeli Registrar of Companies and 30 days have passed from the date the merger was approved by the shareholders of each party.

Winding Up

Under the Israeli Companies Ordinance 1983 (the "**Ordinance**"), a winding-up of a company may be carried out in a number of ways including principally the following:

(a) winding up by the court;

(b) voluntarily winding up, which can be a shareholders' voluntary winding up or a creditors' voluntary winding up (by adopting a resolution of holders of 75% of voting rights represented at the general meeting and voting on the resolution); and

(c) winding up under the supervision of the court.

A voluntary winding up may be either a shareholders' voluntary winding up or a creditors' voluntary winding up, depending on whether a declaration of solvency is made.

The majority of the directors of the company must make a statutory declaration of solvency (i.e., that the company is able to pay its debts within 12 months from the commencement of the winding up) for a shareholders' voluntary winding up and file it with the Registrar. After that, a general meeting of shareholders to approve a resolution for winding up the company will have to be convened where at least 75.0% of the votes cast approve the special resolution for winding up and appoint a liquidator. The liquidator is responsible for collecting the assets of the company, determining its liabilities and distributing its assets among its creditors and the surplus to the shareholders. A notice of the shareholders' resolution must be published within seven days in *Reshumot* (the official Israeli governmental publication). The liquidator must notify the Registrar of his appointment within 21 days.

If the company is insolvent and a declaration of solvency cannot be made, a creditors' winding up may occur, provided that the shareholders approve a special resolution to voluntarily wind up the company. A meeting of creditors will also need to be held and a liquidator appointed. All creditors need to be notified of this meeting. A newspaper advertisement and publication in Reshumot (the official Israeli governmental publication) announcing the creditors' meeting are also required.

Voluntary winding up is deemed to have commenced on the date the resolution of voluntary winding up of the company is adopted in the shareholders' general meeting.

Persons permitted to petition the court for winding up by the court, include the company or a creditor or shareholder of the company.

The court may wind-up a company upon the request of the Company, a creditor or any member of the Company, upon inter alia, one of the following occurrences:

(a) the company adopted a special resolution that it will be wound-up by the court;

(b) the company ceased its business for one year;

(c) the company is insolvent; or

(d) the court is of the opinion that it is just and equitable that the company be wound up.

Application for the winding up by court order may be made also by the Attorney General, the Official Receiver or the Registrar in certain circumstances.

When a company decides voluntarily to wind up, the court may order that the winding up be continued under the supervision of the court according to instructions and on general conditions prescribed by it, and that the creditors, shareholders and others shall be entitled to apply to the court, all as the court deems just. If the court orders a winding up under its supervision, it may appoint an additional liquidator. In a winding up under supervision, the liquidator may, subject to any restrictions imposed by court, make use of his powers without approval or intervention of the court, as if the company were winding up voluntarily. An order for winding up under supervision is, for all intents and purposes, equivalent to an order for winding up by the court, except for several differences set forth in the Ordinance.

B. ISRAELI CORPORATE GOVERNANCE RULES AND REGULATIONS

Companies incorporated under the laws of Israel whose shares are publicly traded, including companies with shares listed on overseas exchanges, are considered public companies under Israeli law and are required to comply with various corporate governance requirements under Israeli law relating to such matters as external directors, the audit committee, the remuneration or compensation committee and an internal auditor. These requirements are in addition to the corporate governance requirements imposed by the Listing Rules and to which the Company will become subject upon the Listing.

A summary of the Israeli corporate governance requirements which apply to the Company is set out below.

Board Practices

Board of Directors

Under the Israeli Companies Law and the Articles of Association, the Board directs the Company's policy and supervises the performance of the Chief Executive Officer. The Board may exercise all powers and may take all actions that are not specifically granted to the Shareholders or to management. The Company's executive officers are responsible for the Company's day-to-day management and have individual responsibilities established by the Board. The Chief Executive Officer is appointed by, and serves at the discretion of, the Board.

Under the Israeli Companies Law, the Board must determine the minimum number of Directors who are required to have accounting and financial expertise (see "External Directors" below). In determining the number of Directors required to have such expertise, the Board must consider, among other things, the type and size of the company and the scope and complexity of its operations. The Board has determined that the minimum number of Directors who are required to have accounting and financial expertise is two.

Chairman of the Board

Under the Israeli Companies Law, the Chairman of the Board is appointed and removed by the Board. Additionally, under the Israeli Companies Law, the Chief Executive Officer or a relative of the Chief Executive Officer may not serve as the Chairman of the Board, and the Chairman or a relative of the Chairman may not be vested with authorities of the Chief Executive Officer without shareholder approval consisting of a majority vote of the shares present and voting at a shareholders meeting, provided that either:

- such majority includes at least majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such appointment, present and voting at such meeting (not including abstaining shareholders); or

- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such appointment voting against such appointment does not exceed 2% of the aggregate voting rights in the company.

In addition, a person subordinated, directly or indirectly, to the Chief Executive Officer may not serve as the Chairman of the Board; the Chairman of the Board may not be vested with authorities that are granted to those subordinated to the Chief Executive Officer; and the Chairman of the Board may not serve in any other position in the company or a controlled company, except as a director or Chairman of a controlled company.

External Directors

Under the Israeli Companies Law, an Israeli company whose shares have been offered to the public or whose shares are listed for trading on a stock exchange in or outside of Israel is required to appoint at least two external directors to serve on its board of directors. External directors must meet stringent standards of independence. Such standards include, among other things the prohibition of the appointment of a person who (i) is a relative of a controlling shareholder, or someone who whose relative, partner, employer, or company which that person controls, has or has had for a period of two years up to the date of the appointment, a "connection" to the company, the controlling shareholder of the company or a relative of the controlling shareholder, or to a company controlled by the controlling shareholder; or (ii) has (or someone who whose relative, partner, employer, or company which that person controls has) a "connection" with the chairman, the chief executive officer, chief financial officer or a shareholder of at least 5% of the shares of the company. A "connection" is defined by the Israeli Companies Law (subject to certain matters set forth under relevant regulations promulgated thereunder), as any on-going employment, business or professional relationship, or control, or service as an office holder (or if not an on-going relationship, anything that is more than negligible), other than as an external director appointed to the board of a company which is to offer its shares to the public in an initial public offering.

According to the Israeli Companies law, at least one of the external directors is required to have "financial and accounting expertise," and the other external director or directors are required to have "professional expertise". The conditions and criteria for possessing accounting and financial expertise or professional qualifications were determined in the Israeli Companies Law regulations promulgated by the Israeli Minister of Justice in consultation with the Israel Securities Authority. The regulations mandate that a person is deemed to have "expertise in finance and accounting" if his or her education, experience and qualifications provide him or her with expertise and understanding in business matters accounting and financial statements, in a way that allows him or her to understand, in depth, the company's financial statements and to encourage discussion about the manner in which the financial data is presented.

The company's board of directors must evaluate the proposed external director's expertise in finance and accounting, by considering, among other things, his or her education, experience and knowledge in the following: (i) accounting and auditing issues typical to the field in which the company operates and to companies of a size and complexity similar to such company; (ii) a company's independent public accountant's duties and obligations; (iii) preparing company financial statements and their approval in accordance with the Israeli Companies Law and the Israeli Securities Law.

A director is deemed to be "professionally qualified" if he or she meets any of the following criteria: (i) has an academic degree in any of the following professions: economics, business administration, accounting, law or public administration; (ii) has a different academic degree or has completed higher education in a field that is the company's main field of operations, or a field relevant to his or her position; or (iii) has at least five years experience in any of the following, or has a total of five years experience in at least two of the following: (A) a senior position in the business management of a corporation with significant operations, (B) a senior public position or a senior position in public service, or (C) a senior position in the company's main field of operations. The board of directors here too must evaluate the proposed external director's "professional qualification" in accordance with the criteria set forth above.

The candidate to serve as an external director must sign a declaration stating that the criteria above have been met, as required by law for the appointment of such candidate as an external director.

No person may serve as an external director if the person's position or other business activities create, or may create, a conflict of interest with the person's responsibilities as an external director or may otherwise interfere with the person's ability to serve as an external director. If, at the time external directors are to be appointed, all current members of the board of directors are of the same gender, then at least one external director must be of the other gender. If, at the time external directors are to be appointed, all current members of the board of directors who are not controlling shareholders or relatives of such shareholders are of the same gender, then at least one external director must be of the other gender. Generally, under Israeli law, an external director must be resident in Israel, however this is not required for Israeli companies which have shares listed on a foreign stock exchange.

