

SISRAM MEDICAL LTD

CORPORATE GOVERNANCE MANUAL

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CONTENTS

SECTION	Page
CHAPTER 1 CORPORATE GOVERNANCE POLICY	1
1. BACKGROUND	1
2. GENERAL PRINCIPLES AND DIRECTORS' DUTIES	1
3. ROLE OF THE BOARD	2
4. BOARD COMPOSITION	4
5. RESPONSIBILITIES OF DIRECTORS	5
6. APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS	6
7. ACCESS TO MANAGEMENT, COMPANY SECRETARY AND INDEPENDENT PROFESSIONAL ADVICE	7
8. BOARD MEETINGS	7
9. CHAIRMAN, CHIEF EXECUTIVE OFFICER AND COMPANY SECRETARY	9
10. BOARD COMMITTEES	11
11. SECURITIES TRANSACTIONS BY DIRECTORS	13
12. CORPORATE GOVERNANCE REPORT	13
13. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT	13
14. FINANCIAL REPORTING	13
15. RISK MANAGEMENT AND INTERNAL CONTROLS	14
16. COMMUNICATION WITH SHAREHOLDERS	16
17. BOARD INDEPENDENCE EVALUATION MECHANISM	17
CHAPTER 2 PREVENTION OF INSIDER DEALING AND MARKET MISCONDUCT POLICY	17
1. PURPOSE OF THE POLICY	17
2. INTERPRETATION	18
3. GENERAL RESTRICTIONS	19
4. RESTRICTED PERSONS	21
5. SHARE AWARDS	22
6. FORMER EMPLOYEES	22
7. MISCELLANEOUS	22
CHAPTER 3 DIRECTORS'/CHIEF EXECUTIVE OFFICER'S DEALING POLICY	23
1. PURPOSE OF THE POLICY	23
2. INTERPRETATION	24
3. ABSOLUTE PROHIBITIONS	25
4. WHAT ARE THE PROCEDURES FOR PRE-APPROVAL ?	26
5. RECORDS AND DISCLOSURE	27
6. TRANSACTIONS EXEMPTED FROM PRE-APPROVAL REQUIREMENT	27
7. SHARE AWARDS	28
8. ADDITIONAL REQUIREMENTS	28
9. DISCLOSURE OBLIGATIONS UNDER PART XV OF THE SFO	29
10. INQUIRIES	32

CHAPTER 4 DISCLOSURE OF INSIDE INFORMATION POLICY	32
1. BACKGROUND	32
2. WHAT IS INSIDE INFORMATION ?	33
3. WHAT ARE THE CONTINUOUS DISCLOSURE OBLIGATIONS ?	36
4. TRANSACTIONS OR EVENTS WHICH COULD BE INSIDE INFORMATION	36
5. HOW IS INSIDE INFORMATION DISCLOSED TO THE MARKET ?	36
6. NO SELECTIVE DISCLOSURE OR INSIDER DEALING	37
7. PROTECTION OF CONFIDENTIAL INFORMATION	37
8. MARKET RUMOUR AND INADVERTENT DISCLOSURE OF INFORMATION.	38
9. EARNINGS EXPECTATIONS AND FUTURE PROSPECTS	38
10. COMMUNICATIONS WITH MEDIA, EQUITY ANALYSTS, FUND MANAGERS AND INVESTORS.	38
11. COMMUNICATIONS BLACKOUT PERIODS	39
12. OTHER COMMUNICATIONS	39
13. INQUIRIES	39
CHAPTER 5 CONNECTED TRANSACTIONS AND NOTIFIABLE TRANSACTIONS POLICY	39
1. BACKGROUND	39
2. WHAT ARE CONNECTED TRANSACTIONS ?	40
3. WHO ARE CONNECTED PERSONS ?	41
4. WHY ARE THE LISTING RULES RELATING TO CONNECTED TRANSACTIONS SO IMPORTANT ?	42
5. NOTIFIABLE TRANSACTIONS.	42
6. REPORTING REQUIREMENTS	43
APPENDIX 1.1 – TERMS OF REFERENCE OF THE AUDIT COMMITTEE.	44
APPENDIX 1.2 – TERMS OF REFERENCE OF THE NOMINATION COMMITTEE	50
APPENDIX 1.3 – TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE ..	55
APPENDIX 1.4 – SHAREHOLDERS COMMUNICATION POLICY	61
1. PURPOSE	62
2. GENERAL POLICY.	62
3. COMMUNICATION STRATEGIES	62
4. SHAREHOLDER PRIVACY	64
APPENDIX 3.1 PRE-APPROVAL FORM FOR DEALINGS IN COMPANY SECURITIES .	65
APPENDIX 3.2 CONFIRMATION AND STATEMENT OF INTERESTS.	66
APPENDIX 5.1 CONNECTED PERSONS OF THE GROUP.	74
APPENDIX 5.2 NOTIFICATION OF POTENTIAL CONNECTED TRANSACTION OR NOTIFIABLE TRANSACTION	74
ANNEXURE A: PERIODIC FINANCIAL REPORTING	76
ANNEXURE B: NOTIFICATIONS TO THE STOCK EXCHANGE	78
ANNEXURE C: PRE-EMPTIVE RIGHTS AND SHARE SCHEMES	80
ANNEXURE D: PRE-VETTING OF ANNOUNCEMENTS, CIRCULARS AND OTHER DOCUMENTS	82
ANNEXURE E: CONTRACTS WITH DIRECTORS	83
ANNEXURE F: SHAREHOLDERS’ MEETINGS	84
ANNEXURE G: DISCLOSURE OF INTERESTS UNDER PART XV OF THE HONG KONG SECURITIES AND FUTURES ORDINANCE.	84
ANNEXURE H: MARKET MISCONDUCT UNDER PARTS XIII AND XIV OF THE HONG KONG SECURITIES AND FUTURES ORDINANCE.	86
ANNEXURE I: HONG KONG CODE ON SHARE BUY-BACKS.	88
ANNEXURE J: ISRAELI REQUIREMENTS OF OUTSIDE DIRECTORS	90
ANNEXURE K: BOARD INDEPENDENCE EVALUATION MECHANISM	94

Note on Sources and Margin References

This manual contains a non-exhaustive summary of key provisions of Hong Kong and Israeli corporate governance requirements which are applicable to directors and employees of Sisram Medical Ltd and its subsidiaries. These provisions can be found in the legislation and rules referenced below. In addition, the Annexures to this manual contain various more detailed “check lists” in respect of certain related continuing obligations of directors and employees of Sisram Medical Ltd and its subsidiaries.

This manual does not purport to be exhaustive and is not intended to be used as a substitute for obtaining specific professional advice in specific circumstances and in relation to specific issues. It does not address the legal or regulatory requirements of any country or jurisdiction other than Hong Kong and, where referenced herein, Israel.

The abbreviations below are used in the margin notes to this manual referring to the relevant provisions. Unless the context otherwise requires terms defined in the main body of this manual shall have the same meaning when used in the Appendices and Annexures to this manual. The Appendices and Annexures attached shall be read as an integral part of this manual.

<u>Source</u>	<u>Abbreviation</u>
Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the <i>SFO</i>)	SFO
Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the <i>Listing Rules</i>)	LR
Appendix 10 to the Listing Rules – Model Code for Securities Transactions by Directors of Listed Issuers	MC
Appendix 14 to the Listing Rules – Corporate Governance Code and Corporate Governance Report (the <i>Code</i>)	CGC
Hong Kong Code on Share Buy-backs (the <i>Share Buy-backs Code</i>)	CSB
Companies Law 5759-1999 of Israel (the <i>Israeli Companies Law</i>)	ICL
The Companies Ordinance (New Version) of Israel – 1983 (the <i>Israel Companies Ordinance</i>)	ICO
Securities Law of Israel – 1968 (the <i>Israel Securities Law</i>)	ISL
Recommended best practices under the Code	RBP

CHAPTER 1

CORPORATE GOVERNANCE POLICY

1. BACKGROUND

- 1.1 Under Rule 13.89(1) of the Listing Rules, all companies whose shares are listed on The Stock Exchange of Hong Kong Limited (the ***Stock Exchange***) are expected to comply with the provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the ***Code***) which sets out principles of good corporate governance and two levels of recommendations: (a) Code provisions; and (b) recommended best practices. Listed companies may only deviate from the Code provisions if they provide an explanation for doing so in their interim and annual reports. The recommended best practices are guidance only.
- 1.2 This policy sets out the corporate governance practices to be followed by the directors of Sisram Medical Ltd (the ***Company*** and, together with its subsidiaries, the ***Group***) so as to ensure compliance with the Code and where relevant, the Israeli Companies Law, as the Company's place of incorporation is in Israel.
- 1.3 The Company is committed to enhancing shareholder value by achieving high standards of corporate conduct, transparency and accountability, and this policy is intended to provide guidance for the Company's directors to ensure proper governance, appropriate internal controls and avoidance of conflicts of interests. The provisions set out in this policy are in addition to the requirements and provisions of the Company's Articles of Association (the ***Articles of Association***), applicable laws, regulations and the Listing Rules.
- 1.4 This policy will be reviewed periodically and may be revised as appropriate by the Company's board of directors (the ***Board***) or a duly authorised committee of the Board to ensure that it continues to reflect the Board's governance objectives. Any deviation from this policy must be approved in writing by the Board.

2. GENERAL PRINCIPLES AND DIRECTORS' DUTIES

- 2.1 All directors of the Company must act honestly, with due skill and care in the best interests of the Company. In discharging their duties and responsibilities, they are expected to act with the requisite levels of skill, care and diligence. This standard will not be satisfied merely by attendance at Board meetings: all directors should, at a minimum, take an active interest in the Company's affairs, have an understanding of its business and follow up anything untoward which may come to their attention.
- 2.2 All directors must comply with the following general principles:
 - (a) to act honestly and in good faith in the interests of the Company as a whole;
 - (b) to act for proper purpose;
 - (c) to be answerable to the Company for the application or misapplication of its assets;
 - (d) to avoid actual and potential conflicts of interest and duty;

- (e) to disclose fully and fairly any interests in contracts with the Group; and
- (f) to apply such degree of skill, care and diligence as may reasonably be expected of a person of their knowledge and experience in their position.

2.3 The Listing Rules also stipulate that directors of a Hong Kong listed entity, wherever established, are expected to fulfil fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standards established by Hong Kong law. The following general duties or standards imposed by Hong Kong law will apply to a director of the Company¹:

- (a) duty to act in good faith for benefit of the Company as a whole;
- (b) duty to use powers for a proper purpose for the benefit of shareholders as a whole;
- (c) duty not to delegate powers except with proper authorisation;
- (d) duty to exercise independent judgment;
- (e) duty to exercise care, skill and diligence;
- (f) duty to avoid conflicts between personal interests and interests of the company;
- (g) duty not to enter into transactions in which the directors have an interest except in compliance with requirements of the law;
- (h) duty not to gain advantage from use of position as a director;
- (i) duty not to make unauthorised use of Company property or information and be answerable to the Company for the application or misapplication of assets;
- (j) duty not to accept personal benefit from third parties conferred because of position as a director;
- (k) duty to observe the Company's articles of association and resolutions; and
- (l) duty to keep accounting records.

3. ROLE OF THE BOARD

3.1 The Board assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board should take decisions objectively in the best interests of the Company.

3.2 The Board should regularly review the contribution required from a director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.

¹ Please also refer to A Guide on Directors' Duties published by the Companies Registry of Hong Kong (http://www.cr.gov.hk/en/companies_ordinance/docs/Guide_DirDuties-e.pdf).

- 3.3 Subject to the Company's Articles of Association and the Listing Rules and applicable laws and regulations, which require the approval of shareholders on certain matters, the following list (as may be amended by the Board from time to time) sets out those matters which are reserved (as between the Board and management) for the Board's authority and responsibility:
- (a) approval of the directors' report in respect of the Group's annual audited accounts;
 - (b) the declaration of any dividend (whether interim or final) or making of any distribution of profits by way of dividend, capitalisation of reserves or in any form whatsoever to any shareholders, or other act deemed a "distribution" under the Israeli Companies Law (such as a share buy-back);
 - (c) approval and adoption of the Group's annual operating budget and capital expenditure budget;
 - (d) any issuance of shares up to the authorized share capital (or "registered share capital") of the Company;
 - (e) all matters relating to the hiring or dismissal of the chief executive officer, chief financial officer, chief operating officer, Company Secretary or key members of the management team (A grade employees only);
 - (f) the entry into any contract outside the ordinary course of business of the Company (determined by reference to the Company's Products and Services Manual) where the value, consideration, assets, profits or commitment is in excess of an amount to be set by the Board from time to time;
 - (g) examine the financial situation of the Company and determine the credit limits the Company may take;
 - (h) determine the organizational structure and remuneration policies of the Company (without derogating from the provisions relating to the Remuneration Committee below);
 - (i) authority to issue series of bonds;
 - (j) appointment and dismissal of the CEO;
 - (k) the Board shall be responsible over the preparation of the financial statements and shall approve them;
 - (l) the Board shall give its report to the Annual General Meeting;
 - (m) shall decide regarding certain transactions of the Company for which any law or the Articles require the approval of the Board; and
 - (n) shall give its opinion on tender offers made to the shareholders.

- 3.4 Other than those matters reserved for approval by the Board, the Board may delegate aspects of its management and administration functions to the management. In particular, the day-to-day management of the Company may be delegated to the chief executive officer and his management team. Matters delegated to the management may include responsibility for implementing the provisions of this policy and implementing strategies approved by the Board in relation to the business and operations of the Group. All directors should clearly understand the delegation arrangements in place.
- 3.5 The Board should review the list of matters reserved for approval by the Board and matters to be delegated to management periodically to ensure that they remain appropriate to the Company's needs.
- 3.6 Other than the delegation of day-to-day management to the chief executive officer and his management team, when the Board delegates any particular aspects of its management and administration functions to the management, it must at the same time give clear directions as to management's powers and, in particular, when management should report back and obtain prior Board approval before making decisions or entering into any commitments on the Company's behalf. Delegation of functions by directors does not absolve them from their responsibilities or from applying the required levels of skill, care and diligence.
- 3.7 The Company should clearly disclose the respective responsibilities, accountabilities and contributions of the Board and management to those affected by decisions taken in respect of the Company.
- 3.8 The Company should arrange appropriate insurance cover in respect of legal action against its directors and officers.

