
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sisram Medical Ltd, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

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
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and Independent Shareholders**



The notice convening the EGM of Sisram Medical Ltd to be held at Unit 1603-1604, 16/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong on Wednesday, 30 June 2021 at 4:00 p.m. (or as soon as after the conclusion of the Annual General Meeting to be held at 3:00 p.m. on same day, or at any adjournment thereof) is set out in this circular. Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy for use at the EGM in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 4:00 p.m. on Monday, 28 June 2021 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.sisram-medical.com>).

References to time and dates in this circular are to Hong Kong time and dates.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM:

- (1) Compulsory temperature screening/checks
- (2) Submission of Health Declaration Form
- (3) Wearing of surgical face mask
- (4) No provision of refreshments or drinks

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the EGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.

* For identification purpose only

CONTENTS

	<i>Page</i>
Precautionary measures for the EGM	ii
Definitions	1
Letter from the Board	5
1. Introduction	5
2. Sale and Purchase Agreement	6
3. Reasons for, and benefits of, the Proposed Acquisition	10
4. Information about Foshion	10
5. Information about the Group and Sellers	12
6. Listing Rules Implications	12
7. Change in the Use of Net Proceeds from the Global Offering	13
8. Independent Board Committee and Independent Financial Adviser	14
9. EGM and Proxy Arrangement	15
10. Notice to Shareholders Who Hold Shares Registered in Their Own Names	16
11. Important Notice in Relation to the Declaration of Personal Interest	17
12. Recommendation	18
Letter from the Independent Board Committee	19
Letter from Gram Capital	20
Appendix I – General Information	33
Notice of EGM	38

PRECAUTIONARY MEASURES FOR THE EGM

With the outbreak and spreading of the COVID-19 pandemic and the heightened requirements for the prevention and control of its spreading, to safeguard the health and safety of Shareholders who might be attending the Extraordinary General Meeting (“EGM”) in person, the Company will implement the following precautionary measures at the EGM.

Voting by proxy in advance of the EGM: The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the COVID-19 pandemic. For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy instead of attending the EGM in person. Physical attendance is not necessary for the purpose of exercising Shareholder rights. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should they subsequently so wish.

The deadline to submit completed proxy forms is Monday, 28 June 2021 at 4:00 p.m. Completed proxy forms must be returned to the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Shareholders are strongly encouraged to cast their votes by submitting a proxy form appointing the Chairman of the EGM as their proxy.

To safeguard the health and safety of Shareholders who might be attending the EGM in person, the Company will also implement the following measures at the EGM:

- (1) Compulsory temperature screening/checks will be carried out on every attendee at the main entrance of EGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the EGM venue and be requested to leave the EGM venue.
- (2) Every attendee will be required to submit a completed Health Declaration Form prior to entry into the EGM venue.
- (3) Every attendee will be required to wear a surgical face mask throughout the EGM and sit at a distance from other attendees. Please note that no masks will be provided at the EGM venue and attendees should wear their own masks.
- (4) No refreshments or drinks will be provided to attendees at the EGM.

Attendees are in addition requested to observe and practise good personal hygiene at all times. To the extent permitted by law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue so as to ensure the health and safety of the attendees at the EGM.

PRECAUTIONARY MEASURES FOR THE EGM

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.com.hk>) and the Company (<http://www.sisram-medical.com>) for future announcements and updates on the EGM arrangements.

Appointment of proxy by non-registered Shareholders: Non-registered Shareholders whose Shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.

If Shareholders have any questions relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Hong Kong Share Registrar of the Company, as follows:

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

Telephone: +852 2862 8555

Facsimile: +852 2865 0990

Online Enquiries: www.computershare.com/hk/en/online_feedback

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Ample Up”	Ample Up Limited, an indirect wholly-owned subsidiary of Fosun Pharma and a Shareholder of the Company
“Announcement”	the announcement of the Company dated 22 April 2021 relating to the Proposed Acquisition and the change in the use of the Unutilised Net Proceeds
“Annual General Meeting”	the annual general meeting of the Company to be held at Unit 1603-1604, 16/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong on Wednesday, 30 June 2021 at 3:00 p.m., or any adjournment thereof
“Board”	the board of Directors
“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 復銳醫療科技有限公司*, a company incorporated in Israel with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Conditions”	the conditions to Closing as set out in the Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Proposed Acquisition
“Director(s)”	the director(s) of the Company

* For identification purpose only

DEFINITIONS

“EGM”	The extraordinary general meeting of the Company to be held at Unit 1603-1604, 16/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong on Wednesday, 30 June 2021 at 4:00 p.m. (or as soon as after the conclusion of the Annual General Meeting to be held at 3:00 p.m. on same day, or at any adjournment thereof), to consider and, if appropriate, to approve the resolution contained in the notice of the meeting which is set out on pages 38 to 39 of this circular, or any adjournment thereof
“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, 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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Israeli Companies Law”	the Companies Law 5759-1999 of Israel, effective from 1 February 2000, as amended from time to time, and the regulations promulgated thereunder

DEFINITIONS

“Global Offering”	has its meanings ascribed to it in the Prospectus
“Latest Practicable Date”	20 May 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“PRC”	the People’s Republic of China, which for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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
“Share(s)”	ordinary share(s) of NIS0.01 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“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

DEFINITIONS

“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
“Unutilised Net Proceeds”	the net proceeds from the Global Offering that has not been utilized as at the date of the Announcement

For the purpose of this circular, 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.