External directors are to be elected by a majority vote at a shareholders' meeting, provided that either:

- the majority of shares voted at the meeting, including at least a majority of the shares held by non-controlling shareholders and disinterested parties (where a disinterested party will include a shareholder which has an interest in the appointment; provided such interest does not arise out of such shareholder's affiliation with a controlling shareholder) that were voted at the meeting, vote in favor of election of the director; or

- the total number of shares held by non-controlling shareholders and disinterested parties that voted against the election of the director does not exceed two percent of the aggregate voting rights in the company.

The initial term of an external director is three years and, and may be extended for up to two additional three year terms (unless otherwise restricted in the articles of association to one additional term), provided that with respect to the appointment for each such additional three-year term, one of the following has occurred: (i) the reappointment of the external director has been proposed by one or more shareholders holding together 1% or more of the aggregate voting rights in the company and the appointment was approved at the general meeting of the shareholders by a simple majority, provided that: (1)(x) in calculating the majority, votes of controlling shareholders or shareholders having a personal interest in the appointment as a result of an affiliation with a controlling shareholder and abstentions are disregarded and (y) the total number of shares of shareholders who do not have a personal interest in the appointment as a result of an affiliation with a controlling shareholder and/or who are not controlling shareholders, present and voting in favor of the appointment exceed 2% of the aggregate voting rights in the company, and (2) the external director who has been nominated in such fashion is not a linked or competing shareholder, and does not have or has not had, on or within the two years preceding the date of such person's appointment to serve as another term as external director, any affiliation with a linked or competing shareholder. The term "linked or competing shareholder" means the shareholder(s) who nominated the external director for reappointment or a material shareholder of the company holding more than 5% of the shares in the company, provided that at the time of the reappointment, such shareholder(s) of the company, the controlling shareholder of such shareholder(s) of the company, or a company under such shareholder(s) of the company's control, has a business relationship with the company or are competitors of the company; the Israeli Minister of Justice, in consultation with the Israel Securities Authority, may determine that certain matters will not constitute a business relationship or competition with the company; (ii) the reappointment of the external director has been proposed by the board of directors and the appointment was approved by the majority of shareholders required for the initial appointment of an external director; or (iii) the external director has proposed himself for reappointment and the reappointment was approved in accordance with Sub-section (i) above.

External directors may be removed only by the same percentage of shareholders as is required for their election, or by a court, and then only if the external directors cease to meet the statutory qualifications for their appointment or if they violate their duty of loyalty to the company. If an external directorship becomes vacant and there are fewer than two external directors on the board of directors at the time, then the board of directors is required under the Israeli Companies Law to call a shareholders' meeting as soon as practicable to appoint a replacement external director.

Each committee of the board of directors which is authorized to carry out the powers of the board of directors must include at least one external director, with the exception of the audit committee and compensation committee which must include both external directors.

An external director is entitled to compensation as provided in regulations adopted under the Israeli Companies Law and is otherwise prohibited from receiving any other compensation, directly or indirectly, in connection with service provided as an external director. Compensation of an external director is determined prior to his or her appointment and may not be changed during his or her term

subject to certain exceptions. Following the termination of an external director's service on a board of directors, such former external director and his or her spouse and children may not be provided a direct or indirect benefit by the company, its controlling shareholder or any entity under its controlling shareholder's control, for a period of at least two years.

It should be noted that the criteria for external directors under Israeli law and independent directors under the Listing Rules are very similar but not identical. However, there is no impediment for ensuring that the external directors of the Company are also in compliance with the requirements of the Listing Rules.

Committees of the Board of Directors

Audit Committee

The Israeli Companies Law requires public companies to appoint an audit committee. The responsibilities of the audit committee pursuant to the Israeli Companies Law include identifying irregularities in the management of our business and approving related party transactions as required by law, classifying company transactions with controlling shareholders or transactions in which an officer has an interest as extraordinary transactions or non-extraordinary transactions (which will have the effect of determining the kind of corporate approvals required for such transaction) and classifying certain actions in which an officer has an interest as material or non-material transactions, assessing the proper function of the company's internal audit regime and determining whether its internal auditor has the requisite tools and resources required to perform his role and to regulate the company's rules on employee complaints, reviewing the scope of work of the company's independent accountants and their fees, and implementing a whistleblower protection plan with respect to employee complaints of business irregularities. The responsibilities of the audit committee under the Israeli Companies Law also include the following matters: (i) to establish procedures to be followed in respect of related party transactions with a controlling shareholder (where such are not extraordinary transactions), which may include, where applicable, the establishment of a competitive process for such transaction, under the supervision of the audit committee, or individual, or other committee or body selected by the audit committee, in accordance with criteria determined by the audit committee, or alternatively determine and establish other relevant procedures to be followed in respect of such related party transactions; and (ii) to determine procedures for approving certain related party transactions with a controlling shareholder, which were determined by the audit committee not to be extraordinary transactions, but which were also determined by the audit committee not to be negligible transactions. Under the Israeli Companies Law, an audit committee must consist of at least three directors, including all the external directors of the company, and a majority of the members of the audit committee must be independent or external directors.

The Israeli Companies Law defines independent directors as either external directors or directors who: (1) meet the requirements of an external director, other than the requirement to possess accounting and financial expertise or professional qualifications, with Audit Committee confirmation of such; (2) have been directors in the company for an uninterrupted duration of less than 9 years (and any interim period during which such person was not a director which is less than 2 years shall not be deemed to interrupt the duration); and, (3) were classified as such by the company.

The chairman of the board of directors, any director employed by or otherwise providing services to the company, a controlling shareholder or any relative of a controlling shareholder, and any director who derives his salary primarily from a controlling shareholder may not be a member of the audit committee.

According to the Israeli Companies Law: (1) the chairman of the audit committee must be an external director, (2) all audit committee decisions must be made by a majority of the committee members, of which the majority of members present are independent and external directors and at least one of which is an external director, and (3) any person who is not eligible to serve on the audit committee is further restricted from participating in its meetings and votes, unless the chairman of the audit committee determines that such person's presence is necessary in order to present a certain matter, provided however, that company employees who are not controlling shareholders or relatives of such shareholders may be present in the meetings but not in the actual votes and likewise, company counsel and secretary who are not controlling shareholders or relatives of such shareholders may be present in meetings and decisions if such presence is requested by the audit committee.

Remuneration or Compensation Committee

Under the Israeli Companies Law, the board of directors of an Israeli company, whose shares or debt instruments are publicly traded, is required to appoint a compensation committee.

The number of members in the compensation committee shall not be less than three and each of the company's external directors must be members of the compensation committee and they are to constitute a majority of the members of the compensation committee, with one of the external directors serving as the chairman of the compensation committee. The following may not be a member of the compensation committee: (i) the chairman of the board of directors; (ii) any director employed by or otherwise providing services to the company or to the controlling shareholder or entity under such controlling shareholder's control; (iii) any director who derives his salary primarily from a controlling shareholder; or (iv) a controlling shareholder or any relative of a controlling shareholder. The audit committee may serve as the company's compensation committee, provided that it meets the composition requirements of the compensation committee.

The responsibilities of the compensation committee include the following:

- to recommend to the board of directors as to the compensation policy ("**Compensation Policy**"), for officers, as well as to recommend, once every three years to extend the compensation policy subject to receipt of the required corporate approvals;

- to recommend to the board of directors as to any updates to the Compensation Policy which may be required;

- to review the implementation of the Compensation Policy by the company;

- to approve transactions relating to terms of office and employment of certain company office holders, which require the approval of the compensation committee pursuant to the Israeli Companies Law; and

- to exempt, under certain circumstances, a transaction relating to terms of office and employment from the requirement of approval of the shareholders meeting.

The Compensation Policy shall be determined based, inter alia, on the following parameters: (a) advancements of the goals of the company, its working plan and its long term policy; (b) creating proper incentives to its officers, while taking into consideration, among other things, the company's risk management policy; (c) the company's size and the nature of its operations; (d) with respect to variable components of officers' remuneration, such as bonuses and issuance of securities, the contribution of the respective officer to obtaining the company's goals and maximizing profits, all in accordance with a long term perspective and the position of the officer.

In addition, the Compensation Policy is to take into consideration, inter alia, the following issues: the education, skills, expertise and achievements of the officer, previous agreements with the officer, the role and the areas of responsibility of the officer, the long term performance of the officer, the correlation between the proposed compensations to the average salary of other employees of the company and of employees employed through third parties (manpower companies and cleaning and security services) and the effect of such gaps on the employment relationship in the company. In addition, with respect to the variable component of compensation, if any, the Compensation Policy should provide for the board of directors to reduce the value of the variable component from time to time or to set a cap on the exercise value of convertible securities components that are not paid out in cash. If the terms of office and employment include retirement grants then the Compensation Policy is to also take in consideration: the term of office of the officer, the terms of employment during such period, the results of the company during said period and the officer's contribution to reaching the company's goals and profit and the circumstances leading to the retirement.