4. BOARD COMPOSITION

- 4.1 The Board should have a balance of skills, experience and diversity of perspectives appropriate for the requirements of the Company's business and should ensure that changes to its composition can be managed without undue disruption. The Board should also have a balanced composition of executive, non-executive and independent non-executive directors (including external directors) to ensure that active, unbiased and diverse advice is brought to the Company and that there is a strong independent element on the Board which can effectively exercise independent judgement. To the extent permitted by law and the Company's Articles of Association, the Board should comprise such number of directors as deemed appropriate by the Board for the efficient functioning of the Company.
- 4.2 The Board should include non-executive directors of sufficient calibre and number for their views to carry weight, and at least one-third of the Board and three directors must comprise independent non-executive directors. The independent non-executive directors should be identified in all corporate communications that disclose the names of directors.
- 4.3 The Company will maintain on its website and on the website of the Stock Exchange an updated list (in English and Chinese) of all its directors, their role and function, and whether they are executive, non-executive or independent non-executive directors.

5. RESPONSIBILITIES OF DIRECTORS

- 5.1 Every director must always know his responsibilities as a director of the Company and must know its conduct, business activities and development. Given the essential unitary nature of the Board, non-executive directors have the same duties of care and skill and fiduciary duties as executive directors.
- 5.2 Every newly appointed director should receive on appointment a comprehensive, formal and tailored induction organised by the Secretary to the Board. Subsequently he or she should receive any briefing and professional development necessary to ensure that he or she has a proper understanding of the Group's operations and business and is fully aware of his or her responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Group's business and governance policies (including this policy).
- 5.3 The functions of non-executive directors should include:
- (a) regularly attending and actively participating in Board meetings and meetings of such other Board committees of which they are members to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
 - (b) taking the lead where potential conflicts of interests arise;
 - (c) serving on the audit, remuneration, nomination and other governance committees, if invited; and
 - (d) scrutinising the Group's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.
- 5.4 All directors should participate in continuous professional development to develop and refresh their knowledge and skills and to ensure that their contribution to the Board remains informed and relevant. The Secretary to the Board is responsible for arranging suitable training, funded by the Company, that places an appropriate emphasis on the roles, functions and duties of a director of a listed company, and directors should assist the Company in keeping a record of the training they have received.
- 5.5 Independent non-executive directors and other non-executive directors, as equal Board members, should give the Board and any Board committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.
- 5.6 Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

6. APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

- 6.1 The Nomination Committee should make recommendations to the Board on the suitability and qualification of candidates for the position of director of the Company, having regard to the independence and quality of nominees, so as to ensure that all nominations are fair, considered and transparent, that there is a formal procedure for appointments and that succession to the Board is orderly.
- 6.2 The Board needs to be satisfied that any director nominee is able to devote sufficient time to carry out his or her duties or responsibilities effectively.
- 6.3 Every director should ensure that he or she can give sufficient time and attention to the affairs of the Group. A prospective director should not accept an appointment if he or she cannot do so.
- 6.4 Each director should disclose to the Company at the time of his or her appointment, in a timely manner upon any change thereafter, and at such other times as the Board may require:
 - (a) the number and nature of his or her offices held in public companies or organisations and other significant commitments;
 - (b) the identities of the other public companies or organisations; and
 - (c) an indication of the time commitment required by each such office or commitment.
- 6.5 Where the Board proposes a resolution to elect an individual as an independent non-executive director at a general meeting, it should set out in the circular to shareholders and/or the explanatory statement accompanying the notice of the general meeting the reasons why it believes he or she should be elected and why it considers him or her to be independent.
- 6.6 All directors should have formal letters of appointment setting out the key terms and conditions of their appointment.
- 6.7 All non-executive directors should be appointed for a specific term, subject to re-election.
- 6.8 Where a Board vacancy occurs during the course of the year, the Board may fill the vacancy. The Board may also appoint one or more additional directors. All directors appointed by the Board should hold office until the next annual general meeting (**AGM**) of the shareholders and shall then be eligible for re-election at that meeting.
- 6.9 At least one-third of the directors appointed by ordinary resolution should retire from office by rotation at each AGM and every director should be subject to retirement at an AGM at least once every three years.
- 6.10 If any independent non-executive director has served on the Board (in any capacity) for nine years, his or her re-election and further appointment should be subject to a separate shareholders' resolution. The papers distributed to shareholders in respect of that resolution should include the reasons why the Board believes that he or she is still independent and should be re-elected.

7. ACCESS TO MANAGEMENT, COMPANY SECRETARY AND INDEPENDENT PROFESSIONAL ADVICE

- 7.1 Management has an obligation to supply the Board and Board committees with adequate information in a timely manner to enable the Board and Board committees to make informed decisions. The information supplied must be complete and reliable.
- 7.2 To fulfil his or her duties properly, a director may not in all circumstances be able to rely purely on information provided voluntarily by management and may need to make further enquiries. Where any director requires more information than is volunteered by management, they should make further enquiries where necessary. The Board and all individual directors, and in particular non-executive directors, are entitled to separate and independent access to the Company's senior management as and when they think necessary.
- 7.3 To enable the directors to discharge their duties effectively, each director:
- (a) shall have access to the advice and services of the Company Secretary and other members of the senior management of the Company to ensure that Board procedures and all applicable laws, rules and regulations are complied with;
 - (b) can make further queries and seek information from the senior management of the Company if the director requires more information than is provided voluntarily by the management in order to make an informed decision on matters considered by the Board; and
 - (c) has the right of access to all information including Board papers and related materials, minutes of Board meetings and minutes of Board committee meetings at any reasonable time on reasonable notice.
- 7.4 If so requested by any director, the Board should resolve for separate independent professional advice to be provided, at the Company's expense, to the director to assist him or her to discharge his or her duties to the Company.

8. BOARD MEETINGS

- 8.1 Directors are expected to attend Board meetings, and meetings of Board committees on which they serve, as frequently as necessary and to spend such time as is needed to properly discharge their responsibilities.
- 8.2 The Board will meet regularly and at least four times a year at approximately quarterly intervals (the **Regular Board Meetings**). It is expected that these Regular Board Meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of directors entitled to be present and will not be conducted by way of obtaining Board consent through circulating written resolutions.
- 8.3 Notice of at least 14 days should be given of a Regular Board Meeting to give all directors an opportunity to attend. However, a subsequent change of date accepted by all directors will not invalidate the meeting. For all other Board meetings, reasonable notice should be given.

- 8.4 All Board meeting agendas should be prepared by the Secretary to the Board in consultation with the CEO or the chairman of the Board and a draft agenda should be circulated to all directors together with the notice of the meeting and adequate background materials for each meeting. Directors may consider whether they wish to include any matters in the agenda and, if so, they should inform the Secretary to the Board in a timely manner (and, where possible, within five days from the date of circulation of the notice for meeting).
- 8.5 The final agenda and board papers should be circulated in full to the directors in a timely manner and at least three days prior to the Board meeting.
- 8.6 The board papers and related materials should be prepared in a form and quality sufficient to enable the Board to make an informed decision on matters placed before it. Queries raised by directors should receive a prompt and full response wherever possible, if necessary by the Secretary to the Board liaising with the management.
- 8.7 To the extent that it is practicable to do so, meetings of Board committees and Board meetings other than Regular Board Meetings should follow the same procedures set out in **sections 8.3 to 8.6** above.
- 8.8 Subject to the Company's Articles of Association and applicable laws and regulations, attendance by conference call, video link or other electronic means (whereby each participant can hear each other participant) may be counted as attendance at a physical Board meeting.
- 8.9 The Secretary to the Board or a duly appointed delegate should keep minutes of all meetings of the Board and Board committees, and such minutes should be open for inspection at any reasonable time on reasonable notice by any director.
- 8.10 Minutes of meetings of the Board and Board committees should record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed.
- 8.11 Draft minutes of meetings of the Board should be circulated to all directors for their comments as soon as practicable after the meeting. If the directors have any comments on the draft minutes, they should inform the Secretary to the Board within seven days from the date of circulation of the draft minutes. The Secretary to the Board should circulate the finalised minutes of all Board and Board committee meetings to all directors for their records as soon as practicable.
- 8.12 If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by holding a physical Board meeting rather than by a written resolution or by a Board committee. Independent non-executive directors who, and whose close associates (as defined in the Listing Rules), have no material interest in the transaction should be present at that Board meeting.
- 8.13 Any Board meeting in which the appointment or dismissal of the Secretary to the Board is to be discussed or determined should be dealt with by holding a physical board meeting rather than by a written resolution or by a Board committee.

9. CHAIRMAN, CHIEF EXECUTIVE OFFICER AND COMPANY SECRETARY

- 9.1 The roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.
- 9.2 The chairman is responsible for leadership of the Board and for ensuring that the Board functions effectively and performs its responsibilities and acts in the best interests of the Company. In performing the role of chairman, responsibilities include:
- (a) chairing meetings of the Board;
 - (b) ensuring all directors are properly briefed on issues arising at Board meetings;
 - (c) ensuring all directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;
 - (d) providing leadership and ensuring effective performance by the Board of its responsibilities, including that it acts in the Company's best interests;
 - (e) in consultation with the Secretary to the Board, drawing up and approving the agenda for each Board meeting taking into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda;
 - (f) ensuring that all key and appropriate issues are discussed by the Board in a timely manner;
 - (g) leading the Board in establishing good corporate governance practices and procedures for the Group;
 - (h) encouraging efficient and constructive deliberation of issues within the Board, including by encouraging all directors to make a full and active contribution to the Board, encouraging directors with different views to voice their concerns, allowing sufficient time for discussion of issues and ensuring that Board decisions fairly reflect the Board consensus;
 - (i) encouraging constructive and timely communication between the Board and the management;
 - (j) at least annually, holding meetings with the non-executive directors (including independent non-executive directors) without the executive directors present;
 - (k) ensuring effective communication with shareholders and ensuring that their views are communicated to the Board; and
 - (l) promoting a culture of openness and debate by facilitating the effective contribution of non-executive directors to Group matters and ensuring constructive relations between executive and non-executive directors.

- 9.3 Subject to specific delegations by the Board from time to time, in performing the role of chief executive officer, responsibilities include:
- (a) leading the management in the daily operations of the Group;
 - (b) recommending policies, business plans and strategic directions for Board approval;
 - (c) ensuring the strategies and policies approved by the Board are effectively implemented;
and
 - (d) keeping the Board informed of material developments in the Group's business.
- 9.4 The Secretary to the Board should be an employee of the Group and have day-to-day knowledge of the Company's affairs. Such a Secretary to the Board should report to the chairman of the Board and/or the chief executive officer and/or the general counsel.
- 9.5 Under the Listing Rules, the Company Secretary must be an individual who, by virtue of his/her academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. The following academic or professional qualifications are considered to be acceptable by the Stock Exchange: (a) a member of The Hong Kong Institute of Chartered Secretaries, (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance) and (c) a certified public accountant (as defined in the Professional Accountants Ordinance). In assessing "relevant experience", the Stock Exchange will consider the individual's (i) length of employment with the Company and other companies and the roles he/she played, (ii) familiarity with the Listing Rules and other relevant law and regulations, including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code, (iii) relevant training taken and/or to be taken in addition to the minimum requirement referred in Rule 3.29 of the Listing Rules and (iv) professional qualifications in other jurisdictions.
- 9.6 If the Company Secretary is an external service provider, it should be given a contact with sufficient seniority within the Company (such as the head of legal or the chief financial officer).
- 9.7 The appointment, selection or dismissal of the Company Secretary should be discussed and approved by the Board in physical board meeting.
- 9.8 In performing the role of Company Secretary, responsibilities include:
- (a) supporting the Board by ensuring effective information flow and communication within the Board;
 - (b) ensuring that Board policy and procedures and all applicable laws, rules and regulations are followed, including by providing advice and services to individual directors on request;
 - (c) advising the Board, through the chairman or the chief executive officer, on governance matters;

- (d) facilitating the induction and professional development of directors; and
- (e) undertaking at least 15 hours of relevant professional training in each financial year.

10. BOARD COMMITTEES

- 10.1 The Board has established the following committees and may establish such other additional committees as it considers necessary from time to time to assist the Board in discharging its responsibilities:
- (a) an Audit Committee;
 - (b) a Remuneration Committee; and
 - (c) a Nomination Committee.
- 10.2 The Audit Committee must consist of at least three members. The Audit Committee must comprise non-executive directors only with a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise (as required by the Listing Rules). The chairman of the Audit Committee who is both an independent non-executive director and an outside director, and a majority of its members must be independent non-executive directors of the Company. In addition, relevant Israeli laws and regulations require that all outside directors shall be included in the Audit Committee, and a majority of the Audit Committee shall be comprised of directors who are either outside directors or “independent directors” as defined in the Israeli Companies Law (all as set out in Annexure J). Directors who have various potential sources of conflict of interest are ineligible to be on the Audit Committee, including but not limited to: (a) the chairman of the board, (b) any director who is employed by the Company or employed by its controlling shareholders or by another corporation under the same control, (c) any director who provides services on a routine basis to the Company, to its controlling shareholder or to another corporation under the same control, (d) any director whose primary source of income relies on the controlling shareholder, or (e) a controlling shareholder or relative of the same.
- 10.3 The Remuneration Committee must consist of at least three members. The chairman of the Remuneration Committee must be a director who is an independent non-executive director and an outside director, and a majority of the members of the Remuneration Committee must be independent non-executive directors. In addition, relevant Israeli laws and regulations require that all outside directors shall be included in the Remuneration Committee and shall comprise a majority, and the remainder of the members of the Remuneration Committee shall be directors whose terms of engagement and remuneration are also determined in accordance with the Israeli regulations governing remuneration for outside directors. Directors who have various potential sources of conflict of interest are ineligible to be on the Remuneration Committee.
- 10.4 A majority of the members of the Nomination Committee should be independent non-executive directors.

- 10.5 The Board may be responsible for, or may delegate responsibility to a committee established for the performance of, the following responsibilities:
- (a) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
 - (b) reviewing and monitoring the training and continuous professional development of directors and senior management;
 - (c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
 - (d) developing, reviewing and monitoring this policy and any other codes of conduct or policies applicable to employees, directors and officers of the Company;
 - (e) reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report (as defined below).
- 10.6 The Board shall be responsible for, and may not delegate to a committee, the following responsibilities or authorities:
- (a) establishment of general Company policy;
 - (b) distributions, other than with regard to repurchase of the Company's shares within a framework already approved in advance by the Board;
 - (c) determining the opinion of the Board regarding any tender offer made to the shareholders;
 - (d) appointment of directors, in case the Board is entitled to do so;
 - (e) offering or issuing shares, securities which may be converted or exercised into shares, or bonds (with certain exceptions);
 - (f) approval of the Company's financial statements;
 - (g) approval of certain extraordinary transactions (generally, types of connected transactions or notifiable transactions as defined below) which require certain corporate approvals pursuant to the Israeli Companies Law.
- 10.7 Where Board committees are established to deal with matters, the Board should give them sufficiently clear terms of reference to enable them to perform their functions properly.
- 10.8 Up to date, consolidated terms of reference for all Board committees should be published (in English and Chinese) on the Company's website.
- 10.9 The terms of reference of Board committees should require them to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

10.10 Written terms of reference for each of the Audit Committee, the Remuneration Committee and the Nomination Committee are attached to this manual as **Appendices 1.1 to 1.3**.