LETTER FROM THE BOARD

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

Executive Directors:

Mr. Yi LIU (*Chairman*)

Mr. Lior Moshe DAYAN (*Chief Executive Officer*)

Mr. Guojun BU (*Chief Financial Officer*)

Headquarters, Registered Office and

Principal Place of Business in Israel:

14 Halamish Street

Caesarea Industrial Park

Caesarea 38900

Israel

Non-executive Directors:

Mr. Yifang WU

Mr. Yao WANG

Ms. Rongli FENG

Principal Place of Business in

Hong Kong:

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

Independent Non-executive Directors:

Mr. Heung Sang Addy FONG

Mr. Chi Fung Leo CHAN

Ms. Jenny CHEN

Mr. Kai Yu Kenneth LIU

25 May 2021

To the Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
RELATING TO THE PROPOSED ACQUISITION OF
SHANGHAI FOSHION MEDICAL SYSTEM CO., LTD.
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The Board refers to the Announcement relating to the Proposed Acquisition of the entire issued share capital of Foshion by Sisram Tianjin, a wholly-owned subsidiary of the Company from Fosun Pharma and Tianjin Qianda, a wholly-owned subsidiary of Fosun Pharma, as well as the change in the use of the Unutilised Net Proceeds. Fosun Pharma and Tianjin Qianda own 95% and 5%, respectively, of Foshion as at the Latest Practicable Date.

The purpose of this circular is (a) to provide the Shareholders with information in relation respect of the Proposed Acquisition and (b) to give the Shareholders notice of the EGM at which ordinary resolution will be proposed to approve the Proposed Acquisition.

* For identification purpose only

LETTER FROM THE BOARD

2. SALE AND PURCHASE AGREEMENT

On 22 April 2021, Sisram Tianjin, Fosun Pharma and Tianjin Qianda, 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 Latest Practicable Date.

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. 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. See “– 7. Change in the Use of Net Proceeds from the Global Offering” for further information.

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. The Company is of the view that the Consideration of RMB312.4 million is fair and reasonable for the following commercial reasons:

- (i) **Strong financial performance of Foshion during the past years.** As a leading dental equipment sales and marketing platform, Foshion has maintained healthy and strong financial performance during the recent years. Notwithstanding the impact of COVID-19 pandemic, the net profit before taxation and extraordinary items of Foshion for the year of 2020 amounted to RMB21.4 million, representing more than 19.7% of the profit before tax of the Company for the year of 2020. The stable revenue and profitability of Foshion are attributed to the following reasons:
 - (1) **Longstanding relationship with the internationally well-recognised dental product companies.** Foshion has been a longstanding exclusive distributor for a number of internationally well-recognised dental product companies. The details of the business relationship between Foshion and selected international dental equipment brands are set out below:

Brand	Principal business and business relationship with Foshion	Year of Commencement of Business Relationship
BEGO	BEGO is a Germany-based dental product company with more than 130 years of history. Foshion is the exclusive distributor of BEGO's products in China.	2003

LETTER FROM THE BOARD

Brand	Principal business and business relationship with Foshion	Year of Commencement of Business Relationship
DMG	DMG is a Germany-based leading market leader in dental clinic products. Foshion is the exclusive distributor of DMG's products in eastern China region.	2003
Vertex	Vertex is a Dutch-based leading denture base material supplier specializing in laboratory products. Foshion is the exclusive distributor of DMG's products in China.	2005
Ultradent	Ultradent is a USA-based market leader in whitening dentistry. Foshion is the exclusive distributor of Ultradent's products in eastern China region.	2007
Roland	Roland is one of the largest dental CNC milling manufacturers in Japan.	2018
Medit	Medit is a Korea-based global provider of 3D dental scanners with distribution over 50 countries.	2020

- (2) **A diversified customer base.** Foshion has established a diversified and stable customer base encompassing national laboratories (including KTJ Dental Group, a laboratory arm of Modern Dental Group (stock code: 3600.HK) and Royal Dental Lab (subsidiary of Kaisa Group (stock code: 1638.HK)), public hospitals (including certain top-tier hospitals in China across various provinces) and private clinics (including leading dental clinic chains in mainland China such as ARRAIL (瑞爾齒科), Taikang Bybo Dental (拜博口腔) and TC Medical (通策醫療)).
- (3) **Recognitions from industry and customers.** In 2020, Foshion was recognized by Hurun Report Inc. as “Top 5 Hurun China most valuable dental company” for its expertise and vision in the distribution of dental equipment in China. Foshion was also recognized by the brand owners such as DMG, BEGO, Ultradent as an outstanding distributor in a number of years. With such accolades and recognitions from third parties, Foshion has established its reputation and brand as a leading dental equipment distributor in China.

LETTER FROM THE BOARD

- (ii) **Price-to-Earnings Ratio based on Historical Results.** Considering Foshion is part of Fosun Pharma, a listed company on the Stock Exchange, the Board has considered the price-to-earnings ratios (the “P/E Ratios”) of comparable listed companies to be a useful reference for the Company to assess whether the consideration is reasonable. The Consideration represents 15.20 times of the aggregate net profits after taxation and extraordinary items of Foshion and Shanghai Xingyuanda for the year ended 31 December 2020, while P/E Ratios as of December 31, 2020 for comparable profit-making listed companies (excluding outliers) range from 13.28 times to 57.30 times (namely, Modern Dental Group Limited (stock code: 3600.HK) (13.28 times), Henry Schein, Inc. (stock code: HSIC.NASDAQ) (22.45 times) and Yantai Zhenghai Bio-tech Co., Ltd. (stock code: 300653.SZ) (57.30 times)).
- (iii) **Business Prospect of Foshion.** As set out above, Foshion has a mature sales and marketing channel in the PRC and rich experience in distributing foreign brands in China. It has strong in-house capability in dental digitalization and has been focusing on digitalizing the entire dental treatment process since 2010.
- (1) **Digital CAD/CAM Centers:** Foshion has established digital CAD/CAM centers in 2010 with BEGO (a longstanding Germany-based business partner of Foshion). As part of the digitalization initiatives, Foshion has also opened digital dental technology training and experience centers, which provides training to leading national dental laboratories across China and solidified Foshion’s customer base and revenue. In 2016, Foshion worked with a Korean dental implant company and established the first domestic CAD/CAM center with digital implant guide planning and design service capabilities.
- (2) **Digital product offering and capability:** Foshion is a distributor of various digital dental products including oral scanner of Medit, milling machine of Roland, 3D printer of Nextdent. With a wide offering of digital dental products which are specializing in intra-oral scanning, reverse 3D reconstruction, 3D printing, five-axis processing and dental treatments integrated into IoT solution.
- (3) **Additional offerings with Shanghai Xingyuanda:** In addition, following the completion of the acquisition of Shanghai Xingyuanda, which carries on the business of the manufacturing and distribution of dental equipment and aesthetic equipment in the PRC, Foshion further consolidated its products and services offerings and strengthened its leading position in the dental business industry in the PRC.

