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Sisram Medical Ltd
復銳醫療科技有限公司*
(Incorporated in Israel with limited liability)
(Stock Code: 1696)

**DISCLOSEABLE AND CONNECTED TRANSACTION
RELATING TO THE PROPOSED ACQUISITION OF
SHANGHAI FOSHION MEDICAL SYSTEM CO., LTD.
AND
CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING**

THE PROPOSED ACQUISITION

The Board is pleased to announce that on April 22, 2021, Sisram Tianjin, a wholly-owned subsidiary of the Company (as Purchaser) and Fosun Pharma and Tianjin Qianda, a wholly-owned subsidiary of Fosun Pharma, (together as Sellers) entered into the Sale and Purchase Agreement pursuant to which Sisram Tianjin agreed to acquire the entire issued share capital of Foshion from Fosun Pharma and Tianjin Qianda, which owned 95% and 5%, respectively, of Foshion as at the date of this announcement. Foshion is primarily engaged in the import and distribution of overseas dental equipment in the PRC.

The total Consideration for the Proposed Acquisition is RMB312.4 million (approximately HK\$372.8 million) in cash, of which RMB296.78 million will be payable to Fosun Pharma and RMB15.62 million will be payable to Tianjin Qianda. The Consideration will be payable within 30 days of the fulfilment or waiver (as applicable) of the Conditions to Closing.

Closing of the Proposed Acquisition is conditional upon, among other things, the Proposed Acquisition having been approved by the Independent Shareholders. If any of the Conditions is not fulfilled or waived (as the case may be) on or before December 31, 2021 (or such other date as may be agreed by Sisram Tianjin and the Sellers in writing), the Sale and Purchase Agreement shall automatically terminate.

REASONS FOR, AND BENEFITS OF, THE PROPOSED ACQUISITION

The Company believes that the Proposed Acquisition would enable the Company to (i) enhance the Group's medical aesthetic technology by integrating the dental specialty of Foshion into the Group's aesthetic knowhow and design capability, (ii) expand the Group's distribution network and product offering by leveraging the import and distribution capabilities of Foshion in the PRC, and (iii) explore cross-selling opportunities.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Proposed Acquisition exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Proposed Acquisition is subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, as (i) Fosun Pharma is indirectly interested in approximately 74.76% of the issued share capital of the Company through its shareholdings in CML and Ample Up, and (ii) Tianjin Qianda is a wholly-owned subsidiary of Fosun Pharma, Fosun Pharma and Tianjin Qianda are therefore connected persons of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Proposed Acquisition exceeds 5%, the Proposed Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the Proposed Acquisition is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Proposed Acquisition. As far as the Directors are aware, having made all reasonable enquiries, save for CML and Ample Up, which are interested in an aggregate of approximately 74.76% of the issued share capital of the Company as at the date of this announcement, no other Shareholders are required to abstain from voting on the resolution to be proposed at the EGM.

The Circular which will contain, among other things, (i) details of the Proposed Acquisition, (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders, (iii) a letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders in connection with the Proposed Acquisition and (iv) notice of the EGM, will be despatched to the Shareholders on or before May 21, 2021.

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders. Gram Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Proposed Acquisition.

Shareholders and potential investors of the Company should note that the Proposed Acquisition is subject to, among other things, the approval of the Independent Shareholders. Accordingly, there is no assurance that the Proposed Acquisition will be completed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

CHANGE IN THE USE OF PROCEEDS FROM THE GLOBAL OFFERING

As at the date of this announcement, the Company had Unutilized Net Proceeds of HK\$359.60 million. Considering the low interest rate on bank deposits and the recent corporate actions of the Group, in order to enhance the efficiency of the use of the net proceeds from the Global Offering, the Board has resolved to change the use of approximately HK\$205.35 million of the Unutilized Net Proceeds for strategic acquisitions, entering into strategic partnerships and other business. The remaining HK\$154.25 million of the Unutilised Net Proceeds had been initially allocated for strategic acquisitions, entering into strategic partnerships and other business.

If the Proposed Acquisition proceeds to Closing, the Company intends to use the Unutilized Net Proceeds to satisfy the Consideration for the Proposed Acquisition with the balance of the Consideration to be settled using the Company's internal cash resources.

For reasons set out above, the Board considers that the change in the use of the Unutilized Net Proceeds as described above is in the interest of the Company and the Shareholders as a whole.