11. SECURITIES TRANSACTIONS BY DIRECTORS

11.1 Directors must comply with their obligations under the Company's Directors'/Chief Executive Officer's Dealing Policy which is based on the Model Code for Securities Transactions by Directors of Listed Issuers which forms Appendix 10 to the Listing Rules, and which applies to both directors and restricted employees (being any employees of the Company or a director or employee of a Group company who, because of their office or employment, are likely to be in possession of inside information in relation to the Company or its securities).

12. CORPORATE GOVERNANCE REPORT

12.1 The Board must prepare a report on the Company's corporate governance practices (the **Corporate Governance Report**) as part of the Company's annual report which must, as a minimum, contain the information required under paragraphs G to Q of Appendix 14 to the Listing Rules, and which is required to be included in the Company's annual and interim reports under paragraphs 34 and 50 of Appendix 16 to the Listing Rules.

12.2 The Corporate Governance Report shall include the Board Independence Evaluation (as defined in the Board Independence Evaluation Mechanism set forth in Annexure K) or a summary of its key findings.

13. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

13.1 The Board must prepare an Environmental, Social and Governance (**ESG**) report on an annual basis in accordance with Rule 13.91 of the Listing Rules and the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Listing Rules.

13.2 The Board has overall responsibility for the Company's ESG strategy and reporting.

13.3 The Board is responsible for evaluating and determining the Company's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Management should provide a confirmation to the Board on the effectiveness of these systems.

14. FINANCIAL REPORTING

14.1 The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.

14.2 Management should provide sufficient explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put before it for approval.

14.3 Management should, as soon as practicable after the month-end, provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties to the Company and for the Company to comply with its continuing obligations under Chapter 13 of the Listing Rules.

- 14.4 The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements. Unless it is inappropriate to assume that the Company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report. The Corporate Governance Report should contain sufficient information for investors to understand the severity and significance of matters. To a reasonable and appropriate extent, the Company may refer to other parts of the annual report. These references should be clear and unambiguous and the Corporate Governance report should not contain only a cross-reference without any discussion of the matter.
- 14.5 The directors should include, in a separate statement in the annual report containing a discussion and analysis of the Group's performance, an explanation of the basis on which the Company generates or preserves value over the longer term (the business model) and the strategy for delivering the Company's objectives, given that long-term financial performance should be a corporate governance objective and the Board should not take undue risks to make short-term gains at the expense of long-term objectives.
- 14.6 The Board should present a balanced, clear and understandable assessment in annual and interim reports, other price sensitive announcements and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.
- 14.7 The Company should disclose details of any remuneration payable to members of senior management by band in the annual report.
- 14.8 If the Company decides to announce quarterly financial results, the Company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the issuer's performance, financial position and prospects. The Company's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts. Once the Company announces quarterly financial results, it should continue to do so for each of the first three and nine months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, the Company should announce the reasons for this decision.

15. RISK MANAGEMENT AND INTERNAL CONTROLS

- 15.1 The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and Management should provide a confirmation to the Board on the effectiveness of these systems.

- 15.2 The Board should oversee the Group's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the Group's risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in its Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls.
- 15.3 The Board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions.
- 15.4 The Board's annual review should, in particular, consider:
- (a) the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;
 - (b) the scope and quality of Management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;
 - (c) the extent and frequency of communication of monitoring results to the Board (or Board committee(s)) which enables it to assess control of the Group and the effectiveness of risk management;
 - (d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition; and
 - (e) the effectiveness of the Group's processes for financial reporting and Listing Rule compliance.
- 15.5 The Company should disclose, in the Corporate Governance Report, a narrative statement on how it has complied with the risk management and internal control code provisions during the reporting period. In particular, they should disclose:
- (a) the process used to identify, evaluate and manage significant risks;
 - (b) the main features of the risk management and internal control systems;
 - (c) an acknowledgement by the Board that it is responsible for the risk management and internal control systems and reviewing their effectiveness. It should also explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss;
 - (d) the process used to review the effectiveness of the risk management and internal control systems; and
 - (e) the procedures and internal controls for the handling and dissemination of inside information.

- 15.6 The Company should have an internal audit function which generally carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems.
- 15.7 Additionally, the Company should appoint an internal controller, alternately referred to as an internal auditor, as defined under the Israeli Companies Law.
- (a) This internal auditor is an individual appointed by the Board, pursuant to a recommendation by the Audit Committee.
 - (b) Any shareholder holding at least 5% of the Company's share capital or voting rights, any company officer, any relative of the foregoing, or the company's external auditor, are not eligible to serve as internal auditor.
 - (c) The supervisor of the internal auditor in terms of organisational structure shall be the chairman of the Board or the CEO. The internal auditor shall generally operate according to a work plan approved by the Board or the Audit Committee, and the chairman of the Board or the chairman of the Audit Committee may also assign urgent internal audit tasks to the internal auditor.
 - (d) The internal auditor's scope of work shall focus on the legal compliance of the company.
 - (e) The Board may not terminate or suspend the internal auditor without his or her consent, without first allowing the Audit Committee to present its position.

16. COMMUNICATION WITH SHAREHOLDERS

- 16.1 The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use AGMs or other general meetings to communicate with shareholders and encourage their participation.
- 16.2 For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The Company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the Company should explain the reasons for and material implications of such "bundling" in the notice of the general meeting.
- 16.3 The chairman of the Board should attend the AGM. He should also invite the chairmen of the Board committees, including but not limited to the Audit Committee, Remuneration Committee and Nomination Committee, to attend. In the event that any chairman of a committee is unable to attend, the chairman of the Board should invite another member of the relevant Board committee, or failing this the duly appointed delegate of the absent chairman of the Board committee, to attend. These persons should be available to answer shareholders' questions at the AGM.
- 16.4 The chairman of a committee comprising the independent non-executive directors (to be convened as and when required) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.

- 16.5 Management should ensure that the Company's external auditor attends the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.
- 16.6 The Company should arrange for the notice to shareholders to be sent:
- (a) in the case of annual general meetings, at least 20 clear business days before the meeting;
 - (b) in the case of all other general meetings, at least 10 clear business days before the meeting; and
 - (c) in the case of any general meeting (annual or extraordinary) whose agenda includes certain items as set forth in article 28(a) of the Company's Articles of Association, 35 days before the meeting.
- 16.7 The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll, and the chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders regarding voting by way of a poll.
- 16.8 The Company must publish the procedures for shareholders to propose a person for election as a director, in English and Chinese, on its website.
- 16.9 The Board has established a shareholders communication policy, which is set out in **Appendix 1.4** to this manual. The Board should review this policy on a regular basis to ensure its effectiveness.

17. BOARD INDEPENDENCE EVALUATION MECHANISM

- 17.1 The Board shall implement the Board Independence Evaluation Mechanism set forth in Annexure K, in order to ensure independent views and input are available to the Board.

CHAPTER 2

PREVENTION OF INSIDER DEALING AND MARKET MISCONDUCT POLICY

1. PURPOSE OF THE POLICY

- 1.1 Following the listing of Sisram Medical Ltd (the **Company**) on The Stock Exchange of Hong Kong Limited (the **Stock Exchange**), the Company and all its subsidiaries (together, the **Group**) and all of their directors, officers and employees must be aware of and comply at all times with the Hong Kong laws relating to insider dealing and market misconduct which are contained in Parts XIII and XIV of the Securities and Futures Ordinance (the **SFO**).
- 1.2 Under Parts XIII and XIV of the SFO, there are various forms of market misconduct, including insider trading, which are all serious offences that attract significant civil and criminal penalties.

- 1.3 This policy is issued for the purpose of preventing market misconduct, as well as preventing directors, officers and employees of the Group from engaging in speculative trading in Company Securities (as defined below). It sets out the required standards and controls to ensure compliance with the relevant regulatory requirements. Reference should also be made to **Annexure H** of the Company's Corporate Governance Manual which also sets out a summary of the key requirements of the Hong Kong market misconduct regime.
- 1.4 This policy applies to all Group directors, officers and employees (including part-time employees) and consultants, contractors and persons who are seconded to the Group.
- 1.5 Compliance with this policy is mandatory; any breach may subject you, as well as Group companies, to civil or criminal liability. It is important that you familiarise yourself with and comply with all the restrictions and requirements contained in this policy.
- 1.6 In addition, certain employees who are particularly likely to have access to Inside Information (as defined below), and who are notified that they are Restricted Persons (also as defined below) must comply with additional requirements which are set out in the Company's Directors'/Chief Executive Officer's Dealing Policy.

2. INTERPRETATION

2.1 ***Inside Information*** means information about:

- (a) the Company;
- (b) a shareholder, officer or director of the Company; or
- (c) Company Securities,

which is not generally known to the persons who are accustomed to or would be likely to deal in Company Securities but which would, if it were generally known to those persons, be likely to materially affect the price of the Company Securities.

Some examples of Inside Information are given below, although this is not an exhaustive list:

- (a) financial results of the Group which are not already in public domain, and significant changes in financial performance, outlook or liquidity;
- (b) profit forecasts which are not already in the public domain, or variations from a profit forecast;
- (c) decisions regarding dividends or the non-payment of dividends, or any change in dividend policy;
- (d) proposed stock splits, public or private securities offerings, shares issues, rights issues or other capital markets fund raisings or financings;
- (e) information regarding a pending or proposed acquisition or disposal;
- (f) plans for significant expansion or curtailment of operations;

- (g) actual or threatened major litigation, or developments relating to such litigation;
- (h) significant changes in the board of directors or senior management of any Group company; or
- (i) any other event, whether within the control of the Group or not, which is of material significance to the business, operation or financial performance of the Company.

Company Securities

2.2 ***Company Securities*** means:

- (a) shares and equity interests in the Company;
- (b) derivative contracts in respect of shares in the Company, including options, warrants, rights, forwards, futures and swaps; and
- (c) debt issued by the Company, including debentures, bonds and notes.

Dealing

2.3 ***Dealing*** means acting in (whether for yourself or as an agent of another person):

- (a) any sale, purchase or exchange of or subscription for listed securities or their derivatives;
- (b) any acquisition or disposal of the right to sell, purchase, exchange or subscribe for listed securities or their derivatives; or
- (c) any agreement to do any of those things described in (a) or (b).

3. GENERAL RESTRICTIONS

Prohibition against dealing in Company Securities while in possession of Inside Information

3.1 If you are in possession of Inside Information you must not, directly or indirectly:

- (a) deal in Company Securities;
- (b) pass any Inside Information to any other person (except in the proper performance of your duties);
- (c) recommend anyone to deal in Company Securities; or
- (d) use Inside Information in any manner (except in the proper performance of your duties), whether or not to achieve any advantage.

Prohibition against insider dealing in other securities

- 3.2 You must not deal (or recommend that anyone else deal) in any of the securities of another company, directly or indirectly, if you are in possession of any material non-public information about that company.

Prohibition against Short Sales²

- 3.3 Short selling is prohibited. You must not sell, directly or indirectly, any Company Securities if (i) you do not own the Company Securities sold, or (ii) you own the Company Securities, but you do not deliver them against the sale.

Hedging and Derivatives

- 3.4 You must not engage in any hedging transactions with respect to any Company Securities. Hedging transactions include trading in any derivatives relating to Company Securities.

Pledging and Margin Accounts

- 3.5 You must not use Company Securities to support a margin debit, and you must not pledge Company Securities at any time when you are in possession of Inside Information or otherwise prohibited from trading in Company Securities.

Gifts

- 3.6 The making of gifts of Company Securities is subject to the same restrictions and procedures set out in this policy as any other dealing in Company Securities.

Other market misconduct offences

- 3.7 Market misconduct offences, whether or not they are related to Company Securities, are serious offences and may result in severe legal penalties. A brief summary of other types of market misconduct under the SFO is set out below.

False trading

- 3.8 False trading may arise when a person intentionally or recklessly:
- (a) does anything which has or is likely to have the effect of creating a false or misleading appearance of active trading in a security; or
 - (b) takes part in a transaction which creates an artificial price of a security.

Price rigging

- 3.9 Price rigging may arise when a person:
- (a) sells securities to himself which has the effect of altering, stabilising or causing fluctuations in the price of securities in Hong Kong or elsewhere; or

² **Note:** The transactions described at paragraphs 3.3 to 3.5 are not prohibited by the Listing Rules or the SFO but many companies prefer that their employees do not engage in them.

- (b) engages in fictitious or artificial transactions with the intent of, or reckless disregard for, altering, stabilising or causing fluctuations in the price of securities in Hong Kong or elsewhere.

Disclosure of false or misleading information inducing transactions

3.10 Disclosure of false or misleading information inducing transactions will arise when:

- (a) a person is involved in the disclosure of false or misleading information that is likely to cause another person to subscribe for, purchase or sell securities, or which is likely to cause an increase, reduction or stabilisation of the price of securities; and
- (b) the person knows that, or is reckless or negligent as to whether, the information is false or misleading.

Market manipulation

3.11 Stock market manipulation may arise when a person enters into or carries out multiple transactions in securities, in Hong Kong or elsewhere, which affect the price of those securities, with the intention of causing others to buy, subscribe for or sell (or refrain from buying, subscribing for or selling) securities.

Disclosure of information about prohibited transactions

3.12 Disclosure of information about prohibited transactions takes place when a person circulates or discloses information about any market misconduct to the effect that the price of securities of a company will be maintained, increased, reduced or stabilised.

Other Insider Dealing Policies

3.13 In addition to this policy, your role may require that you are subject to other Company policies or the rules or regulations of other supervisory or regulatory authorities. If such other policies, rules or regulations have stricter requirements than those set out in this policy, those stricter requirements will apply instead of this policy.

4. RESTRICTED PERSONS

Restricted Persons

- 4.1 **Restricted Persons** are designated employees, officers and directors of the Group who, because of their office or employment in the Group, are likely to possess Inside Information. You will be notified if you are a Restricted Person.
- 4.2 Restricted Persons may apply for removal from this status by application to the Secretary to the Board, for example when moving to a job where they will not have access to Inside Information.
- 4.3 If you are a Restricted Person, you must comply with the Company's Directors'/Chief Executive Officer's Dealing Policy in the same way as if you were a director or chief executive officer, as well as complying with this policy.

5. SHARE AWARDS

5.1 *Grant*

Any grant of an option, restricted share unit or share appreciation right in respect of Company Securities which is made to you will be conditional on your confirming that you are not in possession of any Inside Information at the time of grant.