Considering the business prospects of Foshion, the Company believes that the Proposed Acquisition would improve the Group’s wellness ecosystem both in the short term and in the future.

LETTER FROM THE BOARD

- (iv) **Strategic synergies between the Group’s newly established dental business unit and Foshion.** Riding on the evolution of dental industry in China from disease-based dental treatments to aesthetic-based dental treatments driven by the increasing disposable income, China’s dental equipment industry is projected to register significant growth, in particular, in the dental aesthetic treatments including tooth whitening and straightening, dermal facial injections and energy-based devices. As such, the Group’s current product offering is in a ready position to cater the needs for aesthetic dental service providers including aesthetic clinics and dental clinics, which are the clientele of Foshion. Leveraging on Foshion’s established network in the PRC and the Group’s global distribution channel, the Proposed Acquisition could facilitate the distribution of the Group’s products in mainland China and the distribution of the products distributed by Foshion globally. In addition, Foshion’s product offering and digital capability can also expand the Group’s product offering outside China to its existing customers as well. Upon completion of the Proposed Acquisition, 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. As Foshion has commenced digitalization of dental treatment process since 2010, hence putting Foshion in a better position to capture the industry growth opportunities in the dental aesthetic industry, the Board considers that the Proposed Acquisition would bring synergies between the Group and Foshion through cross-selling and digitalization.

(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.

LETTER FROM THE BOARD

(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. 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.

LETTER FROM THE BOARD

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

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.

	Year 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.

LETTER FROM THE BOARD

5. INFORMATION ABOUT THE GROUP AND SELLERS

(a) 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.

(b) 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.

(c) 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.

6. 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

7. CHANGE IN THE USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

As at the date of the Announcement, the Company had Unutilized Net Proceeds of HK\$359.60 million. 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 "**Original Uses**"). 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.

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, on the following grounds:

- (i) **Low interest rate on bank deposits:** The Unutilised Net Proceeds, to the extent not immediately used, as is customary, have been deposited into interest bearing bank accounts with commercial banks. As of the date of the Announcement, approximately 73.4% of the net proceeds from the Global Offering has been used (including the HK\$154.25 million to be utilised for the Proposed Acquisition, which had been initially allocated for strategic acquisitions, entering into strategic partnerships and other business) (i.e. only HK\$205.35 million out of the total net proceeds of HK\$771.3 million have not been used as at the date of the announcement). The Original Uses, including expanding sales channels, capital investments and research and development activities, are long-term plans of the Company's business operation and the deployment of proceeds into those Original Uses require detailed planning and analysis taking into account the prevailing market conditions and business focuses of the Group. Accordingly, the remaining proceeds are not expected to be fully used for the Original Uses in the near term. If the Company does not change the use of proceeds, the Company will need to deposit those proceeds into commercial banks, which earns minimum interest for the Company. After the change of proceeds, the Company expects that it still has sufficient working capital generated from operating activities to implement those strategies should the demand for capital arises.
- (ii) **Proposed Acquisition being an imminent opportunity:** The Proposed Acquisition represents a unique and imminent opportunity to the Company to deploy the proceeds in a more efficient manner so as to enhance the efficiency of the use of the net proceeds. The Company has disclosed in the Announcement the commercial rationale and benefits for pursuing the Proposed Acquisitions, which include, among other things, the enhancement of the Group's medical aesthetic technology by

LETTER FROM THE BOARD

integrating the dental specialty of the target into the Group's aesthetic knowhow and design capability, improvement of the Group's wellness ecosystem and expansion of the Group's distribution network offering. The Proposed Acquisition is therefore a part of the initiatives and purposes the Original Uses intend to achieve (i.e. expanding sales channels, capital investments and research and development activities) and is consistent with the Group's business development strategy. Deploying the remaining proceeds to satisfy the Proposed Acquisition, which falls within the purposes and initiatives of the Original Uses and which could enhance the efficiency of the use of the net proceeds raised in 2017, would therefore be in the interest of the Company and its shareholders.

- (iii) **No material adverse impact:** The Company does not consider the change to the use of proceeds will have any material adverse impact on the Company's business operation. In the ordinary course of business, the Company evaluates the market conditions from time to time and formulates or adjusts its business strategies taking into consideration, among other things, the development in the industry and the financial positions of the Group. The Company believes it has and will continue to have sufficient working capital to implement those business strategies that the Company decides to pursue.

8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Heung Sang Addy FONG, Mr. Chi Fung Leo CHAN, Ms. Jenny CHEN and Mr. Kai Yu Kenneth LIU, being all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the Sale and Purchase Agreement (including the Proposed Acquisition) 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 and how to vote on the resolution.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having considered the advice of Gram Capital, is of the view that the Sale and Purchase Agreement (including the Proposed Acquisition) 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. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed ordinary resolution relating to the Proposed Acquisition contained in paragraph 1 of the notice of the EGM.

LETTER FROM THE BOARD

The letter from the Independent Board Committee to the Independent Shareholders is set out on page 19 of this circular. The letter from Gram Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 32 of this circular.

9. EGM AND PROXY ARRANGEMENT

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules. The Sale and Purchase Agreement will be considered and, if thought fit, by the Independent Shareholders, at the EGM by poll.