1. INTRODUCTION

The Board is pleased to announce that on April 22, 2021, Sisram Tianjin (as Purchaser), Fosun Pharma and Tianjin Qianda, a wholly-owned subsidiary of Fosun Pharma, (together as Sellers) entered into the Sale and Purchase Agreement pursuant to which Sisram Tianjin agreed to acquire the entire issued share capital of Foshion from Fosun Pharma and Tianjin Qianda, which owned 95% and 5%, respectively, of Foshion as at the date of this announcement.

2. SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below.

(a) Consideration

The total Consideration for the Proposed Acquisition is RMB312.4 million (approximately HK\$372.8 million), of which RMB296.78 million will be payable to Fosun Pharma and RMB15.62 million will be payable to Tianjin Qianda.

The Consideration will be payable within 30 days of the fulfilment or waiver (as applicable) of the Conditions to Closing and will be paid in cash.

The Consideration was determined after negotiation on an arm's length basis with the Sellers, with reference to, among other things, the historical financial performance and future business prospects of Foshion.

(b) Conditions to Closing

Closing of the Proposed Acquisition is conditional upon the following:

- (i) the Proposed Acquisition having been approved by the Independent Shareholders in accordance with the requirements under the Listing Rules and pursuant to the applicable laws;
- (ii) the Sellers having complied with the relevant approval procedures and obtained all necessary authorizations, and having procured Foshion to comply with its relevant approval procedures and to obtain all necessary authorizations, in accordance with all laws, regulations, rules or agreements among the shareholders of Foshion (if any); and
- (iii) no material adverse change in the business, results of operations, condition (financial or otherwise) of Foshion having occurred since the date of the Sale and Purchase Agreement until Closing.

Save for Condition (i) above, Sisram Tianjin may agree to waive the other Conditions in writing. If any of the Conditions is not fulfilled or waived (as the case may be) on or before December 31, 2021 (or such other date as may be agreed by Sisram Tianjin and the Sellers in writing), the Sale and Purchase Agreement shall automatically terminate.

(c) Closing

Upon satisfaction or waiver (as the case may be) of the Conditions, Closing of the Proposed Acquisition will take place on the date when the registration of change of shareholders of Foshion as a result of the Proposed Acquisition with the relevant government authorities in the PRC is completed.

(d) Transitional period

During the period from the date of the Sale and Purchase Agreement to the date of Closing, Sisram Tianjin shall be entitled to the profit earned, and be responsible for the losses incurred, by Foshion.

3. REASONS FOR, AND BENEFITS OF, THE PROPOSED ACQUISITION

With the dental expertise of Foshion, the Company believes that the Proposed Acquisition would enable the Company to (i) enhance the Group's medical aesthetic technology by integrating the dental specialty of Foshion into the Group's aesthetic knowhow and design capability, (ii) improve the Group's wellness ecosystem and provide additional value to all its stakeholders by leveraging synergies between the Group's dental business line and Foshion and accelerating the development of the Group's digital dental technologies and services through global distribution, (iii) expand the Group's distribution network and product offering by leveraging the import and distribution capabilities of Foshion in the PRC, and (iv) explore cross-selling opportunities with Alma, the principal operating subsidiary of the Group. The Company's vision for the dental business line is to become a holistic digital service provider which covers a wide spectrum of services ranging from intra-oral scanning to dental appliance delivery.

4. RECOMMENDATION OF THE BOARD

Having regard to the reasons for, and benefits of, the Proposed Acquisition as set out above, the Directors (other than the independent non-executive Directors, who will provide their opinion after taking into account the advice of the Independent Financial Adviser, details of which will be included in the Circular) believe that the Sale and Purchase Agreement (including the Proposed Acquisition) is in the ordinary and usual course of business of the Company, has been entered into on normal commercial terms, and the terms therein are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. Yifang WU, Mr. Yao WANG, Mr. Yi LIU, Ms. Rongli FENG and Mr. Guojun BU declared that they also hold certain positions in Fosun Pharma and/or its subsidiaries (other than the Group). Mr. Lior Moshe Dayan is the Chief Executive Officer of the Company, which is a subsidiary of Fosun Pharma. According to the Israeli laws and regulations, those Directors are considered to have a personal interest in the Proposed Acquisition and are required to abstain from voting on the resolution of the Board approving the Proposed Acquisition. However, the Israeli laws and regulations further provide that, a director may be present at the meeting of the board of directors in relation to a transaction and may participate in the voting if the majority of the directors of the company have a personal interest in such transaction. Accordingly, none of the Directors have abstained from voting on the resolution of the Board approving the Proposed Acquisition.