5.2 *Exercise*

This policy will not apply in relation to the vesting or exercise of any option, restricted share unit or share appreciation right in respect of Company Securities which was granted under an approved share incentive scheme of the Company. However, you must comply with all the prohibitions and requirements of this policy in relation to any subsequent sale or other dealings in the Company Securities underlying any option, restricted share unit or share appreciation right.

6. FORMER EMPLOYEES

The restrictions under this policy will still apply to you if you cease to work for the Group. You must not, directly or indirectly, deal in Company Securities whilst in possession of Inside Information, even after you cease to work for the Group, until the Inside Information has been made public or is no longer material.

7. MISCELLANEOUS

Policy breaches

- 7.1 If you become aware of a breach of this policy, you should promptly report the breach to the Secretary to the Board.

Penalties

- 7.2 If you fail to comply with this policy, you may be subject to sanctions including termination of your employment, regardless of whether such failure results in a violation of legislation, rules or regulations. You may additionally be subject to substantial civil and criminal penalties under the SFO and other legislation, rules or regulations in Hong Kong or in other jurisdictions, and you may also expose the Group to potential civil and/or criminal liability.

Monitoring of dealings in Company Securities

- 7.3 Dealings in Company Securities by all Group directors, officers and employees may be subject to ongoing monitoring and you may from time to time be required to confirm your compliance with this policy and to provide details of any dealings by you in Company Securities.

Inquiries

- 7.4 Any questions or concerns arising from this policy should be directed to the Secretary to the Board.

CHAPTER 3

DIRECTORS’/CHIEF EXECUTIVE OFFICER’S DEALING POLICY

1. PURPOSE OF THE POLICY

- 1.1 Following the listing of Sisram Medical Ltd (the **Company**) on The Stock Exchange of Hong Kong Limited (the **Stock Exchange**), the Company and all its subsidiaries (together, the **Group**) must comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Listing Rules**). All directors and the chief executive officer of the Company are required to comply with the Model Code for Securities Transactions by Directors of Listed Issuers at Appendix 10 of the Listing Rules (the **Model Code**) and Part XV of the Securities and Futures Ordinance (the **SFO**) relating to disclosure of directors’ and chief executive officer’s interests in shares, debentures, rights or options in respect of the acquisition or disposal of shares, and contracts to which the director is a party or under which he is entitled to the right to call for or to make delivery of shares, of the Group companies.
- 1.2 This policy has been adopted by the board of directors of the Company (the **Board**) in order to ensure compliance with the Model Code and Part XV of the SFO. It sets out the procedures and requirements with which you must comply when dealing in Company Securities (as defined below). In addition, you are required to comply with the Company’s Prevention of Insider Dealing and Market Misconduct Policy (the **Insider Dealing Policy**), which is based on the provisions of the SFO, relating to market misconduct (including insider dealing). Any breach of these policies may constitute a breach of the SFO or the Listing Rules and may attract a public inquiry or civil and criminal liabilities.
- 1.3 Under the Model Code, directors must endeavour to ensure that any employees, officers and directors of the Group who, because of their office or employment in the Group, are likely to be in possession of inside information (the **Restricted Persons**) do not deal in Company Securities at a time when they would be prohibited from so dealing if they were directors of the Company. The Company may at its discretion designate all, or a broader category of, employees as Restricted Persons from time to time regardless of whether or not such employees are likely to be in possession of inside information. **All Restricted Persons must therefore comply with the provisions of this policy, and references in any provision to directors shall include Restricted Persons, except for those provisions marked with an asterisk (*).**
- 1.4 Directors who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions under Chapter 14 of the Listing Rules or connected transactions under Chapter 14A of the Listing Rules or any inside information must refrain from dealing in Company Securities (as defined below) as soon as they become aware of them or become privy to them until they have been properly disclosed in accordance with the Listing Rules. Directors privy to relevant negotiations, agreements or information should caution other directors that there may be inside information and that they must not deal in Company Securities for a similar period.

2. INTERPRETATION

2.1 Your *Related Persons* means:³

- (a) your spouse, partner or other person with whom you live as if he or she were a spouse;
- (b) any children (natural or adopted) and stepchildren aged 18 or younger of yourself or of your spouse;
- (c) any person with whom you have an agreement or arrangement:
 - (i) with respect to dealing in Company Securities; or
 - (ii) under which you undertake to act together in exercising your voting power at general meetings of the Company;
- (d) any corporation of which you or any of the above persons or entities control 30% or more of the voting power at general meetings of the corporation or of which you control the majority of the board of directors, any corporation which is accustomed to acting or whose directors are accustomed to acting in accordance with the directions or instructions of yourself or any of the above persons or entities, and any of its subsidiaries;
- (e) a trust if:
 - (i) you or any of the above persons or entities is/are a beneficiary;
 - (ii) you are a founder of the trust with the ability to exert any influence over the trustee; or
 - (iii) you are a trustee, other than a trust of which:
 - (A) you are a bare trustee i.e. a trustee with no powers or duties except to transfer the shares according to the directions of the beneficial owners, or
 - (B) you are a co-trustee and you have not participated in or influenced the decision to deal in the securities,and of which neither you nor any of your Related Persons are beneficiaries); and
- (f) such other persons as the Secretary to the Board may notify you from time to time.

2.2 *Company Securities* means:

- (a) listed shares and equity interests in the Company; and

³ **Note: *Related Persons*** is defined slightly wider than required by the Model Code, so as to be interchangeable with the Listing Rules' definition of "associate" and thereby avoiding the need to have "associate" as a separate defined term.

- (b) unlisted securities that are convertible or exchangeable into listed shares or equity interests in the Company and structured products and derivative contracts issued in respect of listed shares and equity interests in the Company, including options, warrants, rights, forwards, futures and swaps, whether issued by the Company or a third party.

2.3 **Blackout Period** means any day on which the Company's financial results are published and:

- (a) the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

2.4 The Company will notify all directors, Restricted Persons and the Stock Exchange in advance of the commencement of any Blackout Period.

2.5 **Special Blackout Period** means such periods as designated by the Secretary to the Board from time to time during which directors and their Related Persons, among others, are prohibited from dealing in Company Securities.

2.6 **Dealing** includes, subject to **sections 6 and 7** below, any acquisition, disposal or transfer of, subscription for or underwriting of or creation of pledge, charge or any other security interest in, any Company Securities or any entity whose assets solely or substantially comprise Company Securities, and the grant, acceptance, acquisition, disposal, transfer, exercise or discharge of any option (whether call, put or both) or other right or obligation, present or future, conditional or unconditional, to acquire, dispose of or transfer Company Securities, or any interest in Company Securities or any such entity, in each case whether or not for consideration and whether on – or off-market, and the making of or offering to make any agreements to do any of the foregoing, and **deal** shall be construed accordingly.

3. ABSOLUTE PROHIBITIONS

No dealing when in possession of inside information

3.1 You and your Related Persons must not, directly or indirectly:

- (a) deal in any Company Securities at any time when you possess inside information in relation to Company Securities; or
- (b) deal in the securities of any other listed company when, by virtue of your position in the Company, you possess inside information in relation to those securities.

Pre-approval of all dealings in Company Securities

3.2 You and your Related Persons must not, directly or indirectly, deal in Company Securities at any time without first obtaining pre-approval in accordance with the procedure set out in **section 4** below.

Prohibition against dealing during Blackout Periods/Special Blackout Periods

- 3.3 You and your Related Persons must not, directly or indirectly, deal in Company Securities during Blackout Periods or Special Blackout Periods. In exceptional circumstances you may apply for pre-approval to deal during a Blackout Period or Special Blackout Period under **section 4** below.
- 3.4 The Secretary to the Board will inform you in advance of the commencement and duration of Blackout Periods and any Special Blackout Periods.

4. WHAT ARE THE PROCEDURES FOR PRE-APPROVAL ?

- 4.1 Before seeking pre-approval for any proposed dealing in Company Securities, whether by you or by your Related Persons, you should ensure that the proposed dealing:
- (a) does not take place when you or your Related Persons are in possession of Inside Information (as defined in the Company's Disclosure of Inside Information Policy) and would not otherwise be prohibited from dealing under the Company's Disclosure of Inside Information Policy; and
 - (b) does not take place during a Blackout Period or Special Blackout Period (unless there are exceptional circumstances, in which case see **section 4.4** below).
- 4.2 You should submit a written request for pre-approval of the proposed transaction in the form set out at **Appendix 3.1** to this manual (or such other form as the Secretary to the Board may circulate from time to time) to the chairman of the Board or such other director of the Company as has been designated by the Board as being responsible for pre-approvals (which cannot be you, if you are seeking the pre-approval). In his own case, the chairman shall submit a request to another designated director.
- 4.3 The chairman or the designated director will decide whether or not to permit the proposed transaction and will notify you in writing of their decision within five business days of receipt of the pre-approval form. The chairman and designated director have full discretion in making their decision and may decide not to permit a dealing for any reason they consider appropriate.
- 4.4 If you or your Related Persons wish to deal in Company Securities during a Blackout Period or Special Blackout Period due to exceptional circumstances, you must submit a written request for pre-approval to the chairman or designated director for determination. You must be able to satisfy the chairman or the designated director that the circumstances are exceptional and that the proposed dealing is the only reasonable course of action available; for example, where there is a pressing financial commitment that cannot otherwise be satisfied.
- 4.5 *If any pre-approval is granted to a director due to exceptional circumstances, the Company will, as soon as practicable after the approved dealing, give written notice to the Stock Exchange stating why it considered the circumstances to be exceptional and shall make a public announcement in accordance with Rule C.14 of the Model Code and Rule 2.07C of the Listing Rules stating that the chairman or designated director is satisfied that there were exceptional circumstances justifying such dealing.

Validity of Pre-Approval

- 4.6 The pre-approval of the chairman or the designated director is only valid for five business days from the date on which it is granted. If the proposed dealing is not executed within this period, the pre-approval will lapse and a new pre-approval application will need to be submitted.
- 4.7 You and your Related Persons are immediately and absolutely prohibited from dealing in Company Securities if you or your Related Persons come into possession of Inside Information at any point after applying for pre-approval to deal.
- 4.8 *You should inform the Secretary to the Board of the details of any approved dealing by yourself or your Related Persons as soon as possible after executing the dealing, and in any event no later than the next business day (excluding a Saturday)⁴ after execution, so that the Company can make the relevant disclosure of interests filings under Part XV of the SFO.

5. RECORDS AND DISCLOSURE

- (a) The Secretary to the Board will keep a written record of pre-approvals which are requested and the pre-approvals which are granted.
- (b) *The Company is required to disclose in the Corporate Governance Report contained in its annual report and in its interim reports whether it has adopted a policy regarding directors' security transactions on no less exacting terms than those set out in the Model Code; whether, having made specific enquiry of all directors, the directors have complied with the policy and the Model Code; and, in the event of any non-compliance, details of the non-compliance and an explanation of remedial steps taken to address the non-compliance.

6. TRANSACTIONS EXEMPTED FROM PRE-APPROVAL REQUIREMENT

- 6.1 The following transactions do not require pre-approval:
- (a) buying or selling shares or interests in any publicly-traded mutual funds including Mandatory Provident Funds, other provident funds, open-ended mutual funds and, in certain cases, exchange-traded funds which may invest into Company Securities, provided that in each case (i) the funds are professionally managed by a third-party investment manager and (ii) you or your Related Persons have no discretion over or ability to influence the investment decisions of the fund manager in respect of the securities constituting the funds;
- (b) your taking up entitlements (or allowing them to lapse) under a rights or bonus issue, or capitalisation made by the Company, including an offer of shares in lieu of a cash dividend (although disposals or transfers to another person or applications for excess entitlements would be subject to this policy);
- (c) undertaking to accept or acceptance of a general offer for Company Securities made to the shareholders of the Company other than those who are concert parties (as defined under the Hong Kong Takeovers Code) of the offeror;

⁴ Under Part XV of the SFO, Saturday is not counted as a business day for the purposes of the disclosure deadlines.

- (d) the exercise of share options or warrants or acceptance of an offer for shares pursuant to an agreement entered into with the Company before a period during which dealing is prohibited under this policy at a price fixed at the time of grant or acceptance, including the vesting or exercise of options, restricted share units or share appreciation rights granted under an approved share incentive scheme of the Company (although please see **section 7** below);
- (e) dealing where the beneficial interest in Company Securities does not change; and
- (f) dealing where the beneficial ownership of Company Securities is transferred from another party by operation of law e.g. upon death.

7. SHARE AWARDS

- 7.1 Any grant of an option, restricted share unit or share appreciation right in respect of Company Securities which is made to you under an approved share award scheme of the Company will:
 - (a) be conditional on you confirming that you are not in possession of any Inside Information at the time of grant; and
 - (b) subject to confirmation in accordance with **paragraph (a)** above, be deemed to have been pre-approved already in accordance with **section 4** of this policy.
- 7.2 This policy shall not apply to the vesting or exercise of any options, restricted share unit or share appreciation right over Company Securities granted under an approved share incentive scheme of the Company. However, you must comply with all the prohibitions and requirements set out in this policy in relation to any subsequent sale or other dealings in the Company Securities underlying any option, restricted share unit or share appreciation right.⁵

8. ADDITIONAL REQUIREMENTS

- 8.1 In addition to complying with the requirements and restrictions on dealing contained in this policy, you must do the following:
 - (a) *certify compliance by you and your Related Persons with the Company's Disclosure of Inside Information Policy as well as this policy at the end of each financial year. The appropriate form is set out at **Appendix 3.2** to this manual and the Secretary to the Board will maintain records of the completed declaration forms;
 - (b) ensure that your Related Persons also comply with this policy;
 - (c) notify (i) co-trustee(s) of any trust of which you or your Related Persons are a trustee; (ii) trustee(s) of any trust of which you or your Related Persons are a beneficiary; and (iii) investment managers whom you or your Related Persons have engaged for the purpose of managing funds, of your directorship in the Company and of their duty to comply with this policy, so as to enable them to anticipate possible difficulties;

⁵ Exercise of an option during a Blackout Period is permitted by the Model Code provided that its exercise price was fixed at the time of grant.

- (d) endeavour to ensure that the trustees of any trust of which you or your Related Persons are a beneficiary (but of which you are not a trustee) notify you after they have dealt in Company Securities on behalf of the trust, in order that you may notify the Company; and
- (e) ensure that you do not place investment funds comprising Company Securities under professional management, discretionary or otherwise, unless the manager(s) is/are made subject to the same restrictions and procedures as you yourself in respect of any proposed dealings in Company Securities.