As at the date of Latest Practicable Date, 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.

The notice of the EGM is set out on pages 38 to 39 of this circular.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.sisram-medical.com>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 4:00 p.m. on Monday, 28 June 2021 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish. The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Proposed Acquisition.

LETTER FROM THE BOARD

10. NOTICE TO SHAREHOLDERS WHO HOLD SHARES REGISTERED IN THEIR OWN NAMES

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 Limited and Shareholders who have requested physical share certificates).

Solely for the purpose of enabling the Company to comply with the above reporting obligation, Shareholders and investors who acquire Shares following the listing of the Shares on the Stock Exchange and, if not already registered in their own names should, if not already provided, provide the following information to the Company's Hong Kong share registrar as soon as practicable following registration of their Shares:

(1) For Individuals

Please provide your passport number (or your identity card number if you do not hold a passport) and a notarized copy of your passport.

(2) For Corporations

Please provide the company number (as stated in the company's certificate of incorporation) and a notarized copy of the company's certificate of incorporation and a notarized copy of the company's certificate of good standing (if available) or an equivalent document.

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.

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 below:

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

Hotline number: +852 2862 8555

Online Enquiries: www.computershare.com/hk/en/online_feedback

LETTER FROM THE BOARD

11. IMPORTANT NOTICE IN RELATION TO THE DECLARATION OF PERSONAL INTEREST

Under the Israeli Companies Law, Shareholders are required to declare to the Company whether they have a personal interest (including whether he/she/it is, or has an interest in connection with, a controlling shareholder) in the resolution relating to the Proposed Acquisition.

Votes which are not accompanied by the personal interest declaration will be ignored and will not be counted.

(a) For Shareholders whose Shares are registered in their own name

If a Shareholder attends and votes at the EGM in person, he/she/it will be required to indicate on the voting paper whether or not he/she/it has a personal interest in the resolution to be proposed at the EGM.

If a Shareholder does not attend the EGM in person and appoints a proxy to attend and vote on his/her/its behalf at the EGM, such Shareholder is required to include in his/her/its proxy form (a) a declaration of whether or not the Shareholder has a personal interest in the resolution to be proposed at the EGM, and (b) a voting instruction which (i) is not subject to change (although not necessarily revocable), (ii) are clear and unambiguous and leave no discretion to the proxy and (iii) refer to the resolutions set out in the notice of the EGM.

The aforementioned criteria are optional, but if they are not fulfilled, then the declaration of personal interest must be made with respect to both the Shareholder and the individual acting as proxy. A Shareholder may appoint any person to be his/her/its proxy, including the chairman of the EGM.

(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/herself/itself 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/her/its voting instruction to the CCASS participant or HKSCCN (as the case may be) a declaration of whether or not he/she/it has a personal interest in the resolution to be proposed at the EGM.

Such voting instruction must (a) be provided in writing (in physical or electronic format), (b) not be subject to change (although not necessarily irrevocable), (c) be clear and unambiguous and leave no discretion to those receiving the instructions and (d) refer to the resolutions set out in the notice of the EGM. CCASS participants who receiving voting instruction from beneficial owners of Shares should provide the voting instruction together with the declarations of personal interest received to HKSCCN.

LETTER FROM THE BOARD

12. RECOMMENDATION

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 Gram Capital, details of which will be included in the Circular) believe that the Sale and Purchase Agreement (including the Proposed Acquisition) 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.

Yours faithfully,
For and on behalf of the Board
Sisram Medical Ltd
復銳醫療科技有限公司*
Yi LIU
Chairman

* *For identification purpose only*

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

25 May 2021

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
RELATING TO THE PROPOSED ACQUISITION OF
SHANGHAI FOSHION MEDICAL SYSTEM CO., LTD.**

We refer to the circular dated 25 May 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

We, being all the independent non-executive Directors, have been appointed by the Board as the members of the Independent Board Committee advise the Independent Shareholders as to whether the Sale and Purchase Agreement (including the Proposed Acquisition) 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.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisitions.

Your attention is drawn to the letter from Gram Capital set out on pages 20 to 32 of contained in the Circular, of which this letter forms part.

Having considered the advice from Gram Capital, we are of the view that the Sale and Purchase Agreement (including the Proposed Acquisition) 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. Accordingly, we recommend the Independent Shareholders to vote in favour of the proposed ordinary resolution relating to the Proposed Acquisition contained in paragraph 1 of the notice of the EGM.

Yours faithfully,

Mr. Heung Sang Addy
FONG
*Independent
Non-executive
Director*

Mr. Chi Fung Leo
CHAN
*Independent
Non-executive
Director*

Ms. Jenny
CHEN
*Independent
Non-executive
Director*

Mr. Kai Yu Kenneth
LIU
*Independent
Non-executive
Director*

* For identification purpose only

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition for the purpose of inclusion in the Circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

25 May 2021

*To: The independent board committee and the independent
shareholders of Sisram Medical Ltd*

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 25 May 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 22 April 2021, Sisram Tianjin (being a wholly-owned subsidiary of the Company) as purchaser, Fosun Pharma and Tianjin Qianda (being a wholly-owned subsidiary of Fosun Pharma) 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.

With reference to the Board Letter, the Proposed Acquisition constitutes a discloseable and connected transaction of the Company and is subject to the reporting, announcement, circular and independent shareholders’ approval requirements under the Listing Rules.

The Independent Board Committee comprising Mr. Heung Sang Addy FONG, Mr. Chi Fung Leo CHAN, Ms. Jenny CHEN and Mr. Kai Yu Kenneth LIU (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Proposed Acquisition are on normal commercial terms and are fair and reasonable; (ii) whether the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Proposed Acquisition at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM GRAM CAPITAL

INDEPENDENCE

We were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Proposed Acquisition. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Sellers or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposed Acquisition. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

LETTER FROM GRAM CAPITAL

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Proposed Acquisition, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Proposed Acquisition

Information about the Group

With reference to the Board Letter, 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. (“Alma”) is the principal operating subsidiary of the Company.