Furthermore, the Compensation Policy must set forth standards and rules on the following issues: (a) with respect to variable components of compensation basing the compensation on long term performance and measurable criteria (although (i) with respect to the chief executive officer, an non-substantial portion of the variable components, in an amount of up to three monthly salaries in the case of a cash bonus, can be discretion based, taking into account the contribution of the officer to the company; and (ii) with respect to executive officers directly supervised by the chief executive officer, the variable compensation can be discretion based only); (b) establishing the appropriate ratio between variable components and fixed components and placing a cap on such variable components; (c) setting forth a rule requiring an officer to return amounts paid, in the event that it is later revealed that such amounts were paid on the basis of data which prove to be erroneous and resulted in an amendment and restatement of the company's financial statements; (d) determining minimum holding or vesting periods for equity based variable components of compensation, while taking into consideration appropriate long term incentives; and (e) setting a cap on grants or benefits paid upon termination.

The board of directors of a company is obliged to adopt a Compensation Policy after considering the recommendations of the compensation committee. The final adoption of the Compensation Committee is subject to the approval of the shareholders of the company, which such approval is subject to certain special majority requirements, pursuant to which one of the following must be met:

- the majority of the votes includes at least a majority of all the votes of shareholders who are not controlling shareholders of the company or who do not have a personal interest in the Compensation Policy and participating in the vote; abstentions shall not be included in the total of the votes of the aforesaid shareholders; or

- the total of opposing votes from among the shareholders described in subsection (i) above does not exceed 2% of all the voting rights in the company.

Nonetheless, even if the shareholders of the company do not approve the Compensation Policy, the board of directors of a company may approve the Compensation Policy, provided that the compensation committee and, thereafter, the board of directors determined, based on detailed, documented, reasons and after a second review of the Compensation Policy, that the approval of the Compensation Policy is for the benefit of the company.

A Compensation Policy that is for a period of more than three years must be approved in accordance with the above procedure every three years.

Internal Auditor

Under the Israeli Companies Law, the board of directors of an Israeli public company must appoint an internal auditor in accordance with the recommendation of the audit committee. An internal auditor may not be:

- a person (or a relative of a person) who holds more than 5% of the company's outstanding shares or voting rights;

- a person (or a relative of a person) who has the power to appoint a director or the general manager of the company;

- an office holder (including a director) of the company (or a relative thereof); or

- a member of the company's independent accounting firm, or anyone on his or her behalf.

The role of the internal auditor is to examine, among other things, our compliance with applicable law and orderly business procedures. The audit committee is required to oversee the activities and to assess the performance of the internal auditor as well as to review the internal auditor's work plan.

The engagement of an internal auditor may not be terminated without the internal auditor's consent, unless the board of directors resolves to terminate the engagement having received the views of the audit committee and only after having given the internal auditor the opportunity to explain their position to the board of directors and audit committee.

The Chairman of the board of directors will be the direct supervisor of the internal auditor, unless the board of directors shall determine otherwise, according to our articles of association and the Israeli Companies Law. The internal auditor is required to submit his or her findings to the audit committee, unless specified otherwise by the board of directors.

C. SHAREHOLDER PROTECTION MATTERS UNDER THE JOINT POLICY STATEMENT

The Joint Policy Statement states that for the purpose of determining whether an overseas company demonstrates acceptable shareholder protection standards, the Stock Exchange ordinarily expects the overseas company to demonstrate it is subject to certain key shareholder protection standards as set out in the Joint Policy Statement.

The Israeli shareholder protection standards are not materially different to the shareholder protection standards in Hong Kong, other than those matters set out below. A summary of the measures taken by the Company to address the differences in these shareholder protection standards is set out below.

Matters Requiring a Super-Majority Vote

A1A25(3)

Under the Joint Policy Statement, the following resolutions of an overseas company are required to be approved by a super-majority vote of members or by a simple majority vote of members plus a significantly higher quorum: (a) changes to the rights attached to any class of shares (votes by members of that class), (b) material changes to an overseas company's constitutional documents, however framed and (c) voluntary winding up of an overseas company.

Under the Israeli Companies Law, the resolutions referred to above and under certain circumstances also the resolutions referred to in paragraph (c) above, only require simple majority votes from shareholders, but allow the company's constitutional documents to modify the requirements.

The Articles of Association provide that the above resolutions require the approval of a 75% majority of votes from shareholders.

Individual Shareholders to Approve Increase in Shareholders' Liability

Under the Joint Policy Statement, there should not be any alteration in an overseas company's constitutional document to increase an shareholder's liability to the company unless such increase is agreed by such shareholder in writing.

Under the Israeli Companies Law, any amendment to a company's constitutional documents which requires a shareholder to purchase additional shares of the company or to otherwise increase the liability of the shareholder, shall not be binding without that shareholder's consent. However, there is no requirement that the consent is in writing.

The Articles of Association provide that the such shareholder's consent to increase the liability of such shareholder will only be valid if provided in writing.

Appointment and Remuneration of Auditors

Under the Joint Policy Statement, the appointment, removal and remuneration of auditors must be approved by a majority of an overseas company's shareholders or other body that is independent of the board of directors.

Under the Israeli Companies Law, (a) the appointment of auditors requires the approval of shareholders, but the auditor may, if so allowed under the company's constitutional documents, serve as an auditor until the end of the third annual general meeting after the annual general meeting in which he was appointed as an auditor and (b) the remuneration of the auditors for the provision of audit services must be approved by an ordinary majority of members or by the board of directors if: (i) the members authorise the board of directors to make such decision and in accordance with the terms of such authorization; or (ii) it is prescribed under the constitutional documents and in accordance with the terms prescribed therein. When the auditors' remuneration for audit services is approved by the board of directors, it has to report to the annual general meeting on such remuneration.

The Articles of Association provides that (a) an auditor's appointment must be no longer than one year ending with the next annual general meeting and (b) the auditors' remuneration is required to be approved by shareholders.

Material Interest in a Transaction

The Listing Rules require shareholders of a company who are interested in a transaction to abstain from voting at a general meeting to approve the transaction and controlling shareholders must abstain from voting in favor of certain matters in a general meeting. A company's constitutional documents must state that where any shareholder is restricted by the Listing Rules from voting on any particular resolution, any votes cast must not be counted. The Joint Policy Statement requires that shareholders' right to speak and vote at a general meeting must take into account shareholders with a material interest in a transaction or arrangement must abstain from voting in such transaction or arrangement, or the company must put in place measures that achieve the same outcome.

Under the Israeli Companies Law, except for certain instances specially provided for under the Israeli Companies Law, every shareholder is entitled to participate and vote in general meetings, subject to the provisions of the constitutional documents, regarding the voting rights attached to each share.

APPENDIX IV SUMMARY OF THE ISRAELI COMPANIES LAW, SHAREHOLDER PROTECTION MATTERS AND VOTING ARRANGEMENTS

There are some instances in which the Israeli Companies Law requires: (a) the resolution to be approved by a disinterested majority (excluding the controlling shareholder) and/or (b) shareholders are required to declare the presence or absence of a personal interest. Under these instances, participation in discussions by interested shareholders is allowed, but votes which are not accompanied by a prescribed declaration of absence or presence of personal interest would be ignored and not counted.

Set out below is a summary of the voting requirements for certain transactions under the Israeli Companies Law:

(a) the appointment of external directors in a public company requires approval by (i) a majority of votes of shareholders in a general meeting excluding those from a controlling shareholder or other shareholders who have an interest related to the controlling shareholder, or (ii) total votes opposing the appointment do not exceed 2% of total voting rights in the company;

(b) the matters that require approval by (i) a majority of votes of shareholders in a general meeting excluding those from a controlling shareholder or any member with an interest in the approval, or (ii) total votes opposing the resolution do not exceed 2% of total voting rights in the company are:

(1) the executive compensation policy;

(2) the approval for the chief executive officer to act as chairman of the board of directors, or *vice versa*, in a public company;

(3) the terms of engagement with a public company officer other than a director which are not in accordance with the executive compensation policy, and approval of the chief executive officer's compensation (even in accordance with the executive compensation policy);

(4) the terms of engagement with a director or in another capacity, not in accordance with the executive compensation policy;

(5) any transaction outside the ordinary course of business, with a controlling shareholder or any entity related thereto, or the renewal or such transaction after three years;

(6) any amendments to the articles of association of a public company, in which the controlling shareholders is also an officer, to include provisions for indemnification and insurance for company officers.