9. DISCLOSURE OBLIGATIONS UNDER PART XV OF THE SFO

- 9.1 **The provisions of Part XV are complex and require disclosures to be made by you in relation to dealings in, among others, Company Securities and in securities of Associated Corporations of the Company, by you and by your Related Persons. You are personally liable for complying with them. It is therefore essential that you consult with the Secretary to the Board prior to any such dealing.**
- 9.2 This section of the policy provides an overview of some of the important concepts contained in Part XV but is not exhaustive. You should also refer to the Securities and Futures Commission's official guidance on its interpretation of Part XV ("Outline of Part XV of the Securities and Futures Ordinance"), which is available to download on the Securities and Futures Commission's website.

Who has disclosure obligations under Part XV ?

- 9.3 All directors of the Company and chief executive officer of the Company.

When do the directors and chief executive officer need to make disclosure ?

- 9.4 You are required to disclose your interests, deemed interests and short positions in four main categories of securities⁶:
 - (a) interests and short positions in any shares of the Company – not simply voting shares;
 - (b) interests and short positions in shares of any Associated Corporation of the Company;
 - (c) interests in debentures of the Company. *Debentures* include debenture stock, bonds and any other debt securities of the Company or any such Associated Corporation, whether or not constituting a charge on the assets of the Company or such Associated Corporation; and
 - (d) interests in debentures of any Associated Corporation of the Company.

⁶ Only for directors of the Company. A chief executive officer of the Company is only required to disclose his interests in shares, debentures, rights, options and interests in or over shares and debentures and contracts for delivery of shares of the Company (not including any interests in respect of securities of any Associated Company).

- 9.5 A disclosure of interests must be made whenever a dealing occurs which results in a change in any of the above interests; deemed interests or short positions. There is no disclosure threshold – you have to disclose all dealings even if you have an interest, deemed interest or short position in a small number of shares or debentures, or if the dealing results in a small change to that number. Deemed interests and short positions are explained below.
- 9.6 In Hong Kong, the disclosure of interests notification must be filed no later than three business days (excluding Saturdays, public holidays and any day on which a black rainstorm warning or gale warning is in force) after the relevant event which prompted the disclosure. You must therefore inform the Secretary to the Board of details of any dealings in shares or debentures of the Company or its Associated Corporations, as the case may be, as soon as possible and in any event no later than the close of the first business day after execution of the dealing (excluding a Saturday) so that filings can be made on your behalf.

What is an interest in shares ?

- 9.7 You will have a notifiable “interest” in shares for the purposes of Part XV if you have an interest of any kind whatsoever in shares (whether voting or non-voting, issued or unissued) in the Company. For example, if:
- (a) your name is listed in the register of members maintained by a corporation;
 - (b) the shares are held for you by another person such as your stockbroker, a custodian, a trustee or a nominee (e.g. via HKSCC Nominees Limited, the CCASS depository);
 - (c) you are “deemed” to be interested in the shares (please see **section 9.8** below);
 - (d) you enter into a contract (for example if you hold, write or issue financial instruments including equity derivatives) that gives you a right to shares, a right of first refusal of shares or to a payment in the event of a change in the price of shares;
 - (e) you hold shares as security; or
 - (f) you are entitled to exercise rights attaching to the shares or control their exercise (e.g. voting rights) or the right to sell the shares themselves.

Deemed interests

- 9.8 In calculating the total number of shares in which you are interested you must include any interests (including derivative interests and interests in short positions) in shares of the same corporation that any of you or your Related Persons have.
- 9.9 For example, if you hold 5% of the shares of the Company and your spouse holds 1% each of you is deemed to be interested in 6%. If your spouse then buys a further 1% both you and your spouse must file a notice as you each are now interested in 7% of the shares of the Company as a result of the purchase.

9.10 Where two or more persons are interested in the same shares they must each make separate disclosures of their interests. For example, if you control company A which holds 6% of the shares of the Company and company A buys a further 1% then you, your spouse and company A should all file separate notices.⁷

Short positions

9.11 You have a *short position* if you:

- (a) borrow shares under a securities borrowing and lending agreement and you are obliged to return equivalent shares or make a cash payment at the expiration of the loan or on another date; or
- (b) hold, write or issue equity derivatives under which:
 - (i) you have a right to require another person to take delivery of the underlying shares;
 - (ii) you are under an obligation to deliver the underlying shares if called upon to do so; or
 - (iii) you have a right to receive money, or have a right to avoid a loss, if the price of the underlying shares declines,

in each case, before a certain date or within a certain period, whether the right or obligation is conditional or absolute.

Associated Corporations

9.12 An *Associated Corporation* is:

- (a) a holding company, subsidiary (whether direct or indirect) or subsidiary of the holding company of the Company; or
- (b) a corporation in which the Company is interested in 20% or more of the shares.

Under the Companies Ordinance, the holding company of the Company is defined to comprise any company which controls the composition of the board of directors of the Company or controls more than half of the voting rights in the Company and includes the holding company of the Company's holding Company.

Disclosure Procedures

9.13 Whenever you anticipate dealing in Company Securities or securities of an Associated Corporation or you are aware that a Related Person anticipates such a dealing, you must obtain pre-approval from the Secretary to the Board.

⁷ In this example, company A and your spouse would need to file disclosure of interests notifications because they are deemed to be interested in more than 5% of the voting shares of the Company. 5% is the baseline threshold for disclosure for individuals (who are not directors/CEO of the Company) and corporations.

- 9.14 You must notify the Secretary to the Board of the details of any actual dealing no later than close of business on the first business day after the day on which the dealing was executed. The Secretary to the Board, upon receiving notification of the dealing, shall make the necessary filing with the Company and the Stock Exchange on your behalf.
- 9.15 If you become aware that a dealing has already taken place which you believe may have triggered a disclosure obligation under Part XV, you must immediately notify the Secretary to the Board so that the relevant filings can be made.

Maintenance of register by the Company

- 9.16 You are required to complete and submit to the Secretary to the Board a statement of interests form (for which see **Appendix 3.2** to this manual) within ten business days of becoming a director or chief executive officer, as the case may be, and annually within seven business days of the end of every financial year of the Company during which you are a director or chief executive officer.
- 9.17 The Company shall maintain a register of the directors' and chief executive officer's interests in accordance with section 352 of the SFO and this will be made available at every meeting of the Board, at every annual general meeting and on all other occasions as required under the SFO.

Sanctions

- 9.18 Pursuant to the SFO, failure to submit a disclosure of interests notification within the period prescribed by Part XV is a criminal offence for which you may be punished by a maximum fine of HK\$100,000 and by imprisonment for up to two years for each offence (if there are multiple offences), in addition to disciplinary action by the Securities and Futures Commission.

10. INQUIRIES

- 10.1 Any questions or concerns arising from this policy should be directed to the Secretary to the Board.

CHAPTER 4

DISCLOSURE OF INSIDE INFORMATION POLICY

The rules on disclosure of inside information are time-critical and can be highly technical. **If you are in any doubt as to any aspect of this policy, you should immediately contact the Secretary to the Board.**

1. BACKGROUND

- 1.1 Following the listing of Sisram Medical Ltd (the **Company**) on The Stock Exchange of Hong Kong Limited (the **Stock Exchange**), the Company and its subsidiaries (together, the **Group**) must comply with the provisions on disclosure of inside information under the Hong Kong Securities and Futures Ordinance (the **SFO**) and the Rules Governing the Listing of Securities on the Stock Exchange (the **Listing Rules**).

- 1.2 This policy sets out the Company's procedure to ensure compliance with the continuous disclosure requirements placed on all listed companies under the SFO and the Listing Rules.
- 1.3 The continuous disclosure requirements are intended to ensure that all current and prospective investors in the Company, market participants and the public are provided with appropriate information relating to the Group in a timely manner; and to avoid the establishment of a false market in the securities of the Company. Releasing inside information on a timely basis through the Stock Exchange's website means the Company is transparent in its dealings with the market, and the public can deal in the Company's securities on a fully informed and equal basis.
- 1.4 Failure to comply with the continuous disclosure obligations may lead to civil or criminal sanctions for the Company and/or its directors and officers as well as reputational damage. It is therefore essential that all Group directors, officers and employees are fully aware of and comply at all times with the procedures set out in this policy.
- 1.5 Note that **Annexure A** and **Annexure B** to the Company's Corporate Governance Manual set out, respectively, (i) the ongoing periodic financial reporting obligations of the Company and the Group, and (ii) the general requirements concerning the Company's notifications to the Stock Exchange, each of which are likely to be relevant in the context of the matters set out in this policy.

2. WHAT IS INSIDE INFORMATION ?

- 2.1 **Inside information** is defined as **specific information** about (i) the Group, (ii) a shareholder or officer of the Company or (iii) the Company's securities which is not generally known to the public but which, if generally known, would be likely to materially affect the price of the Company's securities.
- 2.2 The definition of inside information is very broad. The Company and its directors and officers must make a prompt assessment as to whether a matter or event constitutes inside information for the Group in the context of the business, operations and financial position of the Group as a whole which needs to be disclosed. What may be inside information for another listed company may not necessarily be inside information for the Company and *vice versa*.
- 2.3 Where the Stock Exchange interprets whether a piece of information is inside information in the context of enforcing the Listing Rules, it will be guided by the published guidelines of the Securities & Futures Commission of Hong Kong (the **SFC**). In June 2012, the SFC published guidelines on the disclosure of inside information (the **Guide on Disclosure**) to assist listed companies to comply with their obligations to disclose inside information under Part XIVA of the SFO. The Guide on Disclosure notes that:
 - (a) the Company must disclose any inside information to the public "as soon as reasonably practicable" unless the information falls within any of the safe harbours as provided in the SFO. For this purpose, "as soon as reasonably practicable" means that the Company should immediately take all steps that are necessary in the circumstances to disclose the information to the public;

- (b) before the information is fully disclosed to the public, the Company should ensure that the information is kept strictly confidential. Where the Company believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, it should immediately disclose the information to the public;
- (c) if the Company needs time to clarify the details of, and the impact arising from, an event or a set of circumstances before it is in a position to issue a full announcement to properly inform the public, the Company should consider issuing a “holding announcement” which details as much of the subject matter as possible and sets out reasons why a fuller announcement cannot be made;
- (d) where confidentiality has not been maintained and the Company is not able to make a full or holding announcement, the Company should consider applying for a suspension of trading in its securities until disclosure can be made; and
- (e) inside information should be disclosed to the market as a whole so that all users of the market have equal and simultaneous access to the same information.

2.4 Below are some examples of events which could be considered as inside information for the Company, included those listed in the Guide on Disclosure.

THE FOLLOWING LIST IS NOT EXHAUSTIVE. It is intended for illustration purposes only. **If you are in any doubt as whether any information is inside information you should immediately contact the Secretary to the Board:**

- (a) changes in performance, or the expectation of the performance, of the Group’s business;
- (b) changes in financial condition, e.g. cashflow crisis, credit crunch;
- (c) changes in control and control agreements;
- (d) changes in directors;
- (e) changes in directors’ service contracts;
- (f) changes in auditors or any other information related to the auditors’ activity;
- (g) changes in the Company’s share capital, e.g. new share placing, bonus issue, rights issue, share split, share consolidation and capital reduction;
- (h) issue of debt securities, convertible instruments, options or warrants to acquire or subscribe for securities by the Company;
- (i) takeovers and mergers;
- (j) purchase or disposal of equity interests or other major assets or business operations;
- (k) formation of a joint venture;
- (l) restructurings, reorganisations and spin-offs that have an effect on the Group’s assets, liabilities, financial position or profits and losses;

- (m) decisions concerning buy-back programmes or transactions in other listed financial instruments;
- (n) changes to the Company's constitutional documents;
- (o) filing of winding up petitions, the issuing of winding up orders or the appointment of provisional receivers or liquidators;
- (p) legal disputes and proceedings;
- (q) revocation or cancellation of credit lines by one or more banks;
- (r) changes in value of assets (including advances, loans, debts or other forms of financial assistance);
- (s) insolvency of relevant debtors;
- (t) reduction of real property values;
- (u) physical destruction of uninsured goods;
- (v) new licences, patents, registered trademarks;
- (w) decrease or increase in value of financial instruments in portfolio which include financial assets or liabilities arising from futures contracts, derivatives, warrants, swaps protective hedges, credit default swaps;
- (x) decrease in value of patents or rights or intangible assets due to market innovation;
- (y) receiving acquisition bids for relevant assets;
- (z) innovative products or processes;
- (aa) changes in expected earnings or losses;
- (bb) orders received from customers, their cancellation or important changes;
- (cc) withdrawal from or entry into new core business areas;
- (dd) changes in the Group's investment policy;
- (ee) changes in the Group's accounting policy;
- (ff) ex-dividend date, changes in dividend payment date and amount of dividend; changes in dividend policy;
- (gg) pledge of the Company's shares by its controlling shareholders; or
- (hh) changes in a matter which was the subject of a previous announcement.

3. WHAT ARE THE CONTINUOUS DISCLOSURE OBLIGATIONS ?

- 3.1 Under the SFO, the Company is required to disclose inside information to the public as soon as reasonably practicable if:
- (a) information has, or ought reasonably to have, come to the knowledge of an officer of the Company in the course of performing functions as an officer of the Company; and
 - (b) a reasonable person acting as an officer of the Company, would consider the information to be inside information in relation to the Company.

There are certain exemptions to this disclosure requirement, but these will only apply if the inside information is protected by confidentiality. See **section 7** below for more details on the confidentiality procedures to be followed by the Group.

- 3.2 Under the Listing Rules, the Stock Exchange can require the Company to disclose as soon as reasonably practicable any information relating to the Group which is necessary to avoid a false market in the Company's securities.

4. TRANSACTIONS OR EVENTS WHICH COULD BE INSIDE INFORMATION

- 4.1 **If you become aware of a pending transaction, project or event which could constitute inside information, please contact the Secretary to the Board as soon as possible** for assessment as to whether a formal disclosure announcement will be required. It is important that full details are provided to the Secretary to the Board in order for this assessment to be made, and for all material information to be disclosed to the public if necessary.
- 4.2 Strict confidentiality must be maintained on any matter or transaction until it has been disclosed, or until the Secretary to the Board has notified you that it does not have to be disclosed.

5. HOW IS INSIDE INFORMATION DISCLOSED TO THE MARKET ?

- 5.1 The Group's continuous disclosure obligations will only be satisfied through the release of formal disclosure announcements via the Stock Exchange (**HKEx Announcements**) (including annual and interim financial results announcements). Certain HKEx Announcements will require the prior approval of the Stock Exchange. It is important to note that media releases, speeches, press conferences, analyst briefings and postings on Group websites, on their own, are insufficient to satisfy the Company's disclosure obligations. **Inside information must first be disclosed via a HKEx Announcement before it is released in any other form.**
- 5.2 Any transaction or event which is expected to constitute inside information for the Company must be announced through a HKEx Announcement as soon as reasonably practicable after it becomes known to Group directors or senior management.
- 5.3 Only the chief executive officer, the chief financial officer, the Company Secretary and other authorised representatives of the Group are authorised to contact the Hong Kong Securities and Futures Commission or the Stock Exchange in relation to the release of inside information or any other matter relating to the Group's obligations.