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2020 as extracted from the Company’s annual report for the year ended 31 December 2020 (the “2020 Annual Report”), respectively:

	For the year ended 31 December 2020 <i>(audited)</i> US\$'000	For the year ended 31 December 2019 <i>(audited)</i> US\$'000	Year-on-year change %
Revenue	162,095	173,520	(6.58)
A. Sale of goods	153,362	162,811	(5.80)
– Non-invasive medical aesthetics	131,547	135,448	(2.88)
– Minimally invasive	20,084	22,120	(9.20)
– Non-energy based devices	4,256	3,172	34.17
– Deferred revenues, net	(2,525)	2,071	N/A
B. Services and others	8,733	10,709	(18.45)
Profit for the year attributable to owners of the parent	13,344	20,785	(35.80)

The Group recorded revenue of approximately US\$162.1 million for the year ended 31 December 2020 (“FY2020”), representing a decrease of approximately 6.58% as compared to that for the year ended 31 December 2019 (“FY2019”). With reference to the 2020 Annual Report, the decrease was primarily attributable to the COVID-19 impact on the global economy, displaying much of the pandemic effect in the first 5 months of 2020.

LETTER FROM GRAM CAPITAL

Information about the Sellers

Fosun Pharma

With reference to the Board Letter, 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.

Tianjin Qianda

With reference to the Board Letter, 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 (the “**December Purchase Price**”).

Information on Foshion and its subsidiary (collectively, the “Target Group”)

As at the Latest Practicable Date, Foshion, being the target company, owned 70% equity interests in Shanghai Xingyuanda.

(a) Foshion

With reference to the Board Letter, 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.

As at the Latest Practicable Date, Foshion was owned as to 95% by Fosun Pharma and 5% by Tianjin Qianda, being a subsidiary of Fosun Pharma.

As advised by the Directors, Foshion's customers includes national laboratories (全國技工所), dental brand distributors, clinic and clinical hospitals.

LETTER FROM GRAM CAPITAL

Set out below is a summary of the audited financial information of Foshion for the financial years ended 31 December 2019 and 2020, prepared in accordance with the PRC GAAP, as extracted from the Board Letter:

	For the year ended 31 December 2020 RMB	For the year ended 31 December 2019 RMB
Net profit before taxation and extraordinary items	21,385,452.87	32,835,686.64
Net profit after taxation and extraordinary items	15,697,534.67	25,013,689.66

With reference to the Board Letter, the audited net assets of Foshion as at 31 December 2020 as shown in the audited financial statements of Foshion prepared in accordance with the PRC GAAP was approximately RMB69.0 million.

As advised by the Directors, the decrease in net profit in 2020 as compared to that in 2019 was mainly due to the decrease in revenue as a result of a strict lockdown approach being imposed where the dental hospitals and clinics were not allowed to operate during the lockdown period for the beginning of 2020 and removed gradually by phase depending on each province/city's situation since mid-March 2020.

(b) Shanghai Xingyuanda

In April 2021, Foshion completed the acquisition of 70% equity interest in 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. The consideration for the acquisition of 70% equity interest in Shanghai Xingyuanda was RMB22.4 million.

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 31 December 2019 and 2020, as extracted from the Board Letter:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Net profit before taxation and extraordinary items	4,899	6,236
Net profit after taxation and extraordinary items	4,850	6,190

LETTER FROM GRAM CAPITAL

Reasons for and benefits of the Proposed Acquisition

With reference to the Board Letter, with the dental expertise of the Target Group, 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 the Target Group 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 dental businesses of the Group and the Target Group 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 the Target Group 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.

As advised by the Directors, they consider the prospects of the dental industry to be positive after taking into account (i) the rise in the living standards in the PRC over the years, the awareness of the importance of oral healthcare and beauty is increasing; and (ii) the increase in the consumption level in the PRC becomes another key driver for the growth in the PRC's dental market.

With reference to the 2020 Annual Report, the Company's business development team, led by Alma's veteran professionals, denoted two new business lines – dental industry and personal care as the next building blocks in the Company's ecosystem, taking into consideration the significant growth of these markets along with the potential synergies with Alma's operation. The Company's vision for the new dental business line is to become a holistic digital workflow service provider enabling cost-effective and efficient measurement, design and production process for aesthetic dentistry treatments via an on-line (digital) platform covering all aspects from intra-oral scanning to final dental appliance delivery.

In addition, the Company plans to, among other things, expand its presence and business in China via the new official China office. The new office will handle various business activities addressing the evolving ecosystem and potential synergies between the Company and its majority shareholder, Fosun Pharma. The new office will also oversee, including but not limited to aesthetic dentistry, registration of dermal facial fillers with China's National Medical Products Administration, expansion of the injectables category offering, and the establishment of a regional service center and regional warehouse.

Based on the above, the Proposed Acquisition is in line with the Group's business development plan.

LETTER FROM GRAM CAPITAL

Having considered (i) the benefits of the Proposed Acquisition as mentioned above; (ii) the background and historical financial performance of Foshion and assets operated by Shanghai Xingyuanda; and (iii) that the Proposed Acquisition is in line with the Group's business development plan, we are of the view that although the Proposed Acquisition is not conducted in the ordinary and usual course of business of the Group, the Proposed Acquisition is in the interests of the Company and Shareholders as a whole.

2. Principal terms of the Proposed Acquisition

Set out below are the principal terms of the Sale and Purchase Agreement as extracted from the Board Letter:

Date:	22 April 2021
Parties:	Sisram Tianjin, Fosun Pharma and Tianjin Qianda
Assets to be acquired:	Sisram Tianjin agreed to acquire the entire issued share capital of Foshion from Fosun Pharma and Tianjin Qianda, which owned 95% and 5%, respectively.
Consideration:	The Consideration of RMB312.4 million shall be payable to the Sellers in the following manner: (i) RMB296.78 million will be payable to Fosun Pharma in cash; and (ii) RMB15.62 million will be payable to Tianjin Qianda in cash.

