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

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
AND
CONTINUING CONNECTED TRANSACTIONS
RELATING TO THE SUBLICENSE AGREEMENT**

THE SUBLICENSE AGREEMENT

The Board is pleased to announce that, on July 14, 2021, Sisram Tianjin entered into the Sublicense Agreement with Fosun Industrial, pursuant to which Sisram Tianjin agreed to sublicense from Fosun Industrial the relevant know-hows and patents of the Licensed Product, so as to, among other things, import, use, sell or commercialize the Licensed Product in the Fields in the Territory.

The Licensed Product, RT002, is an investigational product and the first neuromodulator with long-acting duration. It is a novel, next-generation neuromodulator in development for the treatment of aesthetic indications and a number of potential therapeutic conditions.

REASONS FOR, AND BENEFITS OF, THE ENTERING INTO OF THE SUBLICENSE AGREEMENT

Fosun Industrial has obtained an exclusive license from the Head Licensor with respect to the Licensed Product in the Territory with respect to the aesthetic indications and the therapeutic indications. As the Company is the primary platform focusing on medical aesthetic treatment system within Fosun Pharma Group of companies, the Group would be in the best position to commercialize the Licensed Product in the Territory with respect to the aesthetic indication. In addition, through entering into the Sublicense Agreement, the Company would be able to diversify its product portfolio, create cross-selling opportunities and generate additional revenue for the Group, which in turn could also help strengthen the market position of the Group.

GENERAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Sublicense Agreement (including the transactions contemplated thereunder). The Circular, which will contain, among other things, (i) details of the Sublicense Agreement (including the transactions contemplated thereunder), (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders, (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in connection with the Sublicense Agreement (including the transactions contemplated thereunder) and (iv) notice of the EGM, will be dispatched to the Shareholders in due course.

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

1. THE SUBLICENSE AGREEMENT

(a) Background

The Board is pleased to announce that, on July 14, 2021, Sisram Tianjin entered into the Sublicense Agreement with Fosun Industrial, pursuant to which Sisram Tianjin agreed to sub-license from Fosun Industrial the relevant know-hows and patents of the Licensed Product, so as to, among other things, import, use, sell or commercialize the Licensed Product in the Fields in the Territory.

The Licensed Product, RT002, is an investigational product and the first neuromodulator with long-acting duration. It is a novel, next-generation neuromodulator in development for the treatment of aesthetic indications and a number of potential therapeutic conditions. Under the Sublicense Agreement, RT002 aesthetic indication is targeting for the treatment, minimization, and/or eradication of, or the appearance of any lines or wrinkles on the body, including without limitation, glabellar lines and crow's feet on the face.

(b) Principal Terms of the Sublicense Agreement

The principal terms of the Sublicense Agreement are set out below.

(i) *the Sublicense*

Pursuant to the Sublicense Agreement, (i) Fosun Industrial proposed to grant to Sisram Tianjin an exclusive, royalty-bearing license, with the right to grant sublicenses under relevant know-how and patents of the Head Licensor relating to the Licensed Product (but excluding manufacturing related information and patents) to, among other things, import, sell and commercialize the Licensed Product in the Fields in the Territory; (ii) Sisram Tianjin shall enter into a separate agreement with Fosun Industrial to engage Fosun Industrial to carry out the clinical trials and other development studies that are commenced in the Territory to support the obtaining of the regulatory approval of the Licensed Product in the Territory; and (iii) upon commercialization of the Licensed Product in the Fields in the Territory, Sisram Tianjin expects to enter into a supply agreement with Fosun Industrial or entities designated by Fosun Industrial to purchase the Licensed Product for distribution and sale of the Licensed Product in the Territory.

(ii) Consideration

Pursuant to the Sublicense Agreement, Sisram Tianjin is required to make the following payments:

- (1) **Upfront Payment:** an upfront payment of US\$40 million to Fosun Industrial within 30 Business Days after the Sublicense Agreement becomes effective.

The amount of the Upfront Payment is determined with reference to, among other things, the upfront payment and the regulatory milestone payment already paid by Fosun Industrial to the Head Licensor and other expenses incurred by Fosun Industrial;

- (2) **One-off Regulatory Milestone Payments:** the milestone payments in the aggregate amount of US\$22 million to be paid upon the research and development of the Licensed Product obtaining BLA for the aesthetic indications from FDA and NMPA, respectively;
- (3) **One-off Sales Milestone Payments:** the sales milestone payments in the aggregate amount of US\$172.5 million upon the sales of the Licensed Product achieving certain milestones.