5.4 As soon as a HKEx Announcement is made, the inside information can be released on the Group website and can be distributed via media release, speeches, press conference, analyst briefings or other means, unless indicated otherwise by the Secretary to the Board.

6. NO SELECTIVE DISCLOSURE OR INSIDER DEALING

6.1 No person(s) should be given an unfair advantage over others in relation to trading in the Company's securities. There should therefore be no selective disclosure of inside information for whatever reason until a HKEx Announcement has been published, **unless express prior approval has been obtained from the Secretary to the Board.**

6.2 Group directors, officers and employees must not deal in the Company's securities when in possession of inside information as this constitutes insider dealing and is illegal. The directors of the Company and certain other staff who are designated as "Restricted Persons" by the Secretary to the Board must not trade in the Company's securities in the periods leading up to the release of annual and interim financial results (***Blackout Periods***). **Please refer to the Company's Prevention of Insider Dealing and Market Misconduct Policy and, if applicable, the Directors'/Chief Executive Officer's Dealing Policy for rules on dealing in the Company's securities.**

7. PROTECTION OF CONFIDENTIAL INFORMATION

7.1 Under the SFO there are certain so-called "safe harbour" exemptions to the obligation to disclose inside information where that information concerns an incomplete proposal or negotiation, where the information is a trade secret or where disclosure of the information is prohibited under overseas laws or regulations. These exemptions will only apply where:

(a) the Group has taken reasonable precautions for preserving the confidentiality of the information; and

(b) confidentiality of the information is preserved.

7.2 It is therefore critical that inside information which has not yet been disclosed by the Company – for example, ongoing negotiations for a potential major transaction – be **subject to confidentiality restrictions and be kept strictly confidential**. Inside information must only be disclosed to other employees on a "need to know" basis and all parties involved should be informed of their confidentiality obligations. Code names should also be used in correspondence for any matters of a sensitive nature.

7.3 If confidentiality of inside information is breached or inside information is released inadvertently or without the required authorisation, the Company will be required to issue a HKEx Announcement. **Any actual or suspected breach of confidentiality or unauthorised or inadvertent release relating to inside information must be reported immediately to the Secretary to the Board.**

7.4 Whenever information, including potential inside information, is to be given to selected third parties for business reasons (e.g. to potential business partners, bankers or advisers), you must first ensure that the third party enters into an appropriate confidentiality agreement approved by the Secretary to the Board, **before** releasing any potential inside information to the third party. Third parties must be informed that they must not deal in the Company's securities whilst in possession of any inside information.

7.5 Please contact Secretary to the Board in relation to confidentiality agreements and any questions relating to third party dealings in the Company's securities or if you think any potential inside information may be disclosed to a third party **prior to the release of any information.**

8. MARKET RUMOUR AND INADVERTENT DISCLOSURE OF INFORMATION

8.1 It is the general policy of the Company not to comment on market rumour or speculation, or on reports published by journalists, equity analysts, or fund managers. From time to time, however, it may be necessary to respond to a market rumour concerning the Group if the rumour is likely to have an impact on the price or trading volume or lead to a false market in the Company's securities. This will be done via a HKEx Announcement which clarifies the position.

8.2 Similarly, if there has been any breach of confidentiality or an unauthorised or inadvertent release of inside information, it may be necessary for a HKEx Announcement to be issued. Failure to do so may result in civil or criminal sanctions for the Company and/or its directors and officers under the SFO and may also lead to the Stock Exchange imposing a temporary halt of dealings in the Company's securities.

8.3 To ensure compliance with its disclosure obligations, all actual or suspected instances of unauthorised or inadvertent disclosure of inside information or market rumours must be reported immediately to the Secretary to the Board.

9. EARNINGS EXPECTATIONS AND FUTURE PROSPECTS

9.1 The Group's official statements on expected earnings, future profits, prospects or dividend policy are set out in the Company's listing prospectus, annual and interim financial results announcements and other HKEx Announcements. No other statements on earnings expectations, future profits, prospects or dividend policy should be made.

9.2 All statements on financial matters must only be made with the approval of the chief executive officer, the chief operating officer or the chief financial officer and no statements on financial matters should be made during the Communications Blackout Period (as defined below).

10. COMMUNICATIONS WITH MEDIA, EQUITY ANALYSTS, FUND MANAGERS AND INVESTORS

10.1 All information to be provided or released to media, equity analysts, fund managers and investors is subject to this policy. Inside information must not be selectively disclosed to media, equity analysts, fund managers, investors or any other parties prior to being released via a HKEx Announcement.

10.2 All enquiries from media, equity analysts, fund managers or investors should be referred to the Secretary to the Board. All material for release or presentation to any such persons or for publication via website communications, speeches or other external media communications must be approved by the Secretary to the Board prior to release.

10.3 The Company may host briefings for institutional investors and equity analysts to provide background information on the Group's business. No inside information may be disclosed or discussed in such meetings unless it has already been released to the market via a HKEx Announcement. If there is any inadvertent disclosure of inside information the Secretary to the Board must be immediately informed, following which the Secretary to the Board will consult with the Company's advisers, as appropriate, concerning the actions and steps to be taken in light of such inadvertent disclosure of inside information.

11. COMMUNICATIONS BLACKOUT PERIODS

11.1 To protect against inadvertent disclosure of inside information, no interviews, meetings or presentations with any journalists, equity analysts, fund managers, institutional or individual investors or other comparable parties are to be held, nor any financial information released, in the period leading up to and concluding on the release of the Company's annual or interim results announcements (a **Communications Blackout Period**), unless prior approval has been obtained from the chief executive officer, the chief financial officer or the Secretary to the Board.

11.2 The Secretary to the Board will determine the Communications Blackout Periods by reference to the requirements of the Listing Rules and, as appropriate, having consulted the Company's advisers and will notify all staff of their commencement and duration.

12. OTHER COMMUNICATIONS

Information to be provided or released to customers or employees is also subject to this policy. Group directors, officers and employees must consult with the Secretary to the Board in relation to customer communications, marketing materials, internal news releases and intranet postings to ensure there is no inadvertent release of inside information.

13. INQUIRIES

Any questions or concerns arising from this policy should be directed to the Secretary to the Board.

CHAPTER 5

CONNECTED TRANSACTIONS AND NOTIFIABLE TRANSACTIONS POLICY

The rules on connected transactions and notifiable transactions are complicated and can be highly technical. **If you are in any doubt as to any aspect of this policy, you should immediately contact the Secretary to the Board.**

1. BACKGROUND

1.1 Following the listing of Sisram Medical Ltd (the **Company**) on The Stock Exchange of Hong Kong Limited (the **Stock Exchange**), the Company and all its subsidiaries (together, the **Group**) must comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Listing Rules**), under which the Group is required to disclose and, in some cases, seek shareholder approval for certain proposed transactions with

parties who are categorised by the Listing Rules as connected persons (as defined below). These types of transactions are known as **connected transactions**. In addition, all transactions involving the issue of shares in the Company as well as certain high-value transactions require disclosure to, or approval by, the shareholders. These types of transactions are known as **notifiable transactions**.

- 1.2 This policy applies to all Group directors, officers and employees (including part-time employees, consultants, contractors and persons who are seconded to the Group). It sets out guidelines for identifying connected and notifiable transactions and the process for obtaining approval before entering into any such transactions so as to ensure the Group's compliance with the Listing Rules.
- 1.3 Failure to comply with this policy may lead to sanctions for the Group and/or its directors, officers and employees as well as reputational damage. It is therefore essential that all such directors, officers and employees of managerial level and above are fully aware of and comply at all times with the provisions of this policy.

2. WHAT ARE CONNECTED TRANSACTIONS ?

- 2.1 A **connected transaction** is a transaction (or series of transactions) between a Group company and a person or company which is a connected person. Almost any contract, arrangement or understanding, whether written or unwritten, one-off or continuing, between a Group company and a connected person could be a connected transaction. Whether a transaction is a connected transaction does not depend on the size, value or nature of the transaction but on the relationship between the parties to it.
- 2.2 **Transactions** include both capital and revenue nature transactions, whether or not conducted in the ordinary and usual course of business of the Group. A "transaction" for these purposes may include, for example:
 - (a) acquisition or disposal of assets, including provision or acquisition of goods;
 - (b) secondments of staff, providing, receiving or sharing services or administrative support; and
 - (c) entering into or terminating finance leases, operating leases or sub-leases.
- 2.3 In addition, connected transactions may include:
 - (a) issuing new securities of the Company or its subsidiaries;
 - (b) granting an indemnity or providing or receiving financial assistance (meaning the granting of credit, lending money, or providing an indemnity against obligations under a loan, or guaranteeing or providing security for a loan); or
 - (c) granting, accepting, exercising, transferring or terminating an option to acquire or dispose of assets or to subscribe for securities, including deciding not to exercise such option; or
 - (d) the entering into of any arrangement or agreement involving the formation of a joint venture in any form, or any other form of joint arrangement.

3. WHO ARE CONNECTED PERSONS ?

3.1 The definition of **connected person** is very far reaching. A connected person includes the following:

- (a) a director of any Group company or any person who has been such a director within the preceding 12 months;
- (b) a chief executive of any Group company;
- (c) a substantial shareholder (i.e. a shareholder who has 10% or more voting power) of any Group company;
- (d) an associate of any of (a) to (c) above;
- (e) a connected subsidiary; or
- (f) a person deemed to be connected by the Stock Exchange.

3.2 The concept of **connected person** is so wide because of the definition of an **associate**.

- (a) An individual's associates include his or her spouse, his or her spouse's child or step-child, natural or adopted, under the age of 18 years (each, an **immediate family member**), trustees of a trust that benefit the individual and/or his or her immediate family members, and any company in which that individual and/or his or her immediate family members and/or the trustees (individually or together) directly or indirectly able to control 30% or more of the voting power (together with that company's subsidiaries).
- (b) The associates of a company include its subsidiaries, holding company and fellow subsidiaries, trustees of any trust which benefits the company, and any company in which the company and/or its associates are directly or indirectly able to control 30% or more of the voting power (together with that company's subsidiaries).

3.3 A connected subsidiary is:

- (a) a non wholly-owned subsidiary of the Group where any connected person(s) at the Company level, individually or together, can exercise or control the exercise of 10% or more of the voting power at the subsidiary's general meeting. This 10% excludes any indirect interest in the subsidiary which is held by the connected person(s) through the Company; or
- (b) any subsidiary of a non wholly-owned subsidiary referred in **section 3.3(a)** above.

3.4 An important point to note is that wholly-owned direct or indirect subsidiaries of the Group are **NOT** connected persons. Specifically, transactions between (a) the Company and any other Group company which is wholly-owned by the Company; and (b) two or more wholly-owned Group subsidiaries, are not connected transactions.

3.5 **Appendix 5.1** to this manual contains a non-exhaustive list of easily connected persons. A register of connected persons will be maintained by the Secretary to the Board.

4. WHY ARE THE LISTING RULES RELATING TO CONNECTED TRANSACTIONS SO IMPORTANT ?

- 4.1 The Listing Rules relating to connected transactions aim to protect the interests of shareholders (and in particular minority shareholders) by ensuring that transactions between a listed company and its connected persons are fair and reasonable and are entered into on normal commercial terms on an arm's length basis. Such rules are required primarily because connected persons may be in a position to influence the listed issuer on a particular matter, and therefore transactions between a listed issuer and its connected persons warrant a higher level of scrutiny.
- 4.2 The Stock Exchange must be consulted at an early stage if the Company proposes to enter into a connected transaction. The Listing Rules may require independent shareholders' approval to be obtained and disclosure to be made. The Stock Exchange has the right to waive the shareholders' approval and/or disclosure requirements in respect of any particular connected transaction. The Listing Rules set out the types of connected transactions which will be made subject to independent shareholders' approval, those which only require disclosure and those which will not normally require any disclosure or shareholders' approval. For instance, it will not be necessary for the Company to obtain shareholders' approval or make disclosure of any consumer goods or consumer services transactions between any member of the Company's group of companies and a connected person if the transaction is in the ordinary and usual course of business of the Company and on normal commercial terms.
- 4.3 **All connected transactions should be on normal commercial terms (or terms which are more advantageous to the Group), fair and reasonable and in the interests of the Group and its shareholders as a whole.**
- 4.4 Where the Company enters into a continuing connected transactions not exempted by the *de minimis* thresholds set out under the Listing Rules, the independent non-executive directors must confirm in the annual report that the continuing connected transactions that are subject to reporting and disclosure requirements are in the ordinary and usual course of business, on normal commercial terms (or terms no less favourable as available to or from third parties) and are in accordance with the relevant agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- 4.5 The Company's auditors must provide a written confirmation to the board (with a copy to the Stock Exchange at least 10 business days before the bulk printing of the annual report) that the continuing connected transactions have been approved by the board, are in accordance with the pricing policies of the Group if the transactions involve provision of goods or services by the Group, have been entered into in accordance with the relevant agreements and have not exceeded any applicable cap.

5. NOTIFIABLE TRANSACTIONS

- 5.1 The Listing Rules also require that transactions which are of significant value relative to the Group or which involve the issue of shares of the Company be disclosed to, and in some cases be approved by, the shareholders. These transactions are known as ***notifiable transactions***.

Transactions involving shares

- 5.2 Transactions of any value which involve an acquisition of assets (other than cash) by the Group and where the consideration includes shares in the Company for which listing will be sought, may be classified as notifiable transactions to be disclosed to shareholders. All such potential transactions must be reported to the Secretary to the Board for processing in accordance with this policy.

High value transactions

- 5.3 Other transactions may or may not be notifiable depending on the value of the transaction comparative to the value of the Group (by reference to its overall assets, profits, revenue and market capitalisation) at the time of the transaction. If the comparative ratio is above a certain threshold, the transaction must be disclosed to and, in the case of higher ratios, approved by shareholders.
- 5.4 Notifiable transactions can include a series of transactions (for example, which are all with the same counterparty or which all relate to an interest in a particular company or asset) the value of which, when considered together, amount to a significant transaction requiring disclosure to, or approval by, the shareholders.
- 5.5 Examples of possible notifiable transactions include the acquisition or disposal of assets and investment transactions.