Analysis on the Consideration

With reference to the Board Letter, 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.

As mentioned above, as at the Latest Practicable Date, Foshion was owned as to 95% by Fosun Pharma and 5% by Tianjin Qianda (the "**Tianjin Qianda's Interests**") and the Tianjin Qianda's Interests were transferred by an individual (being an independent third party to both Fosun Pharma and the Company as confirmed by the Directors) in December 2020. For our due diligence purpose, we obtained the equity transfer agreement (the "**2020 Agreement**") relating to the transfer of Tianjin Qianda's Interests and noted that the Consideration was the same as the implied value of Foshion with reference to the December Purchase Price (calculated by the December Purchase Price divided by 5%).

LETTER FROM GRAM CAPITAL

To further assess the fairness and reasonableness of the Consideration, we performed the trading multiple analysis which includes the price-to-earnings ratio (“**PER**”) and the price-to-sales ratio (“**PSR**”). We searched for companies listed on stock exchange in the PRC (including Hong Kong) and engage in similar businesses as the Target Group’s principal business based on their respective latest published audited annual financial information. To the best of our knowledge and endeavour and as far as we are aware of, we only found three companies which met our selection criteria. We considered the number of samples were not sufficient for the trading multiple analysis purpose, as such we expanded our selection criteria to companies listed on stock exchanges of the United States of America (which is a matured market). To the best of our knowledge and endeavour and as far as we are aware of, we found 10 companies which met our selection criteria and they are exhaustive (the “**Comparable Company/(ies)**”). Shareholders should note that the businesses, operations and prospects of the Target Group are not exactly the same as the Comparable Companies.

Company name (Stock Code)	Principal business	Year-end date	PER (Note 1)	PSR (Note 1)
Kaisa Health Group Holdings Limited (876.HK)	Manufacturing and trading of dental prosthetics and health care business	31 December 2020	N/A	3.76
Modern Dental Group Limited (3600.HK)	Production and distribution of dental prosthetic devices	31 December 2020	24.72	1.40
Yantai Zhenghai Bio-Tech Co., Ltd. (300653.SZ)	Research and development of dental prosthetic products	31 December 2020	43.92	20.44
Align Technology, Inc. (ALGN)	Designs, manufactures and markets a system of clear aligner therapy, intra-oral scanners and computer-aided design and computer-aided manufacturing (CAD/CAM) digital services used in dentistry, orthodontics and dental records storage	31 December 2020	128.65	19.72
Biolase, Inc. (BIOL)	Develops, manufactures and markets lasers, and markets and distributes dental imaging equipment and other related products designed for applications and procedures in dentistry and medicine	31 December 2020	N/A	4.83

LETTER FROM GRAM CAPITAL

Company name (Stock Code)	Principal business	Year-end date	PER (Note 1)	PSR (Note 1)
Henry Schein, Inc. (HSIC)	Provider of health care products (including dental products, such as impression materials, dental chairs, anesthetics, teeth, dental implants, etc.) and services to office-based practitioners	26 December 2020	20.60	1.02
Milestone Scientific Inc. (MLSS)	Actively engaged in pioneering proprietary, highly innovative computer-controlled drug delivery systems for subcutaneous injections with commercial applications in a broad spectrum of medical and dental disciplines	31 December 2020	N/A	30.36
Envista Holdings Corporation (NVST)	Provides products that are used to diagnose, treat and prevent disease and ailments of the teeth, gums and supporting bone	31 December 2020	N/A	3.06
SmileDirectClub, Inc. (SDC)	The industry pioneer as the first direct-to-consumer medtech platform for transforming smiles. Through its cutting-edge teledentistry technology and vertically integrated model, it is revolutionizing the oral care industry	31 December 2020	N/A	5.99
Dentsply Sirona Inc. (XRAY)	Designer, developer, manufacturer and marketer of a range of products for the dental market	31 December 2020	N/A	4.34
	Excluding outlier(s) (Note 2):			
	– Maximum		43.92	20.44
	– Minimum		20.60	1.02
	– Average		29.75	7.17
	– Median		24.72	4.34
	The Proposed Acquisition		11.88	1.33
			(Note 3)	(Note 3)

LETTER FROM GRAM CAPITAL

Source: The Stock Exchange, Wind (萬得)^{Note 4}, Comparable Companies' annual reports

Notes:

1. The PERs and PSRs of the Comparable Companies were calculated based on their respective profit before tax and revenue for the latest full financial year and their respective closing prices as quoted on their respective stock exchange and the number of total issued shares as at the date of Sale and Purchase Agreement (Hong Kong time). According to the financial information of the Comparable Companies, certain Comparable Companies recognised a significant amount of deferred tax credit which may distort the financial performance of the Comparable Companies (such as from loss-making position to profit-making position). Therefore, we applied profit before tax to mitigate the aforesaid impact. As we used profit before tax for the calculation of implied PERs of the Comparable Companies and the Proposed Acquisition, we consider such calculation to be fair and reasonable.
2. Among the Comparable Companies, we noted that the PER of Align Technology, Inc. (ALGN) and PSR of Milestone Scientific Inc. (MLSS) was exceptionally high as compared with those of the other Comparable Companies (as the case may be). We are therefore of the view that the PER of Align Technology, Inc. (ALGN) and PSR of Milestone Scientific Inc. (MLSS) are rather outliers.
3. As Foshion's acquisition of Shanghai Xingyuanda was completed in April 2021, we request the management of the Company to construct a hypothetical simulated consolidated financial information of revenue and profit before tax of the Target Group, assuming that Foshion has been operating relevant business with the assets operated by Shanghai Xingyuanda for the year ended 31 December 2020. The PER and PSR of the Proposed Acquisition was calculated based on the Consideration and the hypothetical simulated consolidated financial information of profit before tax and revenue of the Target Group for the year ended 31 December 2020 respectively.
4. Based on the website of Wind, Wind was founded in 1994. As the market leader in China's financial information services industry, Wind is dedicated to provide accurate and real-time information, as well as sophisticated communication platforms for financial professionals.