(c) the matters that require any shareholder participating in such vote to disclose to the general meeting whether that shareholder has an interest in a transaction, failing which, that shareholder's votes shall not be counted are:

(1) voting on all matters referred to in paragraph (a) and (b) above;

(2) the terms of engagement with a director, whether in his/her capacity as director or in another capacity, in accordance with the executive compensation policy;

(3) a private offer by a public company which issues 20% of the voting rights (on a pre-issue basis) for which the consideration is not in cash or in publicly traded securities or which is not on market terms, and which will result in a member increasing his holdings over 5%; and

(4) a merger (as described in paragraph (d) below; and

(d) a merger of one company (company A) with another company (company B) is generally subject to approval by an ordinary majority of each company. However, if in company A, any of the shares in company A are held by company B or by an entity which holds at least 25% of the shares in company B (i.e. the interested shareholders), then the merger is subject to approval by a majority of votes of company A, excluding abstentions and the votes of the interested shareholders. In addition, all voting shareholders must declare whether they are or are not an interested shareholder and if they fail to do so, their votes will not be counted.

There are some matters in which the Listing Rules are more stringent than the Israeli Companies Law with respect to transactions requiring approval by shareholders in a general meeting with no material interest in such transactions and/or controlling shareholders abstaining from voting in favor of certain transactions

To achieve an outcome that is substantially equivalent to that under the Listing Rules as regards voting by disinterested shareholders in a general meeting, the Articles of Association provide that in respect of any resolution approving a transaction for which the Listing Rules requires a shareholder with a material interest in that transaction to abstain from voting, such resolution will be approved subject to the following conditions:

(1) the Company will appoint its compliance adviser or another independent financial or legal adviser to review the votes counted by the share registrar and they confirm that the resolution would have been successfully passed if the votes cast had excluded the votes of Shareholders that would be required to abstain from voting under the Listing Rules;

(2) the transaction agreement will contain a condition precedent that the Company obtains the confirmation described in paragraph (1) above; and

(3) the Company will conduct the transaction only if the condition precedent is satisfied.

Notice of General Meetings

Under the Joint Policy Statement, an overseas company must give its members reasonable written notice of its general meetings.

The Israeli Companies Law generally requires a minimum of 21 days' notice to shareholders prior to an annual general meeting but such notice may vary from 35 to 14 days for a foreign listed Israeli public company under certain circumstances.

The Articles of Association provide that a notice of an annual general meeting must be published at least 21 days prior to the meeting, subject to a longer notice of at least 35 days for certain matters which require a longer notice period under the Israeli Companies Law.

D. COMPLIANCE WITH THE TAKEOVERS CODE

There are differences between the requirements for takeover procedures under Hong Kong and Israeli laws in relation to a mandatory general offer.

Under Israeli Companies Law, a person who wishes to acquire shares of a public Israeli company and who would as a result of such acquisition holds over 90% of the company's voting rights or the company's issued share capital, is required to make a tender offer to all the company's shareholders for the acquisition of all the issued shares of a company (see "Full Tender Offer" above for further details).

Rule 26 of the Takeovers Code provides that a mandatory general offer must only be conditional upon the offeror having received acceptances in respect of voting rights which, together with the voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and any person acting in concert with it holding more than 50% of the voting rights (the "**50% Acceptance Condition**").

A conflict arises where a mandatory general offer is triggered under the Takeovers Code and which may result in the offeror holding more than 90% of the voting rights or issued share capital of the company, thereby also triggering the full tender offer requirements. In such a case, Rule 26 of the Takeovers Code requires that the only condition to the mandatory general offer to be the 50% Acceptance Condition, while the full tender offer requirements impose the Israeli Acceptance Conditions (see "Full Tender Offer" above for further details) in order to allow the offeror to increase its shareholding to more than 90% of the issued share capital of the company.

In addition, if the Israeli Acceptance Conditions are not satisfied, the offeror may only acquire such shares for the accepting shareholders which will not result in the offeror owning more than 90% of the issued share capital of the company. However, under the Takeovers Code, once the 50% Acceptance Condition is satisfied, the offeror is required to acquire all the shares in respect of which acceptances are received and payment for such shares is required to be made within seven business days following the date on which the offer becomes or is declared unconditional and the date of receipt of a duly completed acceptance.

Notice to All Shareholders and Potential Investors

Shareholders and potential investors in the Company should be aware that any person contemplating an offer for the shares of the Company will need to comply with both the requirements relating to offers under the Takeovers Code and the requirements relating to full tender offers under the Israeli Companies Law.

In case of a mandatory general offer in relation to the Company, there is a conflict between the requirements under Rule 26 of the Takeovers Code which permits a mandatory general offer to be subject only to the 50% acceptance condition and the full tender offer requirements under the Israeli Companies Law which impose restrictions on the ability of an offeror to acquire more than 90% of the voting rights in the Company unless the Israeli Acceptance Conditions are satisfied.

In this regard, any potential offeror must not acquire any shares or voting rights in the Company which would give rise to a requirement to make a mandatory general offer under the Takeovers Code unless it is satisfied that the making or implementation of such an offer would comply with the provisions of the Takeovers Code and the Israeli Companies Law.

Failure to do so would result in (a) a breach of the Takeovers Code unless dispensation(s) under the Takeovers Code is granted by the Executive Director of the Corporate Finance Division of the SFC or his delegate ("**Executive**"), which will be granted only in exceptional circumstances; and (b) a breach of the Israeli Companies Law. There is no assurance that the Executive will grant such dispensation(s). In case of any doubt, the Executive should be consulted at the earliest opportunity and in any event before a mandatory general offer is triggered.

E. VOTING ARRANGEMENTS AND DECLARATION OF PERSONAL INTEREST

A1A25(1)

As explained in "Material Interest in a Transaction" above, for certain transactions under the Israeli Companies Law, a shareholder voting on the proposed resolution at the general meeting is required to declare whether or not he has a personal interest in the proposed resolution. Otherwise, the votes of such shareholder will not be counted.

Accordingly, in relation to those transactions requiring a shareholder to declare whether or not he has a personal interest in the proposed transaction, the following arrangements will apply:

(a) **For Shareholders whose Shares are registered in their own name**

If a Shareholder attends and votes at the general meeting in person, he will be required to indicate on the voting paper whether or not he has a personal interest in the proposed transaction.

If a Shareholder does not attend the general meeting in person and appoints a proxy to attend and vote on his behalf at the general meeting, such Shareholder is required to include with his proxy form (a) a declaration of whether or not the Shareholder has a personal interest in the proposed transaction; and (b) voting instructions which (i) are not subject to change (although not necessarily irrevocable); (ii) are clear and unambiguous and leave no discretion to the proxy; and (iii) refer to the resolutions in the notice of the general meeting.

If such Shareholder or his proxy in the absence of voting instructions containing the terms described in the preceding paragraph does not indicate on the voting paper whether or not the Shareholder or proxy, as applicable, has a personal interest in the proposed transaction, the votes of such Shareholder will not be counted.

A Shareholder may appoint any person to be his proxy, including the chairman of the general meeting, provided that where the proxy includes a vote on a matter in which a personal interest must be declared, the voting instructions on the proxy form do not give any discretion to the proxy holder.

(b) **For Shareholders whose Shares have been Deposited into CCASS**

Any Shareholder for whose benefit Shares are registered with a CCASS participant (or who is himself a CCASS investor participant) and whose underlying Shares have been deposited into CCASS and registered in the name of HKSCC Nominees Limited ("**HKSCCN**") is required to include with his voting instructions to the CCASS participant or HKSCCN (as the case may be) a declaration of whether or not he has a personal interest in the proposed transaction. If such declaration of a personal interest is not provided with the voting instructions, the votes of such Shareholder will not be counted. Such voting instructions shall: (a) be provided in writing (in physical or electronic format), (b) not be subject to change (although not necessarily irrevocable), (c) be clear and non-ambiguous and leave no discretion to those receiving the instructions, and (d) refer to the resolutions included in the notice of the General Meeting.

CCASS participants who receive voting instructions from the beneficial owners of Shares should provide the voting instructions together with the declarations of personal interest received to HKSCCN.

Voting Deeds and Position Notices (Applicable only to Shareholders whose Shares are registered in their own name)

Voting Deeds

For Shareholders whose Shares are registered in their own name, in addition to voting in person or by proxy at general meetings, they may also vote using a voting deed on resolutions relating to the following matters:

(a) appointment and dismissal of Directors;

(b) approval of extraordinary transactions for which the Company requires approval of the general meeting, such as acts of company officers which raise concerns of fiduciary duty and the matters set out in paragraphs (b)(3), (b)(5), (c)(2) and (c)(3) in "Material Interest in a Transaction" above;

(c) approval of a merger;

(d) authorizing the chairman of the board or his/her relative to act as CEO or to exercise the powers of the CEO, and authorizing the CEO or his/her relative to act as chairman of the board or to exercise the chairman's powers;

(e) any other matter for which the Articles of Association determine the Shareholders may vote by voting deed; and

(f) any other matter which the Justice Minister may enact in regulations, which currently include (i) approval of the Company's executive compensation policy and (ii) any settlement or other arrangement between the Company and its Shareholders or creditors.