The amount of the Regulatory Milestone Payments and the Sales Milestone Payments are determined with reference to the respective amounts to be paid by Fosun Industrial to Revance pursuant to the Head License Agreement in relation to the relevant indication.

- (4) **Royalty payments:** royalty payments will be made as follows:

Range of Annual Net Sales (US\$)	Royalty Rate
On that portion which is less than US\$100 million	15%
On that portion which is greater than or equal to US\$100 million but less than US\$300 million	18%
On that portion which is greater than or equal to US\$300 million but less than US\$500 million	21%
On that portion which is greater than or equal to US\$500 million	24%

The Royalty Payments were determined after arm's length negotiation with reference to, among other things, the amounts of royalty to be paid by Fosun Industrial to Revance.

The Net Sales refers to the gross amount invoiced by Sisram Tianjin, Sisram Tianjin's affiliates or sublicensees for sales of the Licensed Product to a third party, excludes the value added taxes payable by Sisram Tianjin as per applicable laws and less the following deductions:

- (a) customary trade discounts, credits or allowances, not to exceed two percent (2%) of the gross amount invoiced;
- (b) credits or allowances additionally granted upon returns, rejections or recalls (except where such recall arises out of the gross negligence, willful misconduct, or fraud by Sisram Tianjin, its affiliates or sublicensees);

- (c) taxes, duties or other governmental tariffs (other than income taxes); and
- (d) government mandated rebates.

The aggregated allowable deductions shall not exceed five percent (5%) of the gross amount invoiced.

If the product sold involves the combination of the Licensed Product and any other commercial product(s) (the “**Combination Product**”), Net Sales shall be calculated as follows:

- (a) if the Licensed Product and Other Product(s) in such Combination Product each are sold separately in the Territory, Net Sales will be calculated by multiplying the total Net Sales (as described above) of the Combination Product by the fraction $A/(A+B)$, where A is the standard average sales price in the Territory of the Licensed Product separately in the same formulation and dosage, and B is the (sum of the) standard average sales price(s) in the Territory of the Other Product(s) sold separately in the same formulation and dosage, during the applicable calendar year;
- (b) If the Licensed Product is sold independently of the Other Product(s) in the Territory, but the standard average sales price of the Other Product(s) cannot be determined, Net Sales will be calculated by multiplying the total Net Sales (as described above) of such Combination Product by the fraction A/C , where A is the standard average sales price in the Territory of the Licensed Product sold separately in the same formulation and dosage and C is the standard average sales price in the Territory of the Combination Product, during the applicable calendar year; and
- (c) If neither (a) nor (b) above apply, the parties will work together in good faith to determine the Net Sales of the Combination Product based on the relative values of the Licensed Product and the Other Product(s).

The Royalty Payments shall continue until the latest of: (i) the expiration of the last valid claim (including any patent term adjustments or extensions) within the relevant patents of the Head Licensor with respect to the Licensed Product that covers the Licensed Product (including composition of matter, method of use or making) in the Territory; (ii) the expiration of all regulatory exclusivity for the Licensed Product in the Territory; (iii) the first commercial sale of a Biosimilar of the Licensed Product in the Territory; and (iv) 15 years after the first commercial sale of the Licensed Product in the Territory (the “**Royalty Term**”).

(iii) Effective Date

The Sublicense Agreement will become effective on the date on which the later of the following occurs: (a) the Sublicense Agreement is approved by the Board in accordance with the Company’s articles of association; (b) the Sublicense Agreement is approved by the Shareholders in a Shareholders’ meeting in accordance with the Company’s articles of association; and (c) the entering into of the Sublicense Agreement.

(iv) Term of the Sublicense Agreement and Termination

The term of the Sublicense Agreement shall commence as of the Effective Date and, unless earlier terminated as provided herein, shall continue in effect until the date on which all of Sisram Tianjin's payment obligations under the Sublicense Agreement as set out in section (ii) above have been performed or have expired (the "**Term**"). If the Effective Date has not occurred within six (6) calendar months of the date of the Sublicense Agreement, the Sublicense Agreement shall lapse automatically without requirement for any act, election or notice on the part of either Party, and neither Party shall have any right, obligation, claim or liability hereunder.

Subject to the terms of the Sublicense Agreement, if either party to the Sublicense Agreement (the "**Breaching Party**") has committed a material breach of any of its material obligations under the Sublicense Agreement, and such material breach shall remain uncured and shall be continuing for a period of 60 days following the Breaching Party's receipt of notice of such breach from the other party (the "**Non-Breaching Party**") stating the Non-Breaching Party's intent to terminate this Agreement in its entirety if such breach remains uncured.