We noticed from the above table that (i) the PERs of the Comparable Companies (excluding outlier) ranged from approximately 20.60 times to 43.92 times, with an average of approximately 29.75 times and a median of approximately 24.72 times; and (ii) the PSRs of the Comparable Companies (excluding outlier) ranged from approximately 1.02 times to 20.44 times, with an average of approximately 7.17 times and a median of approximately 4.34 times. The implied PER of the Proposed Acquisition is below the said PER range of the Comparable Companies; and the implied PSR of the Proposed Acquisition falls within the said PSR range; and both the implied PER and PSR of the Proposed Acquisition are lower than the average and median of the Comparable Companies.

Having considered that (i) the Consideration was the same as the implied value of Foshion with reference to the December Purchase Price (calculated by the December Purchase Price divided by 5%); and (ii) the implied PER of the Proposed Acquisition is below the said PER range of the Comparable Companies; and the implied PSR of the Proposed Acquisition falls within the said PSR range and both the implied PER and PSR of the Proposed Acquisition are lower than the average and median of the Comparable Companies, we are of the view that the Consideration is fair and reasonable.

LETTER FROM GRAM CAPITAL

Despite that Foshion completed the acquisition of 70% equity interest in Shanghai Xingyuanda in April 2021 at a consideration of RMB22.4 million (the “**Shanghai Xingyuanda Acquisition**”), we did not separately and individually conduct analysis on the consideration for the Shanghai Xingyuanda Acquisition after considering the following reasons and factors:

- (i) the completion of Shanghai Xingyuanda Acquisition took place before the date of the Sale and Purchase Agreement and Foshion (being the target company) already owned 70% equity interests in Shanghai Xingyuanda as at the date of the Sale and Purchase Agreement;
- (ii) we took into account, among other things, a hypothetical simulated consolidated financial information of revenue and profit before tax of the Target Group, assuming that Foshion has been operating relevant business with the assets operated by Shanghai Xingyuanda for the year ended 31 December 2020 for analysing the fairness and reasonableness of the Consideration. Therefore, assets operated by Shanghai Xingyuanda was being taken into account;
- (iii) the Consideration was the same as the implied value of Foshion with reference to the December Purchase Price (calculated by the December Purchase Price divided by 5%), which was determined before the Shanghai Xingyuanda Acquisition took place; and
- (iv) the assets operated by Shanghai Xingyuanda for the financial years ended 31 December 2019 and 2020 were profit making.

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.

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;

LETTER FROM GRAM CAPITAL

- (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 31 December 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.

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.

Having reviewed and considered the terms of the Sale and Purchase Agreement in particular the key terms as listed above (including the Consideration being fair and reasonable; and no abnormal term observed), we are of the view that the terms of the Proposed Acquisition are on normal commercial terms and are fair and reasonable.

3. Possible financial effects of the Proposed Acquisition

As confirmed by the Directors, following Closing, Foshion will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group. With reference to the 2020 Annual Report, the Group's audited consolidated net asset value was approximately US\$331.9 million as at 31 December 2020. As confirmed by the Directors, the Proposed Acquisition would decrease the net asset value of the Group.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon Closing.

LETTER FROM GRAM CAPITAL

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Proposed Acquisition are on normal commercial terms and are fair and reasonable; and (ii) although the Proposed Acquisition is not conducted in the ordinary and usual course of business of the Group, the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Proposed Acquisition and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular for which Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As of the Latest Practicable Date, the interests and/or short positions of Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Hong Kong Listing Rules were as follows:

(a) Interests and Short Positions of Directors in the Company and Associated Corporations

Name of Director	The company in which the interests are held	The class of shares	Capacity and nature	Number of shares held	Percentage of shareholding in the relevant class of shares
Lior Moshe DAYAN	Company	Ordinary Shares	Beneficial owner	113,500	0.03%
Yifang WU	Fosun Pharma	H shares	Beneficial owner	342,000	0.06%
		A shares	Beneficial owner	718,900	0.04%
Yao WANG	Fosun Pharma	A shares	Beneficial owner	50,000	0.002%

Save as disclosed in the foregoing, as the Latest Practicable Date, none of the Directors or chief executives of the Company or their respective close associates had any interests or short positions in any shares, underlying shares, or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

During the Reporting Period, no rights to acquire benefits by means of the acquisition of shares or debentures of the Company were granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement which enabled the Directors to acquire such rights in any other body corporate.

(b) Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares

As at the Latest Practicable Date, so far as is known to the Directors, the persons or entities, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name of Shareholders	Capacity	Number of Shares held or interested	Approximate Percentage (%)
CML	Beneficial owner	127,318,640(L) ⁽¹⁾	28.79%
Ample Up ⁽²⁾	Beneficial owner	203,240,160(L)	45.97%
	Interest in controlled corporation	127,318,640(L)	28.79%
		330,558,800(L)	74.76%
Fosun Industrial ⁽³⁾	Interest in controlled corporation	330,558,800(L)	74.76%
Fosun Pharma ⁽⁴⁾	Interest in controlled corporation	330,558,800(L)	74.76%
Fosun High Tech ⁽⁵⁾	Interest in controlled corporation	330,558,800(L)	74.76%
Fosun International ⁽⁶⁾	Interest in controlled corporation	330,558,800(L)	74.76%
FHL ⁽⁷⁾	Interest in controlled corporation	330,558,800(L)	74.76%
FIHL ⁽⁸⁾	Interest in controlled corporation	330,558,800(L)	74.76%
Guangchang GUO ⁽⁹⁾	Interest in controlled corporation	330,558,800(L)	74.76%