A voting deed is a document which allows a Shareholder to submit his vote on certain resolutions directly in writing to the Company, rather than attending the general meeting in person or by proxy. For any general meeting where a proposed resolution relates to any of the above matters, the Company will send a voting deed in addition to a proxy form to the Shareholder, who should decide how he wishes to vote on the relevant resolution.

Shareholders should note that if the relevant resolution requires a declaration of a personal interest and such Shareholders elect to vote using a voting deed, they must indicate on the voting deed whether or not they have a personal interest in the proposed transaction. If such declaration of a personal interest is not indicated on the voting deed, the votes of such Shareholders will not be counted.

Position Notices

A position notice is a written statement of an opinion or position on a certain matter on the agenda for a general meeting. While Shareholders or their proxies who attend the general meeting in person will have the opportunity to participate in discussions and to hear the opinions of other Shareholders prior to voting, a voting deed must be submitted to the Company prior to the general meeting. A position notice therefore enables Shareholders who vote using a voting deed to state their position on the relevant matter to the other Shareholders prior to voting. Shareholders who vote using a voting deed may submit a position notice together with their voting deed to the Company.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation

CO s.342(1) (a)(ii), (iv), (v)
CO Sch 3 para 29
A1A5
A1A6
LR8.02
LR8.14
LR19.05(1)(b)

The Company was incorporated in Israel under the Israeli Companies Law as a private company limited by shares on April 25, 2013 under the name "Sisram Medical Ltd".

The Company has established a place of business in Hong Kong at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong. The Company was registered as a non-Hong Kong company in Hong Kong under the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on October 7, 2016, with Lo Yee Har Susan and Kam Mei Ha Wendy of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong appointed as the Hong Kong authorized representatives of the Company on September 12, 2016 for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

LR19.05(2)

As the Company was incorporated in Israel, its operations are subject to Israeli laws and the Articles of Association of the Company. A summary of the relevant sections of the Articles of Association of the Company and the relevant aspects of the Israeli Companies Law is set out in "Appendix III—Summary of the Articles of Association of the Company" and "Appendix IV—Summary of the Israeli Companies Law, Shareholder Protection Matters and Voting Arrangements".

2. Changes in the Share Capital of the Company

As at the date of incorporation of the Company, the authorized share capital of the Company was NIS10,000 divided into 1,000,000 shares of NIS0.01 each.

CO Sch 3 para 11
A1A23(1)
A1A15(2)(a)(c)
A1A26(1)

On August 30, 2017, in preparation for the Global Offering and as part of the Reorganization, the existing Shareholders passed resolutions to increase the authorized share capital of the Company from NIS 10,000 comprising 1,000,000 shares of NIS 0.01 each to NIS 10,000,000 comprising 1,000,000,000 shares of NIS 0.01 each, such additional Shares to rank *pari passu* in all respects with existing Shares.

Save as disclosed above and in "— Written Resolutions of the Shareholders passed on August 30, 2017" below, there has been no other alteration in the issued share capital of the Company since the date of its incorporation.

CO Sch 3 para 29

3. Written Resolutions of the Shareholders passed on August 30, 2017

On August 30, 2017, resolutions of the Company were passed by the existing Shareholders pursuant to which, among other things:

(a) the Company approved and adopted the Articles of Association conditional upon Listing;

(b) the authorised share capital of the Company was increased from NIS10,000 comprising 1,000,000 Shares of par value NIS0.01 each to NIS10,000,000 comprising 1,000,000,000 Shares of par value NIS0.01 each; and

(c) conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "Structure of the Global Offering—Conditions of the Global Offering" and pursuant to the terms set out therein:

(1) the Global Offering was approved and the Directors shall allot and issue the New Shares pursuant to the Global Offering;

(2) the Listing was approved and the Directors were authorized to implement the Listing;

(3) the Capitalization Issue was approved and the Directors shall allotment and issue of Shares pursuant to the Capitalization Issue;

(4) subject to the "lock-up" provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to the Directors to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to a (i) rights issue, (ii) any scrip dividend scheme of similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares or (iii) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(A) 20% of the total number Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(B) the aggregate number of Shares repurchased by the Company (if any) under the general mandate to repurchase Shares referred to in paragraph (5) below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of the Company, (II) the end of the period within which the Company is required by the Articles or any applicable laws to hold its next annual general meeting and (III) the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**"); and

(5) a general unconditional mandate was granted to the Directors to exercise all the powers of the Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules, not exceeding in aggregate

10% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect during the Relevant Period.

4. Subsidiaries

Details of the subsidiaries of the Company are set out in "Appendix I—Accountants' Report". CO Sch 3 para 11

The following subsidiary has been incorporated within two years immediately preceding the date of this prospectus:

Name of Subsidiary	Place of Incorporation	Date of Incorporation
Alma Medical Private Limited	India	December 3, 2014

Save as set out in "Appendix I—Accountants' Report", there has been no alteration in the share capital of the subsidiaries of the Company within two years immediately preceding the date of this prospectus.

5. Repurchases by the Company of its own securities

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) *Shareholders' Approval*

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) *Source of Funds*

Repurchases of shares by a listed company must be funded out of funds legally available for the purpose in accordance with the constitutive documents of the listed company, the Listing

Rules and the applicable laws and regulations of the listed company's jurisdiction of incorporation. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(iii) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if that repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) *Status of Repurchased Shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) *Suspension of Repurchase*

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (1) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) *Reporting Requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) *Connected Persons*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to the company.

(b) **Reasons for Repurchases**

The Directors believe that the ability to repurchase Shares is in the interests of the Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors have sought the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) **Funding of Repurchases**

In repurchasing securities, the Company may only apply funds lawfully available for such purpose in accordance with its Articles of Association, the Listing Rules and the applicable laws of Israel.

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this prospectus) if the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(d) **General**

The exercise in full of the repurchase mandate, on the basis of 440,000,000 Shares in issue immediately following the completion of the Global Offering (assuming the Minimum Offer Price and before any exercise of the Over-allotment Option), could accordingly result in up to approximately 44,000,000 Shares being repurchased by the Company during the period prior to:

(i) the conclusion of the next annual general meeting of the Company; or

(ii) the end of the period within which the Company is required by the Articles or any applicable law to hold its next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

None of the Directors currently holds any Shares in the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in Israel.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of the Company has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS

CO Sch 3 para 17 A1A52

1. Summary of Material Contracts

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) the cornerstone investment agreement dated August 30, 2017 and entered into amongst the Company, Shanghai Free Trade Zone Phase I Equity Investment Fund Partnership Enterprise (Limited Partnership) and CICC pursuant to which Shanghai Free Trade Zone Phase I Equity Investment Fund Partnership Enterprise (Limited Partnership) agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 400 Shares) that may be subscribed for in the amount of US$15,000,000;

(b) the cornerstone investment agreement dated August 30, 2017 and entered into amongst the Company, Rise Huge Corporation Limited and CICC pursuant to which Rise Huge Corporation Limited agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 400 Shares) that may be subscribed for in the amount of US$10,000,000;

(c) the cornerstone investment agreement dated August 30, 2017 and entered into amongst the Company, Neo Derm Group Limited and Jefferies pursuant to which Neo Derm Group Limited agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 400 Shares) that may be subscribed for in the amount of US$3,800,000;

(d) the Non-compete Deed; and

(e) the Hong Kong Underwriting Agreement.