A party to the Sublicense Agreement may terminate the Sublicense Agreement immediately upon written notice to the other party if at any time during the term of the Sublicense Agreement, the other party (i) becomes insolvent, (ii) has a case commenced by or against it under the Bankruptcy Code, (iii) files for or is subject to the institution of bankruptcy, liquidation or receivership proceedings, (iv) assigns all or a substantial portion of its assets for the benefit of creditors, (v) has a receiver or custodian appointed for the its business, or (vi) has a substantial part of its business being subject to attachment or similar process.

In addition, the Sublicense Agreement may be terminated at any time prior to its expiration when Head License Agreement has been terminated.

2. REASONS FOR, AND BENEFITS OF, THE SUBLICENSE

In December 2018, Fosun Industrial obtained an exclusive license from Revance Therapeutics, Inc., the Head Licensor, with respect to the Licensed Product in the Territory with respect to the aesthetic indications and the therapeutic indications.

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 feature its innovative and proprietary technologies. As the Company is the primary platform focusing on medical aesthetic treatment system within Fosun Pharma Group of companies, the Group would be in the best position to commercialize the Licensed Product in the Territory with respect to the aesthetic indication. In addition, through entering into the Sublicense Agreement, the Company would be able to diversify its product portfolio, create cross-selling opportunities and generate additional revenue for the Group, which in turn could also help strengthen the market position of the Group.

Taking into consideration the above, the Company believes that the entering into of the Sublicense Agreement is in the interest of the Company and its Shareholders as a whole.

3. LISTING RULES IMPLICATIONS UNDER CHAPTER 14A OF THE LISTING RULES

As at the date of this announcement, Fosun Industrial is a wholly-owned subsidiary of Fosun Pharma and Fosun Pharma is a controlling shareholder of the Company, therefore, Fosun Industrial is a connected person of the Company by virtue of being an associate of the Company's connected person. Accordingly:

- (1) the entering into of the Sublicense Agreement and the proposed payments of the Upfront Payment, the Regulatory Milestone Payments and the Sales Milestone Payments would constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules; and
- (2) the payment of the Royalty Payments would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

With respect to (1) above, as the highest applicable percentage ratio in respect of the aggregate of the Upfront Payment, the Regulatory Milestone Payments and the Sales Milestone Payments exceeds 5%, the payments of the Upfront Payment, the Regulatory Milestone Payments and the Sales Milestone Payments under the Sublicense Agreement are subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

With respect to (2) above, (i) the Company has applied for a waiver from strict compliance with the requirement under Rule 14A.53 to set monetary annual caps, so as to allow the Company to use the formula set out in “ – (b) *Principal Terms of the Sublicense Agreement* – (ii) *Consideration* – (4) *Royalty Payments*” above as the annual caps for the Royalty Payments during the term of the Sublicense Agreement; and (ii) as the Royalty Term does not have a specified term and would be more than three years, the Company has applied for a waiver from strict compliance with Rule 14A.52 to allow the term of the Sublicense Agreement to be for an unspecified term. Further information about the progress of the waiver applications will be announced by the Company.

4. LISTING RULES IMPLICATIONS UNDER CHAPTER 14 OF THE LISTING RULES

According to the preliminary assessment of the Company, the Upfront Payment and the Regulatory Milestone Payments incurred for the Licensed Product meet the criteria for the recognition of the intangible assets and are expected to generate probable future economic benefits to the Company. Therefore, the Company expects to recognize such expenditures in “other intangible assets” which is capital in nature. Accordingly, the payments of the Upfront Payment and the Regulatory Milestone Payments under the Sublicense Agreement constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate of the Upfront Payment and the Regulatory Milestone Payments exceeds 5% but is less than 25%, the payments of the Upfront Payment and the Regulatory Milestone Payments under the Sublicense Agreement are subject to the reporting and announcement requirements, but are exempt from the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

5. RECOMMENDATION OF THE BOARD

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

Mr. Yifang WU, Mr. Yao WANG, Mr. Yi LIU, Ms. Rongli FENG and Mr. Guojun BU declared that they also hold certain positions in Fosun Pharma and/or its subsidiaries (other than the Group). Mr. Lior Moshe Dayan is the Chief Executive Officer of the Company, which is a subsidiary of Fosun Pharma. According to the Israeli laws and regulations, those Directors are considered to have a personal interest in the Sublicense and are required to abstain from voting on the resolution of the Board approving the Sublicense. 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 Sublicense.