Notes:

- (1) (L): Long Positions.
- (2) CML is wholly owned by Ample Up. Ample Up is deemed to be interested in the Shares in which CML is interested as legal and beneficial owner.
- (3) Ample Up is wholly owned by Fosun Industrial. Therefore, Fosun Industrial is deemed to be interested in an aggregate holding of 330,558,800 Shares which Ample Up is interested in, comprising 203,240,160 Shares held by Ample Up and 127,318,640 Shares held by CML.
- (4) Fosun Industrial is wholly owned by Fosun Pharma. Therefore, Fosun Pharma is deemed to be interested in the Shares in which Fosun Industrial is deemed to be interested.
- (5) Fosun High Tech controls the exercise of more than one-third of the voting rights at the general meeting of Fosun Pharma. Fosun High Tech is deemed to be interested in the Shares in which Fosun Pharma is deemed to be interested.
- (6) Fosun High Tech is wholly owned by Fosun International. Fosun International is deemed to be interested in the Shares in which Fosun High Tech is deemed to be interested.
- (7) FHL controls the exercise of more than one-third of the voting rights at the general meeting of Fosun International. FHL is deemed to be interested in the Shares in which Fosun International is deemed to be interested.
- (8) FHL is wholly-owned by FIHL. FIHL is deemed to be interested in the Shares in which FHL is deemed to be interested.
- (9) Guangchang GUO controls the exercise of more than one-third of the voting rights at the general meeting of FIHL. Guangchang GUO is deemed to be interested in the Shares in which FIHL is deemed to be interested.

Save as disclosed herein, there is no other person known to the Directors or chief executive of the Company who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

3. DIRECTORS' SERVICE CONTRACTS

None of the Directors and Supervisors has an unexpired service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

4. INTERESTS IN THE ASSETS, CONTRACTS OR ARRANGEMENTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole. As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interests in any asset which had been

acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2020, the date to which the latest published audited financial statements of the Group were made up.

5. COMPETING INTERESTS

As at the Latest Practicable Date, except Mr. Yi LIU (our executive Director), Mr. Yifang WU, Mr. Yao WANG and Ms. Rongli FENG (our non-executive Directors and also the directors of CML), and Mr. Guojun BU (our executive Director and also the vice president 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. 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).

6. MATERIAL ADVERSE CHANGE

The Directors have confirmed that there is no material adverse change in the financial position or trading prospects of the Group since 31 December 2020, being the date to which the latest audited financial statements of the Group were made up.

7. QUALIFICATION OF EXPERT AND CONSENT

The following is the qualification of the professional adviser who has given opinion or advice, which is contained in this circular:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or the references to its name and its letter in the form and context in which they respectively appear. As at the Latest Practicable Date, (i) Gram Capital did not have any interest, either direct or indirect, in any assets which had been, since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, 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; and (ii) Gram Capital did not have any shareholding interests in any member of the Group and it did not have any right, whether legally enforceable or not, to subscribe for or nominate persons to subscribe for securities of any members of the Group.

8. MISCELLANEOUS

This circular has been prepared in both English and Chinese. In the event of inconsistency, the English version of this circular shall prevail over the Chinese version.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong, during normal business hours on any weekday (except public holidays) from the date of this circular up to and including the date of the EGM:

- (a) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 19 of this circular;
- (b) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 20 to 32 of this circular;
- (c) the written consent of the Independent Financial Adviser referred to in paragraph 7 of this Appendix;
- (d) the Sale and Purchase Agreement; and
- (e) this circular.

NOTICE OF EGM

Sisram Medical Ltd 復銳醫療科技有限公司*

(Incorporated in Israel with limited liability)

(Stock code: 1696)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**Meeting**”) of Sisram Medical Ltd (the “**Company**”) will be held at Unit 1603-1604, 16/F, Causeway Bay Plaza I, 489, Hennessy Road, Causeway Bay, Hong Kong on, Wednesday, 30 June 2021 at 4:00 p.m. (or as soon as after the conclusion of the Annual General Meeting to be held at 3:00 p.m. on the same day, or at any adjournment thereof), for the purposes of considering and, if thought fit, passing the following resolution as ordinary resolution:

ORDINARY RESOLUTION

1. To consider and, if thought fit, approve the sale and purchase agreement dated 22 April 2021 entered into between the Sisram Medical (Tianjin) Limited* (復銳醫療科技(天津)有限公司), Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司) and Qianda (Tianjin) International Trading Co., Ltd.* (謙達(天津)國際貿易有限公司) (the “**Sale and Purchase Agreement**”) and the proposed acquisition contemplated thereunder as set out in the circular of the Company dated 25 May 2021; and to authorise any Director to exercise all powers which they consider necessary and do such other acts and things and execute such other documents which in their opinion may be necessary or desirable to implement the transactions contemplated under the Sale and Purchase Agreement.

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

Hong Kong, 25 May 2021

Notes:

1. All resolution at the Meeting will be taken by a poll pursuant to the articles of association and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

* *For identification purpose only*

NOTICE OF EGM

2. Any shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy (or more than one proxy if he/she holds more than one share) to attend and on a poll, vote on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the form of proxy shall specify the number of shares in respect of which each such proxy is so appointed. In case of a poll every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the EGM (i.e. not later than 4:00 p.m. on Monday, 28 June 2021 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The register of members of the Company will be closed from Friday, 25 June 2021 to Wednesday, 30 June 2021 (both dates inclusive). In order to qualify for attending and voting at the Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by 4:30 p.m. on Thursday, 24 June 2021.
5. Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the Meeting arrangements at short notice. Shareholders of the Company should check the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.com.hk>) and the Company (<http://www.sisram-medical.com>) for future announcements and updates on the Meeting arrangements.
6. References to time and dates in this notice are to Hong Kong time and dates.