2. **Intellectual Property**

A1A28(4)
GL30-12

As at the Latest Practicable Date, the following intellectual property rights are material to the Group's business:

(a) ***Trademarks***

(i) As at the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1.	SHR	10, 44	Alma Lasers Ltd.	Australia	IR 1191435 (1604383)	October 30, 2023
2.	SHR	10, 44	Alma Lasers Ltd.	Argentina	2776649, 2776650	December 23, 2025
3.	SHR	10, 44	Alma Lasers Ltd.	Brazil	8404909 84 840490968	February 23, 2026
4.	SHR	10, 44	Alma Lasers Ltd.	China	G 1191435	October 30, 2023
5.	SHR	10, 44	Alma Lasers Ltd.	European Union	IR 1191435	October 30, 2023
6.	SHR	10, 44	Alma Lasers Ltd.	Israel	217808, 217830	January 15, 2019
7.	SHR	10	Alma Lasers Ltd.	Japan	IR 1191435	October 30, 2023

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
8.	SHR	10, 44	Alma Lasers Ltd.	Korea	IR 1191435	October 30, 2023
9.	SHR	10, 44	Alma Lasers Inc.	United States	IR 1191435 (4683188)	February 10, 2021
10.	SOPRANO	10, 44	Alma Lasers Ltd.	Australia	IR 1217200 (1650153)	May 21, 2024
11.	SOPRANO	10, 44	Alma Lasers Ltd.	China	G 1217200	May 21, 2024
12.	SOPRANO	10, 44	Alma Lasers Ltd.	Israel	188752, 188753	March 16, 2026
13.	SOPRANO	10, 44	Alma Lasers Ltd.	Japan	IR 1217200	May 21, 2024
14.	SOPRANO	10	Alma Lasers Ltd.	Turkey	IR 1217200	May 21, 2024
15.	SOPRANO	10	Alma Lasers Inc.	United States	3219673	September 20, 2017
16.	SOPRANO	10, 44	Alma Lasers Ltd.	European Union	012867339	May 12, 2024
17.	SOPRANO	10, 44	Alma Lasers Ltd.	Korea	IR 1217200 (45-2016-0018644)	May 5, 2024
18.	HARMONY	10	Alma Lasers Ltd.	Israel	188744	March 16, 2026
19.	HARMONY	10	Alma Lasers Inc.	United States	2967175	July 12, 2025
20.	PIXEL	10	Alma Lasers Inc.	United States	3193985	January 4, 2027
21.	ACCENT	10	Alma Lasers Ltd.	Israel	188748	March 16, 2026
22.	ALMA LASERS	10	Alma Lasers Ltd.	Israel	188732	March 16, 2026
23.	ALMA	10	Alma Lasers Ltd.	Argentina	3282612	Augusts 1, 2024
24.	ALMA	10, 44	Alma Lasers Ltd.	Australia	IR 1250990 (1699235)	July 29, 2026
25.	ALMA	10, 44	Alma Lasers Ltd.	European Union	IR 1250990 (1699235)	August 1, 2024
26.	ALMA	10, 44	Alma Lasers Ltd.	Israel	264129	April 3, 2024
27.	ALMA	10, 44	Alma Lasers Ltd.	Turkey	IR 1250990 (1699235)	August 1, 2024
28.	ALMA	10, 44	Alma Lasers Ltd.	United States	4943656	April 25, 2022
29.	ALMA	10, 44	Alma Lasers Ltd.	Japan	IR 1250990	October 1, 2024
30.	ALMA	10, 44	Alma Lasers Ltd.	Korea	IR 1250990	October 1, 2024
31.	FEMILIFT	10, 44	Alma Lasers Ltd.	Argentina	3376621 3376623	January 11, 2026
32.	FEMILIFT	10, 44	Alma Lasers Ltd.	China	G 1251830	December 24, 2024
33.	FEMILIFT	10, 44	Alma Lasers Ltd.	European Union	1251830	December 24, 2024
34.	FEMILIFT	10, 44	Alma Lasers Ltd.	Israel	266265	June 24, 2024
35.	FEMILIFT	10, 44	Alma Lasers Ltd.	Korea	IR 1251830	October 1, 2024
36.	FEMILIFT	10, 44	Alma Lasers Ltd.	Thailand	967606, 967607	December 24, 2024
37.	FEMILIFT	10, 44	Alma Lasers Ltd.	USA	5066331	October 25, 2022
38.	SHR	44	Alma Lasers Ltd.	Mexico	IR 1191435 (1758332)	October 30, 2023
39.	FEMILIFT	44	Alma Lasers Ltd.	Mexico	IR 1251830 (1626283)	December 24, 2024
40.	FEMILIFT	10, 44	Alma Lasers Ltd.	Brazil	840850646 840850638	June 27, 2027

(ii) As at the Latest Practicable Date, the Group had applied for registration of the following trademarks which are material to its business:

No.	Trademark	Class	Applicant	Place of Registration	Application Number	Application Date
1.	ALMA	10, 44	Alma Lasers Ltd.	Columbia	IR 1250990	December 3, 2017
2.	ALMA	10, 44	Alma Lasers Ltd.	Georgia	IR 1250990	January 4, 2016
3.	ALMA	10, 44	Alma Lasers Ltd.	Mexico	IR 1250990	March 12, 2017
4.	ALMA	10, 44	Alma Lasers Ltd.	Ukraine	IR 1250990	March 12, 2017
5.	SHR	10, 44	Alma Lasers Ltd.	Georgia	IR 1191435	May 12, 2024
6.	SHR	10	Alma Lasers Ltd.	Mexico	IR 1191435 (1769030)	June 16, 2016
7.	SHR	10, 44	Alma Lasers Ltd.	Ukraine	IR 1191435	March 13, 2017
8.	SOPRANO	10, 44	Alma Lasers Ltd.	Georgia	IR 1217200	January 14, 2016
9.	Alma Lasers	10	Alma Lasers Ltd.	Hong Kong	304069684	March 8, 2017
10.	FEMILIFT	10	Alma Lasers Ltd.	Mexico	1626026	December 24, 2014
11.	DERMA-K	10	Alma Lasers Ltd.	USA	87336227	February 2, 2017
12.	SHR	10, 44	Alma Lasers Ltd.	Bosnia and Herzegovina	IR 1191435	August 10, 2017
13.	SOPRANO	10, 44	Alma Lasers Ltd.	Bosnia and Herzegovina	IR 1217200	August 10, 2017
14.	ALMA	10, 44	Alma Lasers Ltd.	Bosnia and Herzegovina	IR 1250990	August 10, 2017
15.	FEMILIFT	10, 44	Alma Lasers Ltd.	Bosnia and Herzegovina	IR 1251830	August 10, 2017
16.	SHR	10, 44	Alma Lasers Ltd.	Serbia	IR 1191435	August 10, 2017
17.	SOPRANO	10, 44	Alma Lasers Ltd.	Serbia	IR 1217200	August 10, 2017
18.	ALMA	10, 44	Alma Lasers Ltd.	Serbia	IR 1250990	August 10, 2017
19.	FEMILIFT	10, 44	Alma Lasers Ltd.	Serbia	IR 1251830	August 10, 2017
20.	FEMILIFT	10, 44	Alma Lasers Ltd.	Colombia	IR 1251830	March 3, 2017

(iii) As at the Latest Practicable Date, no trademarks were licensed to the Group which are material to its business.

(b) ***Patents***

(i) As at the Latest Practicable Date, the Group had registered the following patents which are material to its business:

No.	Patent	Patentee	Jurisdiction	Patent Number	Expiry Date
1.	System and method for heating biological tissue via RF energy	Alma Lasers Ltd.	Canada	2526671	March 17, 2025
2.	Improved system for heating biological tissue via RF energy	Alma Lasers Ltd.	Germany	EP1715810	March 17, 2025
3.	Improved system for heating biological tissue via RF energy	Alma Lasers Ltd.	France	EP1715810	March 17, 2025
4.	Improved system for heating biological tissue via RF energy	Alma Lasers Ltd.	United Kingdom	EP1715810	March 17, 2025
5.	System for heating biological tissue via RF energy	Alma Lasers Ltd.	Israel	172715	March 17, 2025
6.	System and method for heating biological tissue via RF energy	Alma Lasers Ltd.	Japan	4979019	March 17, 2025
7.	System and method for heating biological tissue via RF energy	Alma Lasers Ltd.	United States (1st)	7630774	April 27, 2027
8.	System and method for heating biological tissue via RF energy	Alma Lasers Ltd.	United States (2nd)	8150532	May 9, 2025
9.	System and method for heating biological tissue via RF energy	Alma Lasers Ltd.	Spain	EP 715810	March 17, 2025
10.	System and method for heating biological tissue via RF energy	Alma Lasers Ltd.	Italy	EP 715810	March 17, 2025
11.	System and method for heating biological tissue via RF energy	Alma Lasers Ltd.	Turkey	EP 715810	March 17, 2025
12.	Method and apparatus for light-based hair removal	Alma Lasers Ltd.	Canada	2644512	March 4, 2027
13.	Method and apparatus for light-based hair removal	Alma Lasers Ltd.	China	CN101553279	March 4, 2027
14.	Method for light-based hair removal	Alma Lasers Ltd.	Germany	EP1998700	March 4, 2027
15.	Method for light-based hair removal	Alma Lasers Ltd.	France	EP1998700	March 4, 2027
16.	Method for light-based hair removal	Alma Lasers Ltd.	United Kingdom	EP1998700	March 4, 2027
17.	Method and apparatus for light-based hair removal	Alma Lasers Ltd.	Israel	193734	March 4, 2027
18.	Method and apparatus for light-based hair removal	Alma Lasers Ltd.	United States	8950406	October 15, 2031
19.	Skin treatment using a multi-discharge applicator	Alma Lasers Ltd.	United States	9283029	December 6, 2031
20.	Method and apparatus for light-based hair removal using incoherent light pulses	Alma Lasers Ltd.	Canada	2640132	March 4, 2027
21.	Method and apparatus for light-based hair removal using incoherent light pulses	Alma Lasers Ltd.	China	CN101495062	March 4, 2027