6. REPORTING REQUIREMENTS

- 6.1 To ensure that the Company complies with the relevant Listing Rules, **ALL** potential transactions:
- (a) where the counterparty is a connected person;
 - (b) of the type described in **section 2** of this policy;
 - (c) where the value, consideration, assets, profits or commitment exceeds the threshold notified to staff by the Secretary to the Board from time to time;
 - (d) which are part of a larger commitment or series of potential transactions with the same counterparty or its associated companies amounting to a value, consideration, assets, profits or commitment which exceeds the threshold notified to staff by the Secretary to the Board from time to time; or
 - (e) which involve the issue of shares in the Company,

MUST BE REPORTED to the Secretary to the Board using the notification form provided in **Appendix 5.2** to this manual. The Secretary to the Board will then notify you when all relevant approvals have been obtained and the transaction can be progressed.

- 6.2 The threshold in **sections 6.1(c)** and **6.1(d)** will be reviewed periodically and may be revised by the Secretary to the Board from time to time.

Please note that certain types of transaction may also require disclosure as a price-sensitive transaction or other type of transaction which is regulated in a particular jurisdiction, even if they do not qualify as a connected transaction or notifiable transaction, and may therefore be subject to different disclosure and shareholder approval requirements. **If in doubt, you should report the proposed transaction to the Secretary to the Board for assessment and approval.**

APPENDIX 1.1 – TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Adopted on 30 August 2017

**Terms of Reference for the
Audit Committee of
Sisram Medical Ltd**

Definitions

1. For the purposes of these terms of reference (the **Terms**):

Articles of Association means the articles of association of the Company;

Audit Committee means the audit committee established by resolution of the Board in accordance with these Terms;

Board means the board of directors of the Company;

Chief Financial Officer means the senior officer of the Company responsible for financial management as appointed by the Board from time to time;

Company means Sisram Medical Ltd.;

Company Secretary means the company secretary of the Company;

Directors means the members of the Board;

External Director means a Director if he or she would be an external director under the Israeli Companies Law;

Group means the Company and its subsidiaries;

Israeli Companies Law mean the Companies Law 5759-1999 of Israel, effective from 1 February 2000, as amended from time to time, and the regulations promulgated thereunder;

Listing Rules mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);

Management means any persons discharging an executive management role within the Group;

Shareholders means the shareholders of the Company from time to time; and

Stock Exchange means The Stock Exchange of Hong Kong Limited.

Establishment

2. The Audit Committee was established by resolution of the Board on 30 August 2017.

Membership

3. The members of the Audit Committee shall be appointed by the Board from among the non-executive Directors only and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors and at least one of whom shall be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. In addition, relevant Israeli laws and regulations require that all External Directors appointed in accordance with Israeli laws and regulations shall be included in the Audit Committee, and

a majority of the Audit Committee shall be comprised of Directors who are either External Directors or independent directors (as defined under the Israeli Companies Law). Directors who have various potential sources of conflict of interest are ineligible to be on the Audit Committee, including but not limited to (a) the chairman of the Board, (b) any Director who is employed by the Company or employed by the Company's controlling shareholders or by another corporation under the same control, (c) any Director who provides services on a routine basis to the Company, to the Company's controlling shareholder or to another corporation under the same control, (d) any Director whose primary source of income relies on the controlling shareholder of the Company or (e) a controlling shareholder of the Company or relative of the same. The quorum for meetings of the Audit Committee shall be two members of whom at least one shall be an independent non-executive Director. If at any time the Audit Committee exceeds 3 members, then a quorum shall be a majority of its members, of whom the majority must be either External Directors or "independent directors" (as defined under the Israeli Companies Law) and at least must be one External Director.

4. Appointments to the Audit Committee shall be for a period of up to three years, which may be extended by the Board provided that a majority of the committee members remain independent non-executive Directors.
5. A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of one year from the date of his ceasing:
 - (a) to be a partner of the firm; or
 - (b) to have any financial interest in the firm,whichever is the later.
6. The chairman of the Audit Committee shall be appointed by the Board and shall be an independent non-executive Director and an External Director.

Attendance at meetings

7. The Chief Financial Officer, the head of internal audit of the Company and a representative of the external auditors shall normally attend meetings of the Audit Committee. At least once a year the Audit Committee shall meet with the external and internal auditors separately without the executive Directors or Management being present. Any individual who is not eligible to be a member of the Audit Committee, may not attend its meetings.

Frequency and procedure of meetings

8. Meetings of the Audit Committee shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.
9. An agenda and other relevant documents should be sent in full to all members in a timely manner and at least three days before the intended date of a meeting of the Audit Committee (or such other period as may be agreed by its members).
10. Meetings of the Audit Committee may follow the same procedures as those for meetings of the Board under the relevant provisions in the Articles of Association, as amended from time to time.

11. Management is obliged to supply the Audit Committee with adequate information in a timely manner in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where any member requires more detailed and complete information from Management, that member should make any additional necessary enquiries. The Audit Committee and each member shall have separate and independent access to Management.

Annual general meetings

12. The chairman of the Audit Committee (or in his absence, his duly appointed delegate) shall attend the Company's annual general meetings and be prepared to respond to any Shareholders' questions on the Audit Committee's activities.

Authority

13. The Audit Committee is authorised by the Board to perform any activity within these Terms. It is authorised to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Audit Committee.
14. The Audit Committee is authorised by the Board to obtain, at the Company's expense, external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Audit Committee shall be provided with sufficient resources to perform its duties. The Audit Committee shall be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external party who advises the Audit Committee.

Duties

15. The duties of the Audit Committee shall include:

Relationship with the Group's auditors

- (a) being primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of resignation or dismissal;
- (b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) developing and implementing policy on engaging an external auditor to supply non-audit services and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) discussing with the external auditor before the audit commences the nature and scope of the audit and reporting obligations, and ensuring co-ordination where more than one audit firm is involved;
- (e) discussing problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of Management where necessary);

Review of financial information of the Group

- (f) monitoring integrity of the Group's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee shall focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- (g) in respect of **paragraph (f)** above:
 - (i) liaising with the Board and senior management;
 - (ii) meeting at least twice a year with the Company's auditors; and
 - (iii) considering any significant or unusual items that are, or may need to be, reflected in the reports and accounts and giving due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the Group's financial reporting system, risk management and internal control systems

- (h) reviewing the Group's financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the Group's risk management and internal control systems;
- (i) discussing the risk management and internal control systems with Management to ensure that Management has performed its duty to have effective systems. This discussion should include adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function;
- (j) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and considering Management's response to these findings;
- (k) ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group and reviewing and monitoring the effectiveness of the internal audit function;
- (l) reviewing the Group's financial and accounting policies and practices;

- (m) reviewing the external auditor's management letter, any material queries raised by the auditor to Management about accounting records, financial accounts or systems of control and Management's response;
- (n) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (o) reporting to the Board on the matters in these Terms;
- (p) reviewing arrangements by which employees of the Group may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters and ensuring that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;
- (q) acting as the key representative body for overseeing the Group's relationship with the external auditor;
- (r) establishing a whistleblowing policy and system for employees and those who deal with the Group (e.g. customer and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group; and
- (s) considering any other topics, as defined by the Board.

Disagreement as to external auditors

16. In the event the Board disagrees with the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors, the Audit Committee shall provide a statement explaining its recommendations to the Company and also the reason(s) why the Board has taken a different view for inclusion in the Corporate Governance Report issued by the Company in accordance with Appendix 14 of the Listing Rules.

Reporting procedures

17. Full minutes of the Audit Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary or a duly appointed representative). The minutes shall be made available for inspection on reasonable notice by any Director. Minutes of meetings of the Audit Committee shall record in sufficient detail the matters considered by the Audit Committee and decisions reached, including any concerns raised by members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Audit Committee for their comment and records within a reasonable time after such meetings.
18. Without prejudice to the generality of the duties of the Audit Committee set out in these Terms, the Audit Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.
19. The Audit Committee should evaluate its own performance, these Terms and its membership annually to ensure it is performing its duties effectively, and recommend to the Board any changes it considers necessary.

Terms available

20. The Audit Committee shall make these Terms available on request and by inclusion on the websites of the Company and the Stock Exchange in order to explain its role and the authority delegated to it by the Board.

APPENDIX 1.2 – TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

Adopted on 30 August 2017

**Terms of Reference for the
Nomination Committee of
Sisram Medical Ltd**

Definitions

1. For the purposes of these terms of reference (the **Terms**):

Articles of Association means the articles of association of the Company;

Board means the board of directors of the Company;

Company means Sisram Medical Ltd.;

Company Secretary means the company secretary of the Company;

Directors means the members of the Board;

Group means the Company and its subsidiaries;

Nomination Committee means the nomination committee established by the resolution of the Board in accordance with these Terms;

Shareholders means the shareholders of the Company from time to time; and

Stock Exchange means The Stock Exchange of Hong Kong Limited.

Establishment

2. The Nomination Committee was established by resolution of the Board on 30 August 2017.

Membership

3. The members of the Nomination Committee shall be appointed by the Board from among the Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors. A quorum shall be two members of whom at least one shall be an independent non-executive Director.
4. Appointments to the Nomination Committee shall be for a period of up to three years, which may be extended by the Board provided that a majority of the committee members remain independent non-executive Directors.
5. The chairman of the Nomination Committee shall be appointed by the Board and shall be an independent non-executive Director or the chairman of the Board.

Meetings

6. Meetings shall be held as and when appropriate, but not less than once a year.
7. An agenda and other relevant documents should be sent in full to all members in a timely manner and at least three days before the intended date of a meeting of the Nomination Committee (or such other period as may be agreed by its members).
8. Meetings of the Nomination Committee may follow the same procedures as those for meetings of the Board under the relevant provisions in the Articles of Association, as amended from time to time.

Annual general meetings

9. The chairman of the Nomination Committee (or in his absence, his duly appointed delegate) shall attend the Company's annual general meetings and be prepared to respond to any Shareholders' questions on the Nomination Committee's activities.

Authority

10. The Nomination Committee is authorised by the Board to perform any activity within these Terms. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with the Nomination Committee.
11. The Nomination Committee is authorised by the Board to obtain, at the Company's expense, external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Nomination Committee shall be provided with sufficient resources to perform its duties. The Nomination Committee shall be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external party who advises the Nomination Committee.

Duties

12. The duties of the Nomination Committee shall include:
 - (a) reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
 - (b) formulating and reviewing the policy of diversity of Board members as appropriate and preparing the appropriate disclosure on the diversity policy in the corporate governance report;
 - (c) giving full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future;
 - (d) identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;
 - (e) assessing the independence of independent non-executive Directors;
 - (f) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive;

- (g) before appointments are made by the Board, evaluating the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation preparing a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee shall (where applicable and appropriate):
 - (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
 - (h) keeping under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;
 - (i) keeping up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
 - (j) reviewing at least annually the time and contribution required from Directors. Performance evaluations should be used to assess whether the Directors are spending enough time in fulfilling their duties; and
 - (k) ensuring that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.
 - (l) Implementation of the applicable provisions of the Board Independence Evaluation Mechanism set forth in Annexure K.
13. The Nomination Committee shall also make recommendations to the Board concerning:
- (a) formulating plans for succession for both executive and non-executive Directors;
 - (b) suitable candidates for the role of independent non-executive Directors;
 - (c) membership of the Company's audit and remuneration committees, in consultation with the chairmen of those committees;
 - (d) the re-appointment of any non-executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - (e) the re-election by Shareholders of any Director under the "retirement by rotation" provisions in the Company's Articles of Association having due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required; and

- (f) any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an employee of the Company subject to the provisions of the law and their service contract.

Reporting procedures

- 14. Full minutes of the Nomination Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary or a duly appointed representative). The minutes shall be made available for inspection on reasonable notice by any Director. Minutes of meetings of the Nomination Committee shall record in sufficient detail the matters considered by the Nomination Committee and decisions reached, including any concerns raised by members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Nomination Committee for their comment and records within a reasonable time after such meetings.
- 15. Without prejudice to the generality of the duties of the Nomination Committee set out in these Terms, the Nomination Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.
- 16. The Nomination Committee shall make a statement in the annual report about its activities, the process used to make appointments and whether external advice and/or open advertising was used.
- 17. The Nomination Committee should evaluate its own performance, these Terms, and its membership annually to ensure it is performing its duties effectively, and recommend to the Board any changes it considers necessary.

Terms available

- 18. The Nomination Committee shall make available these Terms on request and by inclusion on the websites of the Company and the Stock Exchange in order to explain its role and the authority delegated to it by the Board.

APPENDIX 1.3 – TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

Adopted on 30 August 2017

**Terms of Reference for the
Remuneration Committee of
Sisram Medical Ltd**

Definitions

1. For the purposes of these terms of reference (the **Terms**):

Articles of Association means the articles of association of the Company;

Board means the board of directors of the Company;

Company means Sisram Medical Ltd.;

Company Secretary means the company secretary of the Company;

Directors means the members of the Board;

External Director means a Director if he or she would be an external director under the Companies Law 5759-1999 of Israel (effective from 1 February 2000, as amended from time to time, and the regulations promulgated thereunder);

Group means the Company and its subsidiaries;

Listing Rules means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);

Remuneration Committee means the remuneration committee established by the resolution of the Board in accordance with these Terms;

Senior Management means the senior executives and officers of the Group determined by the Board from time to time as the senior management of the Group for the purposes of the Remuneration Committee;

Shareholders means the shareholders of the Company from time to time; and

Stock Exchange means The Stock Exchange of Hong Kong Limited.

2. The word “remuneration”, as used in these Terms, includes without limitation any salaries, bonuses, allowances, benefits (in cash or in kind), pension arrangements, reimbursements, compensation payments (including any compensation payable for loss or termination of office or appointment), incentive awards and share options.

Establishment

3. The Remuneration Committee was established by resolution of the Board on 30 August 2017.

Membership

4. The members of the Remuneration Committee shall be appointed by the Board from among the Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors. In addition, relevant Israeli laws and regulations require that all External Directors shall be included in the Remuneration Committee and shall comprise a majority, and the remainder of the members of the Remuneration Committee shall

be Directors whose terms of engagement and remuneration are also determined in accordance with the Israeli regulations governing remuneration for External Director. A quorum shall be two members of whom at least one shall be an independent non-executive Directors.

5. Appointments to the Remuneration Committee shall be for a period of up to three years, which may be extended by the Board provided that a majority of the committee members remain independent non-executive Directors.
6. The chairman of the Remuneration Committee shall be appointed by the Board and shall be an independent non-executive Director and an External Director.
7. Each member of the Remuneration Committee shall disclose to the Remuneration Committee:
 - (a) any personal financial interest (other than as a Shareholder of the Company) in any matter to be decided by the Remuneration Committee; or
 - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Remuneration Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Remuneration Committee.