6. INFORMATION ON THE PARTIES

(a) Information on Fosun Industrial

Fosun Industrial is a wholly-owned subsidiary of Fosun Pharma, the controlling shareholder of the Company, and is mainly engaged in the industrial investments, medical industry investments, import and export of goods and technologies.

(b) Information on Sisram Tianjin

Sisram Tianjin is a wholly-owned subsidiary of the Company. The Company is a leading global provider of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which often feature its innovative and proprietary technologies. Alma Lasers Ltd. is the principal operating subsidiary of the Company.

7. GENERAL

(a) EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Sublicense Agreement (including the transactions contemplated thereunder).

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

(b) Circular and Notice of EGM

The Circular, which will contain, among other things, (i) details of the Sublicense Agreement (including the transactions contemplated thereunder), (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders, (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in connection with the Sublicense Agreement (including the transactions contemplated thereunder) and (iv) notice of the EGM, will be dispatched to the Shareholders in due course.

(c) Independent Board Committee and Independent Financial Adviser

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

The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Sublicense.

(d) Warning

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

8. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Ample Up”	Ample Up Limited, an indirect wholly-owned subsidiary of Fosun Pharma and a Shareholder of the Company
“BLA”	Biologics License Application
“Board”	the board of Directors
“Business Day”	any day other than (a) a Saturday or a Sunday or (b) a day on which commercial banking institutions are authorized or required by applicable laws to be closed in New York City, New York or in Shanghai, People’s Republic of China
“Circular”	the circular relating to the Sublicense to be despatched to the Shareholders in accordance with the Listing Rules

“CML”	Chindex Medical Limited, an indirect wholly-owned subsidiary of Fosun Pharma and a Shareholder of the Company
“Company”	Sisram Medical Ltd, a company incorporated in Israel with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1696)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Sublicence Agreement (including the transactions contemplated thereunder)
“FDA”	Food and Drug Administration of the United States of America
“Fields”	means the aesthetic indications for the treatment, minimization, and/or eradication of, or the appearance of any lines or wrinkles on the body, including without limitation, glabellar lines and crow’s feet on the face
“Fosun Industrial”	Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.* (上海復星醫藥產業發展有限公司), a company established in the PRC with limited liability and a subsidiary of Fosun Pharma and the sub-licensor of the Sublicence Agreement
“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 Fosun Pharma are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2196) and Shanghai Stock Exchange (Stock Code: 600196), respectively
“Group”	the Company and its subsidiaries
“Head License Agreement”	the exclusive license agreement between the Head Licensor and Fosun Industrial with respect to the Licensed Product on December 4, 2018
“Head Licensor” or “Revance”	Revance Therapeutics, Inc., a company listed on NASDAQ (ticker symbol: RVNC)
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors

“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company in relation to the Sublicense
“Independent Shareholders”	Shareholders other than CML and Ample Up
“Licensed Product”	finished form of the injectable pharmaceutical drug product containing daxibotulinumtoxinA, also referred to by Head Licensor as RT002
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“NMPA”	National Medical Products Administration of the PRC
“PRC”	the People’s Republic of China
“Regulatory Milestone Payments”	the regulatory milestone payments payable by Sisram Tianjin directly to the Head Licensor under the Sublicense Agreement
“Royalty Payments”	the royalty payments payable by Sisram Tianjin to Fosun Industrial and/or the Head Licensor (as the case may be) as set out in the Sublicense Agreement
“Sales Milestone Payments”	the sales milestone payments payable by Sisram Tianjin directly to the Head Licensor under the Sublicense Agreement
“Shareholders”	the holders of Shares
“Shares”	ordinary shares in the share capital of the Company
“Sisram Tianjin”	Sisram Medical (Tianjin) Limited * (復銳醫療科技(天津)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company and the sub-licensee of the Sublicense Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sublicense”	the proposed sublicense of rights by Fosun Industrial to Sisram Tianjin in consideration for the Upfront Payment, the Regulatory Milestone Payments, the Sales Milestone Payments and the Royalty Payments pursuant to the Sublicense Agreement
“Sublicense Agreement”	the sublicense agreement between Fosun Industrial and Sisram Tianjin dated July 14, 2021 with respect to the Sublicense

“Territory”	China mainland, Hong Kong Special Administrative Region, and Macao Special Administrative Region
“Upfront Payment”	the upfront payment payable by Sisram Tianjin to Fosun Industrial under the Sublicense Agreement
“US\$”	United States dollars, the lawful current of the United States of America

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

Hong Kong, July 14, 2021

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

* *for identification purpose only*