No.	Patent	Patentee	Jurisdiction	Patent Number	Expiry Date
22.	Method and apparatus for light-based hair removal using incoherent light pulses	Alma Lasers Ltd.	Israel	192784	March 4, 2027
23.	Method and apparatus for light-based hair removal using incoherent light pulses	Alma Lasers Ltd.	Korea	1015156410000	March 4, 2027
24.	Apparatus for selective ultrasonic damage of adipocytes	Alma Lasers Ltd.	Germany	EP2252369	February 1, 2029
25.	Apparatus for selective ultrasonic damage of adipocytes	Alma Lasers Ltd.	France	EP2252369	February 1, 2029
26.	Apparatus for selective ultrasonic damage of adipocytes	Alma Lasers Ltd.	United Kingdom	EP2252369	February 1, 2029
27.	Apparatus and method for selective ultrasonic damage of adipocytes	Alma Lasers Ltd.	United States	8579835	March 4, 2029
28.	Apparatus for selective ultrasonic damage of adipocytes	Alma Lasers Ltd.	Israel	207343	February 1, 2029
29.	Apparatus for selective ultrasonic damage of adipocytes	Alma Lasers Ltd.	Italy	EP 2252369	February 1, 2029
30.	Device for RF heating and mechanical massage of biological tissue	Alma Lasers Ltd.	USA	8435194	April 6, 2031
31.	A sonotrode	Alma Lasers Ltd.	China	CN102438695	July 30, 2030
32.	A sonotrode	Alma Lasers Ltd.	Germany	EP2459268	July 30, 2030
33.	A sonotrode	Alma Lasers Ltd.	France	EP2459268	July 30, 2030
34.	A sonotrode	Alma Lasers Ltd.	United Kingdom	EP2459268	July 30, 2030
35.	A sonotrode	Alma Lasers Ltd.	Israel	217878	July 30, 2030
36.	A sonotrode	Alma Lasers Ltd.	Japan	5503741	July 30, 2030
37.	A sonotrode	Alma Lasers Ltd.	Korea	1358374	July 30, 2030
38.	A sonotrode	Alma Lasers Ltd.	Italy	EP 2459268	July 30, 2030

(ii) As at the Latest Practicable Date, the Group had applied for registration of the following patents which are material to its business:

No.	Patent	Applicant	Jurisdiction	Application Number	Application Date
1.	Method and apparatus for light-based hair removal using incoherent light pulses	Alma Lasers Ltd.	European Patent Office (EPO)	70713296.7	March 4, 2007
2.	Apparatus and method for selective ultrasonic damage of adipocytes	Alma Lasers Ltd.	Canada	2713939	February 1, 2009
3.	Apparatus and method for selective ultrasonic damage of adipocytes	Alma Lasers Ltd.	United States (2nd)	14076246	October 11, 2013
4.	A sonotrode	Alma Lasers Ltd.	United States	13386949	July 30, 2010
5.	Laser treatment device and method	Alma Lasers Ltd.	United States	15473621	March 30, 2017
6.	Laser treatment device and method	Alma Lasers Ltd.	Israel	251463	March 30, 2017
7.	Window for surgical laser	Alma Lasers Ltd.	Patent Cooperation Treaty (PCT)	IB2017/052259	April 19, 2017
8.	Devices and methods for dermatological treatment using fractional laser technology	Alma Lasers Ltd.	Israel	227057	December 29, 2011
9.	Devices and methods for dermatological treatment using fractional laser technology	Alma Lasers Ltd.	United States	13923400	December 29, 2011
10.	Sonotrode	Alma Lasers Ltd.	Patent Cooperation Treaty (PCT)	PCT/IB2017/051253	March 3, 2017

(iii) As at the Latest Practicable Date, no patents were licensed to the Group which are material to its business.

(c) **Domain Names**

As at the Latest Practicable Date, the Group had registered the following domain names:

No.	Domain Name	Registered Owner	Expiry Date
1.	ACCENT-RF.COM	Alma Lasers Ltd.	April 27, 2018
2.	ACCENTXL.COM	Alma Lasers Ltd.	September 5, 2017
3.	ACCENTYOURBODY.COM	Alma Lasers Ltd.	April 27, 2018
4.	ALMA-LASERS.DE	Alma Lasers Ltd.	July 15, 2018
5.	ALMAACCENT.COM	Alma Lasers Ltd.	April 20, 2018
6.	ALMAACCENTPRIME.COM	Alma Lasers Ltd.	February 10, 2018
7.	ALMAFEMILIFT.COM	Alma Lasers Ltd.	August 1, 2018
8.	ALMAHARMONY.COM	Alma Lasers Ltd.	December 15, 2018
9.	ALMAIMPACT.COM	Alma Lasers Ltd.	December 22, 2017
10.	ALMALASERS.CO.IN	Alma Lasers Ltd.	October 27, 2018
11.	ALMALASERS.CO.UK	Alma Lasers Ltd.	March 29, 2018
12.	ALMALASERS.US	Alma Lasers Ltd.	March 28, 2018
13.	ALMALASERSBLOG.COM	Alma Lasers Ltd.	August 17, 2018
14.	ALMALASERSSURGICAL.COM	Alma Lasers Ltd.	January 3, 2022
15.	ALMALIPOLIFE.COM	Alma Lasers Ltd.	September 16, 2018
16.	ALMASOPRANOICE.COM	Alma Lasers Ltd.	September 29, 2017
17.	ALMASURGICAL.COM	Alma Lasers Ltd.	January 3, 2022
18.	FEMILIFT.COM	Alma Lasers Ltd.	June 7, 2019
19.	HARMONY-LASER.COM	Alma Lasers Ltd.	April 27, 2018
20.	HARMONYXLPRO.CO.UK	Alma Lasers Ltd.	April 20, 2018
21.	HARMONYXLPRO.COM	Alma Lasers Ltd.	September 9, 2018
22.	PAINFREEHAIRFREE.COM	Alma Lasers Ltd.	November 8, 2018
23.	SOPRANO-LASER.COM	Alma Lasers Ltd.	April 27, 2018
24.	SOPRANOPLATINUM.COM	Alma Lasers Ltd.	February 21, 2018
25.	SOPRANOXL.COM	Alma Lasers Ltd.	March 23, 2018
26.	ALMALASERS.COM	Alma Lasers Ltd.	August 13, 2018
27.	PIXELPERFECT.COM	Alma Lasers Ltd.	May 10, 2018
28.	ALMALASERS.CO.IL	Alma Lasers Ltd.	April 4, 2018
29.	SISRAM-MEDICAL.DE	Alma Lasers Ltd.	May 31, 2018
30.	SISRAMMEDICAL.DE	Alma Lasers Ltd.	May 31, 2018
31.	SISRAM-MEDICAL.CO.IN	Alma Lasers Ltd.	May 29, 2019
32.	SISRAM-MEDICAL.CO.UK	Alma Lasers Ltd.	May 29, 2019
33.	SISRAM-MEDICAL.COM	Alma Lasers Ltd.	May 29, 2019
34.	SISRAM-MEDICAL.CN	Alma Lasers Ltd.	May 29, 2019

C. FURTHER INFORMATION ABOUT THE DIRECTORS

1. Disclosure of Interests

A1A41
A1A45(1)

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), none of the Directors and the chief executive of the Company will have any interests and/or short positions in the Shares and debentures of the Company or any interests and/or short positions (as applicable) in shares or debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange.

2. Particulars of Letters of Appointment and Service Contracts

A1A46(1)

Each of the Directors has entered into a letter of appointment with the Company for a period commencing on the Listing Date and ending on August 30, 2020, subject to the provision of retirement and rotation of Directors under the Articles.

Pursuant to the terms of the letter of appointment entered into between each Director (on the one part) and the Company (on the other part), the Executive Directors and non-executive Directors will not receive any remuneration from the Company whereas an independent non-executive Director will receive from the Company an annual director's fee of HK$200,000.

The director's fees payable by the Company to the relevant Director is subject to increase or reduction as shall be determined or approved by the Board and the Shareholders.

Each of the Directors is entitled to reimbursement from the Company for all necessary and reasonable out-of-pocket expenses properly incurred in connection with the performance and discharge of his/her duties under his/her letter of appointment.