5. INFORMATION ABOUT FOSHION

Foshion is a company established under the laws of the PRC in January 2000 and is one of the leading dental equipment sales and marketing platforms in Mainland China with dental equipment, products and technical services offering of high quality which caters to dental clinics and dental laboratories in the Chinese market. Foshion is focusing on digitalizing the entire dental treatment process throughout industry chain, an initiative which Foshion has commenced since 2010. Foshion has been a subsidiary of Fosun Pharma since its incorporation.

Based on the audited financial statements of Foshion for the financial years ended December 31, 2019 and 2020 prepared in accordance with the PRC GAAP, the net profits before and after taxation and extraordinary items for the financial years ended December 31, 2019 and 2020 are set out below:

	Year ended December 31,	
	2019	2020
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation and extraordinary items	32,835,686.64 (approximately HK\$39.2 million)	21,385,452.87 (approximately HK\$25.5 million)
Net profit after taxation and extraordinary items	25,013,689.66 (approximately HK\$29.9 million)	15,697,534.67 (approximately HK\$18.7 million)

Based on the audited financial statements of Foshion for the financial year ended December 31, 2020 prepared in accordance with the PRC GAAP, the audited net assets of Foshion was approximately RMB69.0 million (approximately HK\$82.3 million) as at December 31, 2020.

In April 2021, Foshion completed the acquisition of Shanghai Xingyuanda, which is a company established under the laws of the PRC in December 2020 and is carrying on the business of the manufacturing and distribution of dental equipment and aesthetic equipment in the PRC.

Set out below are the value of the net profits attributable to the assets operated by Shanghai Xingyuanda before and after taxation and extraordinary items for the financial years ended December 31, 2019 and 2020.

	Years ended December 31,	
	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation and extraordinary items	6,236 (approximately HK\$7.5 million)	4,899 (approximately HK\$5.8 million)
Net profit after taxation and extraordinary items	6,190 (approximately HK\$7.4 million)	4,850 (approximately HK\$5.8 million)

The value of the assets operated by Shanghai Xingyuanda was approximately RMB24.7 million (approximately HK\$29.5 million) as at December 31, 2020.

6. INFORMATION ABOUT THE GROUP

The Company is 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 its innovative and proprietary technologies. Alma Lasers Ltd. is the principal operating subsidiary of the Company.

7. INFORMATION ABOUT THE SELLERS

(a) Fosun Pharma

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, (ii) medical devices and medical diagnosis, (iii) healthcare services and (iv) through its associated Company Sinopharm Co., Ltd., Fosun Pharma's business extends to pharmaceutical distribution and retail. The H shares and A shares of Fosun Pharma are listed and traded on the Main Board of Stock Exchange (Stock Code: 2196) and Shanghai Stock Exchange (Stock Code: 600196), respectively.

(b) Tianjin Qianda

Tianjin Qianda is an investment holding company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Fosun Pharma. Tianjin Qianda acquired its 5% equity interests in Foshion from an individual, who is an independent third party of the Company, in December 2020 at a purchase price of RMB15.6 million.

8. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Proposed Acquisition exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Proposed Acquisition is subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, as (i) Fosun Pharma is indirectly interested in approximately 74.76% of the issued share capital of the Company through its shareholdings in CML and Ample Up, and (ii) Tianjin Qianda is a wholly-owned subsidiary of Fosun Pharma, Fosun Pharma and Tianjin Qianda are therefore connected persons of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Proposed Acquisition exceeds 5%, the Proposed Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the Proposed Acquisition is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

9. GENERAL INFORMATION

(a) EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Proposed Acquisition.

As at the date of this announcement, CML and Ample Up, which held 28.79% and 45.97% of the issued share capital of the Company, respectively, are each an indirect subsidiary of Fosun Pharma. Accordingly, each of CML and Ample Up are required to abstain from voting on the resolution to approve the Proposed Acquisition at the EGM.

As far as the Directors are aware, having made all reasonable enquiries, save for CML and Ample Up, no other Shareholders are required to abstain from voting on the resolution referred to above at the EGM.

(b) Circular and Notice of EGM

The Circular, which will contain, among other things, (i) details of the Proposed Acquisition, (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders, (iii) a letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders in connection with the Proposed Acquisition and (iv) notice of the EGM, will be despatched to the Shareholders on or before May 21, 2021.

(c) Independent Board Committee, Independent Financial Adviser and Financial Adviser

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders.

Gram Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Proposed Acquisition.

(d) Warning

Shareholders and potential investors of the Company should note that the Proposed Acquisition is subject to, among other things, the approval of the Independent Shareholders. Accordingly, there is no assurance that the Proposed Acquisition will be completed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

10. CHANGE IN USE OF PROCEEDS

References are made to the Prospectus, the announcement issued by the Company dated October 8, 2018 and the annual results announcement for the year ended December 31, 2020 issued by the Company dated March 18, 2021.

As at the date of this announcement, the Company had Unutilized Net Proceeds of HK\$359.60 million. Considering the low interest rate on bank deposits and the recent corporate actions of the Group, in order to enhance the efficiency of the use of the net proceeds from the Global Offering, the Board has resolved to change the use of HK\$205.35 million of the Unutilized Net Proceeds, of which HK\$65.95 million had initially been allocated for expanding sales channels and distribution network and intensifying marketing efforts; HK\$55.43 million for capital investments, HK\$79.55 million for research and development activities, and HK\$4.42 million for supplementing the Company's working capital and for other general corporate purpose, for strategic acquisitions, entering into strategic partnerships and other business. The remaining HK\$154.25 million of the Unutilised Net Proceeds had been initially allocated for strategic acquisitions, entering into strategic partnerships and other business. If the Proposed Acquisition proceeds to Closing, the Company intends to use the Unutilized Net Proceeds to satisfy the Consideration for the Proposed Acquisition with the balance of the Consideration will be settled using the Company's internal cash resources.

For reasons set out above, the Board considers the change in the use of the Unutilized Net Proceeds as set out above is in the interest of the Company and the Shareholders as a whole.

11. DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings:

“Ample Up”	Ample Up Limited, an indirect wholly-owned subsidiary of Fosun Pharma and a Shareholder of the Company
“Board”	the board of Directors
“Circular”	the circular relating to the Proposed Acquisition to be despatched to the Shareholders in accordance with the Listing Rules
“Closing”	completion of the Proposed Acquisition in accordance with the terms of the Sale and Purchase Agreement
“CML”	Chindex Medical Limited, an indirect wholly-owned subsidiary of Fosun Pharma and a Shareholder of the Company
“Company”	Sisram Medical Ltd, a company incorporated in Israel with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1696)
“Conditions”	the conditions to Closing as set out in the Sale and Purchase Agreement

“Consideration”	the consideration for the Proposed Acquisition
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Proposed Acquisition
“Foshion”	Shanghai Foshion Medical System Co., Ltd.* (上海復星醫療系統有限公司), a company established in the PRC with limited liability
“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
“Global Offering”	has its meanings ascribed to it in the Prospectus
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in connection with the Proposed Acquisition
“Independent Shareholders”	Shareholders other than CML and Ample Up
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“PRC”	the People’s Republic of China
“PRC GAAP”	the accounting rules and regulations of the PRC
“Proposed Acquisition”	the proposed acquisition by the Company of the entire issued capital of Foshion from the Sellers in accordance with the terms of the Sale and Purchase Agreement
“Prospectus”	the prospectus of the Company dated September 5, 2017 relating to the Global Offering and listing of the Shares on the Main Board of the Stock Exchange

“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement dated April 22, 2021 entered into between the Company and the Sellers relating to the sale and purchase of the entire issued share capital of Foshion
“Sellers”	Fosun Pharma and Tianjin Qianda
“Shanghai Xingyuanda”	Shanghai Xingyuanda Medical Technology Co. Ltd.* (上海星苑達醫療科技有限公司), a company established in the PRC with limited liability
“Shareholders”	the holders of Shares
“Shares”	ordinary shares in the share capital of the Company
“Sisram Tianjin”	Sisram Medical (Tianjin) Limited* (復銳醫療科技(天津)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Qianda”	Qianda (Tianjin) International Trading Co., Ltd.* (謙達(天津)國際貿易有限公司), a company established in the PRC with limited liability and a subsidiary of Fosun Pharma
“Unutilized Net Proceeds”	the net proceeds from the Global Offering that has not been utilized as at the date of this announcement

In this announcement, save as expressly stated otherwise, the HK\$ amounts have been converted from RMB amounts at the rate of RMB1 to HK\$1.193. Such conversion is for illustration purposes only. No representation is made that the RMB amounts have been or could have been or could be converted into HK\$, or vice versa, at such rate or at any other rates on any relevant dates.

On behalf of the Board
Sisram Medical Ltd
復銳醫療科技有限公司*
Yi LIU
Chairman

Hong Kong, April 22, 2021

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Yi LIU, Mr. Lior Moshe DAYAN and Mr. Guojun BU as Executive Directors; Mr. Yifang WU, Mr. Yao WANG and Ms. Rongli FENG as Non-Executive Directors; Mr. Heung Sang Addy FONG, Mr. Chi Fung Leo CHAN, Ms. Jenny CHEN and Mr. Kai Yu Kenneth LIU as Independent Non-Executive Directors.

* for identification purpose only