A1A46(1)

Save as disclosed above, none of the Directors has entered into any service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

3. Directors' Remuneration

For details of the Directors' remuneration, see "Directors and Senior Management—Directors' Remuneration and Remuneration of Five Highest Paid Individuals".

4. **Agency Fees or Commissions Received**

The Underwriters will receive an underwriting commission and the Joint Global Coordinators may receive a discretionary incentive fee in connection with the Underwriting Agreements, as detailed in "Underwriting—Commissions and Expenses". Save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors and experts referred to in "—D. Other Information—6. Qualifications and Consents of Experts" below) in connection with the issue or sale of any capital or security of the Company or any member of the Group within the two years immediately preceding the date of this prospectus.

A1A13 CO Sch 3 para 14

5. **Personal Guarantees**

The Directors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to the Group.

6. **Further Information on Director**

A shareholder derivative action was filed on June 27, 2011 in Delaware, United States, against China Electric Motor, Inc. and its directors and senior management, for, among other allegations, potential breaches of fiduciary duties. A securities class action was also filed on September 2, 2011 in California, United States against the same parties for breaches of the U.S. Securities Act. Both actions relate to the alleged production of bank statements by the chairman of the company, which could not be verified by its auditors. Mr. Fong has been named as one of the respondents of these civil actions together with all the directors and officers of China Electric Motor, Inc., by virtue of being a director of China Electric Motor, Inc. at the relevant time. The relevant filings did not indicate any form of wrongdoing on the part of Mr. Fong. According to Mr. Fong, he did not resign at the relevant time because he believed his resigning was not in the best interest of the company and its shareholders and that it was inappropriate to resign at the time when a Special Committee (comprising of independent directors) was set up to investigate the matter. According to Mr. Fong, none of the allegations were directed at Mr. Fong. The two civil actions have been settled and no legal liabilities were imposed on Mr. Fong.

7. **Disclaimers**

(a) None of the Directors nor any of the experts referred to in "—D. Other Information—6. Qualifications and Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

CO Sch 3 para 19 A1A9(1) A1A47(1)

(b) Save in connection with the Underwriting Agreements, none of the Directors nor any of the experts referred to in "—D. Other Information—6. Qualifications and Consents of Experts" below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group. A1A47(2)

(c) None of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)). A1A46(1)

(d) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned. CO Sch 3 para 16 A1A26(2)

(e) So far as is known to the Directors, none of the Directors or their associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of the Company has any interest in the five largest customers or the five largest suppliers of the Group. A1A28 (1)(b)(v)

D. OTHER INFORMATION

1. Overview of Tax Implications of Hong Kong A1A10

(a) ***Tax on Dividends***

No tax is payable in Hong Kong in respect of dividends paid by the Company.

(b) ***Profits Tax***

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisers as to their particular tax position.

(c) ***Stamp Duty***

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.2% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Shares.

(d) ***Estate Duty***

Hong Kong estate duty was abolished effective from February 11, 2006. No Hong Kong estate duty is payable by Shareholders in relation to the Shares owned by them upon death.

2. The Joint Sponsors

Each of China International Capital Corporation Hong Kong Securities Limited and Jefferies Hong Kong Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of US$1.00 million for acting as the sponsors for the Listing.

3. Registration Procedures

The register of members of the Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Save where the Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the Company's share register in Hong Kong and may not be lodged in Israel. LR19.05(3)

4. Preliminary Expenses

CO Sch 3 para 15 A1A20(1), (2)

The Company did not incur any preliminary expenses.

5. Promoter

The Company has no promoter. Save as disclosed above, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given to the promoters in connection with the Global Offering or the related transactions described in this prospectus. A1A8(1) CO Sch 3 para 16

6. Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this prospectus are as follows: A1A9(1) A1A9(3) CO Sch 3 para 43

Name of Expert	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities
Jefferies Hong Kong Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
Weinstock Zecler & Co, Law Offices	Israeli attorneys-at-law

Name of Expert	Qualifications
Yigal Arnon & Co.	Israeli attorneys-at-law
Ernst & Young	Certified Public Accountants
Medical Insight Inc.	Industry consultant

Each of China International Capital Corporation Hong Kong Securities Limited, Jefferies Hong Kong Limited, Weinstock Zecler & Co, Law Offices, Yigal Arnon & Co., Ernst & Young and Medical Insight Inc. has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which they respectively appear. A1A9(2) CO s.342B (1)(a)

7. Particulars of the Selling Shareholder

A1A15(2)(j) CO Sch3 para 28

Pursuant to the Global Offering, the Selling Shareholder will sell the Sale Shares. Certain particulars of the Selling Shareholder are set out below:

Name	Description	Address	Number of Sale Shares
Magnificent View	Legal and beneficial owner	Level 54, Hopewell Centre 183 Queen's Road East Hong Kong	22,000,000

A statement of particulars of the Selling Shareholder has been attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration.

8. Binding Effect

CO s.342B (1)(b)

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Share Option Scheme and Cash Bonus Plan

A1A44

We adopted the Share Option Scheme in 2015. As at the Latest Practicable Date, we have not granted any options under the Share Option Scheme. The Share Option Scheme will be terminated conditional upon completion of the Global Offering.

On August 30, 2017, the Board resolved to adopt the Cash Bonus Plan, subject to the Global Offering becoming unconditional. For details of the term of the Cash Bonus Plan, please refer to "Business—Employment and Staff—Proposed Cash Bonus Plan" in this prospectus.

11. **Miscellaneous**

(a) Save as disclosed in "History and Corporate Structure", "Share Capital", "Structure of the Global Offering" in this prospectus and in this Appendix, within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash. CO Sch 3 para 11

(b) Save as disclosed in this prospectus, no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option. AIA27

(c) No founder, management or deferred shares of the Company or any of its subsidiaries have been issued or have been agreed to be issued. CO Sch 3 para 4 AIA24

(d) None of the equity and debt securities of a company within the Group is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought. AIA11 AIA32(2) CO Sch3 para 25

(e) The Company has no outstanding convertible debt securities or debentures.

(f) None of China International Capital Corporation Hong Kong Securities Limited, Jefferies Hong Kong Limited, Weinstock Zecler & Co, Law Offices, Yigal Arnon & Co., Ernst & Young and Medical Insight: AIA23(2) AIA9(1)

(i) is interested beneficially or non-beneficially in any shares in any member of the Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the Underwriting Agreements.

(g) The English text of this prospectus and the Application Forms shall prevail over their respective Chinese text. AIA11

(h) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus. AIA28(6)

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

LR19.10(6)
CO Sch 3
para 17

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE**, **YELLOW**, **GREEN** and **BLUE** Application Forms;

(b) a copy of each of the material contracts referred to in "Appendix V—Statutory and General Information—Further Information About the Business—Summary of Material Contracts";

(c) the written consents referred to in "Appendix V—Statutory and General Information—Other Information—Qualifications and Consents of Experts"; and

(d) the statement of particulars of the Selling Shareholder.

DOCUMENTS AVAILABLE FOR INSPECTION

A1A 53(1)
A1A 53(2)
A1A 53(3)
A1A 53(5)
LR19.10(6)
CO S.342

Copies of the following documents will be available for inspection at the offices of Freshfields Bruckhaus Deringer at 11th Floor, Two Exchange Square, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountants' Report and the report on the unaudited pro forma financial information prepared by Ernst & Young, the texts of which are set out in "Appendix I—Accountants' Report" and "Appendix II—Unaudited Pro Forma Financial Information", respectively;

(c) the audited consolidated financial statements of the Group for the three years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017;

(d) the letter from Weinstock Zecler & Co, Law Offices, the Company's Israeli legal adviser, summarizing the Articles of Association of the Company referred to in "Appendix III—Summary of the Articles of Association of the Company";

(e) the letter from Yigal Arnon & Co., the Joint Sponsors' Israeli legal adviser, summarizing the salient provisions of the laws of the State of Israel referred to in Parts A and B of "Appendix IV—Summary of the Israeli Companies Law, Shareholder Protection Matters and Voting Arrangements" relating to Israeli law;

(f) the Israeli Companies Law;

(g) the letters of appointment referred to in "Appendix V—Statutory and General Information—C. Further Information About the Directors—2. Particulars of Letters of Appointment and Service Contracts";

(h) the material contracts referred to in "Appendix V—Statutory and General Information—B. Further Information About the Business—1. Summary of Material Contracts";

(i) the written consents referred to in "Appendix V—Statutory and General Information—D. Other Information—6. Qualifications and Consents of Experts"; CO S.342B

(j) the statement of particulars of the Selling Shareholder referred to in "Appendix V—Statutory and General Information—D. Other Information—7. Particulars of the Selling Shareholder"; and

(k) the Medical Insight Report.