Frequency and conduct of meetings

8. Meetings of the Remuneration Committee shall be held as and when appropriate, but not less than once a year. The chairman of the Remuneration Committee shall convene a meeting upon request by any member of the Remuneration Committee.
9. An agenda and other relevant documents should be sent in full to all members in a timely manner and at least three days before the intended date of a meeting of the Remuneration Committee (or such other period as may be agreed by its members).
10. Meetings of the Remuneration Committee may follow the same procedures as those for meetings of the Board under the relevant provisions in the Articles of Association, as amended from time to time.
11. The Group's management team is obliged to supply the Remuneration Committee with adequate information in a timely manner in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where any member requires more detailed and complete information from management, that member should make any additional necessary enquiries. The Remuneration Committee and each member shall have separate and independent access to management.

Annual general meetings

12. The chairman of the Remuneration Committee (or in his absence, his duly appointed delegate) shall attend the Company's annual general meetings and be prepared to respond to any Shareholders' questions on the Remuneration Committee's activities.

Authority

13. The Remuneration Committee is authorised by the Board to perform its duties within these Terms. It is authorised to seek any information it requires from the Directors and/or Senior Management who are directed to co-operate with the Remuneration Committee.
14. The Remuneration Committee is authorised by the Board to obtain, at the Company's expense, external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Remuneration Committee shall be provided with sufficient resources to perform its duties. The Remuneration Committee should be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external consultant who advises the Remuneration Committee.

Duties

15. The duties of the Remuneration Committee shall include:
 - (a) making recommendations to the Board on the Company's policy and structure for all Directors' and Senior Management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - (b) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
 - (c) either (i) determining, with delegated responsibility, the remuneration packages of individual executive Directors and Senior Management or (ii) making recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management;
 - (d) making recommendations to the Board on the remuneration of non-executive Directors;
 - (e) considering factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and Senior Management and employment conditions elsewhere in the Group;
 - (f) reviewing and approving compensation payable to executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
 - (g) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct in order to ensure that they are consistent with contractual terms and that are otherwise reasonable and appropriate;
 - (h) ensuring that no Director or any of his associates is involved in deciding his own remuneration; and
 - (i) advising the Shareholders on how to vote with respect to any service contracts of the Directors that require Shareholders' approval under the Listing Rules.

16. In carrying out its duties under these Terms, the Remuneration Committee should:
 - (a) consult the chairman of the Board and/or the chief executive officer about their remuneration proposals for other executive Directors and Senior Management;
 - (b) determine the remuneration packages needed to attract, retain and motivate executive Directors and Senior Management of the quality required to run the Company successfully, but avoid paying more than necessary;
 - (c) judge where to position the Group relative to other companies. They should be aware of what comparable companies are paying and should take account of the Group's relative performance;
 - (d) be sensitive to the wider market, including pay and employment conditions within the Group and elsewhere, especially when determining annual salary increases;
 - (e) ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and are designed to align their interests with those of Shareholders and to give the Directors incentives to perform at the highest levels; and
 - (f) ensure that any offers and awards of share options by the Company to its Directors or Senior Management (if any) are in accordance with Chapter 17 of the Listing Rules, as applicable.

17. Without prejudice to the generality of the duties of the Remuneration Committee set out in these Terms, the Remuneration Committee shall:
 - (a) operate the Company's share option or other incentive schemes (if any) as they apply to Directors and Senior Management and recommend to the Shareholders any grants of options or other awards to be made to Directors and/or Senior Management. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
 - (b) liaise with the trustee of any trust which is created by the Company for the benefit of participants in any share option or other incentive scheme;
 - (c) review the terms of executive Directors' service contracts from time to time; and
 - (d) advise the Board in relation to the preparation of the Board's remuneration report (if any) to Shareholders.

Reporting procedures

18. Full minutes of the Remuneration Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Head of Human Resources or a duly appointed representative). The minutes shall be made available for inspection on reasonable notice by any Director. Minutes of meetings of the Remuneration Committee shall record in sufficient detail the matters considered by the Remuneration Committee and decisions reached, including any concerns raised by members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Remuneration Committee for their comment and records within a reasonable time after such meetings.
19. Without prejudice to the generality of the duties of the Remuneration Committee set out in these Terms, the Remuneration Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.
20. The Remuneration Committee should, at least annually, evaluate its own performance, these Terms and its membership to ensure it is performing its duties effectively and recommend to the Board any changes it considers necessary.

Terms available

21. The Remuneration Committee shall make these Terms available on request and by inclusion on the websites of the Company and the Stock Exchange in order to explain its role and the authority delegated to it by the Board.

APPENDIX 1.4 – SHAREHOLDERS COMMUNICATION POLICY

[•] 2017

SISRAM MEDICAL LTD

SHAREHOLDERS COMMUNICATION POLICY

SHAREHOLDERS COMMUNICATION POLICY

1. PURPOSE

- 1.1 Following the listing of Sisram Medical Ltd (the *Company*) on The Stock Exchange of Hong Kong Limited (the *Stock Exchange*), the Company and its subsidiaries (together, the *Group*) must comply with the provisions set out in this Policy on communication with the Company's shareholders, both individual and institutional (collectively, *Shareholders*).
- 1.2 This Policy aims to set out the provisions with the objective of ensuring that the Shareholders, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.
- 1.3 For the purpose of this Policy, references to the investment community are intended to include the Company's potential investors as well as analysts reporting and analysing the Company's performance.

2. GENERAL POLICY

- 2.1 The Board shall maintain an on-going dialogue with Shareholders and the investment community, and will regularly review this Policy to ensure its effectiveness.
- 2.2 Information shall be communicated to Shareholders and the investment community mainly through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website.
- 2.3 Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times. Any question regarding this Policy shall be directed to the Secretary to the Board.

3. COMMUNICATION STRATEGIES

Shareholders' enquiries

- 3.1 Shareholders should direct their questions about their shareholdings to the Company's share registrar.
- 3.2 Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.
- 3.3 Shareholders and the investment community shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

Corporate Communications

- 3.4 ***Corporate Communications*** means any document issued or to be issued by the Company for the information or action of holders of any of its securities, including, but not limited to, the directors' report and annual accounts together with a copy of the auditor's report, the interim report, notices of meetings, circulars and proxy forms.
- 3.5 Corporate Communications will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communications (in hard copy or through electronic means).
- 3.6 Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Corporate Website

- 3.7 A dedicated investor relations section is available on the Company's website www.sisram-medical.com. Information on the Company's website is updated on a regular basis and will be provided in English and, to the extent that the Listing Rules require it to be translated, in Chinese.
- 3.8 Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents, etc.
- 3.9 All presentation materials provided in conjunction with the Company's annual general meeting and the press conference following the Company's financial results announcement each year will be made available on the Company's website as soon as practicable after their release.
- 3.10 Press releases, newsletters, market consultations, submissions and tender notices, etc. issued by the Company or its subsidiaries will be made available on the Company's website where the Company considers these to be material or relevant to Shareholders.

Webcasts

- 3.11 Webcasts of the Company's interim and annual results briefings are available.

Shareholders' Meetings

- 3.12 Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.
- 3.13 Appropriate arrangements for annual general meetings shall be in place to encourage Shareholders' participation.
- 3.14 The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served.

- 3.15 Board members, in particular, either the chairmen or deputy chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer Shareholders' questions.
- 3.16 Shareholders are encouraged to attend shareholders' activities organised by the Company, where information about the Company, including its latest strategic plan, products and services, etc. will be communicated.

Investment Market Communications

- 3.17 Investor/analysts briefings and one-on-one meetings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums, etc. will be available on a regular basis in order to facilitate communication between the Company, Shareholders and the investment community.
- 3.18 The Company's Directors and employees who have contacts or dialogues with investors, analysts, media or other interested outside parties are required to comply with the disclosure obligations and requirements under the Company's Disclosure of Inside Information Policy.

4. SHAREHOLDER PRIVACY

- 4.1 The Company recognises the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law to do so.

APPENDIX 3.1

PRE-APPROVAL FORM FOR DEALINGS IN COMPANY SECURITIES

Name:	
Tel:	
Fax:	
Name of director or Related Person for whom pre-approval is sought:	

Proposed Transactions:

Securities Name	Stock Code	Details of transaction (e.g. buy or sell)	No. of securities	Exchange Traded (Y/N)

I confirm that I am not in possession of any Inside Information (as defined in the Company's Prevention of Insider Dealing and Market Misconduct Policy (the ***Insider Dealing Policy***)) and that the above proposed transactions are not otherwise prohibited by the Company's Directors'/Chief Executive Officer's Dealing Policy or by the Disclosure of Inside Information Policy. I undertake to provide any further information requested by the Company concerning the above proposed transactions.

I acknowledge that:

- (a) a record of the proposed transactions will be kept by the Company;
- (b) pre-approval, if granted, is valid for five trading days commencing from the date on which it is granted; and
- (c) dealings in Company Securities must not take place during the Blackout Periods and Special Blackout Periods (as defined in the Directors'/Chief Executive Officer's Dealing Policy) (if any) specified by the Company.

Applicant's Signature: _____ Date: _____

Approved/Rejected By: _____ Date: _____
Secretary to the Board

APPENDIX 3.2

CONFIRMATION AND STATEMENT OF INTERESTS

SISRAM MEDICAL LTD

DIRECTOR'S/CHIEF EXECUTIVE OFFICER'S STATEMENT OF INTERESTS

[Date]

To: Sisram Medical Ltd (the *Company*)
[address]

Dear Sirs

Statement of interests in accordance with the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the *SFO*)

I confirm that I have complied with and shall at all times comply with the Company's Directors'/Chief Executive Officer's Dealing Policy and its Prevention of Insider Dealing and Market Misconduct Policy.

I confirm that I and my Related Persons have not and will not enter into any transactions which are prohibited under the Directors'/Chief Executive Officer's Dealing Policy.

I confirm that I have read and followed the Directors'/Chief Executive Officer's Dealing Policy in compiling the information set out below. I acknowledge that I have been advised that if I am unfamiliar with the relevant legislation or unclear of its application to me I should consult my legal adviser. I undertake to provide further details of any interests specified below, if so requested. I acknowledge that a record of the information set out below will be kept by the Company.

1. Full Name, Date of Birth and Nationality

Full name (in English):

Full name (in Chinese):

Date of Birth:

Nationality:

2. Residential Address

3. Directorships

I am currently a director of the following companies:

(if there are or have within the last 12 months been any directorships, please give details – if there are none, please insert “none”.)

4. Statement of interests in shares, underlying shares and debentures of the Company and its Associated Corporations (as defined in the Directors'/Chief Executive Officer's Dealing Policy)

Please see the attached **Forms A** and **B**.

5. Statement of holdings of rights or options in respect in respect of the acquisition or disposal of shares of the Company and its Associated Corporations

Please see the attached **Forms C** and **D**.

6. Statement of holdings of contracts to call for or make delivery of shares (including short positions in shares and underlying shares) of the Company and its Associated Corporations

Please see the attached **Forms E** and **F**.

7. Completeness of Information

I certify that, to the best of my knowledge and having made all due and careful inquiries, the information contained in **Forms A, B, C, D, E** and **F** is true, accurate and complete and that I have taken all reasonable care and made all due and careful enquiries to ascertain and to ensure that such information is true, accurate and complete and that I have not omitted any information that should properly be disclosed therein.

8. Subsequent Change of Information

I shall, as soon as practicable, notify the Company if any of the information contained in **Forms A, B, C, D, E** and **F** changes at any time.

9. Authorisation

I authorise copies of this statement of interests to be delivered to the Stock Exchange, the Registrar of Companies in Hong Kong and to any other person or persons to whom disclosure of this is deemed appropriate by the Board of Directors or any duly authorised committee thereof.

Yours faithfully

[Name]

FORM A

STATEMENT OF INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES¹ OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS¹

Please read the Directors’/Chief Executive Officer’s Dealing Policy and insert into each box any interests you are required to disclose under Part XV of the SFO. Please provide a description for such interests (for example, in the case of interests in shares, number and class of such shares and, if known, such shares expressed as a percentage of the entire share capital of the relevant company). If this notification is to be given as a result of any change(s) in the director’s or chief executive officer’s interests that was previously provided to the Company, please also provide, for each change, (a) the price or other consideration for the transaction (if any); and (b) the date of the agreement for the transaction or the date of completion of the transaction (whichever is later), or the date of the occurrence of the event of the change.

	Company in which the relevant interest is held	Personal Interests	Family Interests	Corporate Interests	Other Deemed Interests
(1)	the Company				
(2)	any subsidiary of the Company				
(3)	any holding company or any subsidiary of the holding company of the Company				
(4)	other companies, not being subsidiaries of the Company, in which the Company has an interest in 20% or more of the issued shares of any class of its share capital				

(If no such interests subsist, please insert “Nil”)

Note:

- 1 Only for directors of the Company. A chief executive officer of the Company is only required to disclose his interests in shares, debentures, rights, options and interests in or over shares and debentures and contracts for delivery of shares of the Company (not including any interests in respect of securities of any Associated Company).

FORM B

STATEMENT OF INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES¹ OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS¹

If you have put in Form A interests which are jointly held or are held through a nominee or otherwise on behalf of another person, please provide further information about these interests in the relevant boxes below.

1. Personal Interests			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint holder	Description (for example, class, number of shares/ underlying shares/ debentures, percentage interest)
2. Family Interests			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint owner	Description (for example, class, number of shares/ underlying shares/ debentures, percentage interest)
3. Corporate Interests			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint owner	Description (for example, class, number of shares/ underlying shares/ debentures, percentage interest)
4. Other Deemed Interests			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint owner	Description (for example, class, number of shares/ underlying shares/ debentures, percentage interest)

(If no such interests subsist, please insert "Nil".)

Note:

- 1 Only for directors of the Company. A chief executive officer of the Company is only required to disclose his interests in shares, debentures, rights, options and interests in or over shares and debentures and contracts for delivery of shares of the Company (not including any interests in respect of securities of any Associated Company).

FORM C

**STATEMENT OF HOLDINGS OF RIGHTS OR OPTIONS IN RESPECT OF THE
ACQUISITION OR DISPOSAL OF SHARES OF THE COMPANY AND ITS
ASSOCIATED CORPORATIONS¹**

Please insert into each box any rights or options you are required to disclose. Please provide a description of such rights or options (for example, number and class of the shares in which the rights or options are in respect of and, if known, such shares as a percentage of the entire share capital of the relevant company). If this notification is to be given as a result of any change(s) in the director's or chief executive officer's interests that was previously provided to the Company, please also provide, for each change, (a) the price or other consideration for the transaction (if any); and (b) the date of the agreement for the transaction or the date of completion of the transaction (whichever is later), or the date of the occurrence of the event of the change.

	Company in which the Rights or Options are Held in respect of the Acquisition or Disposal of Shares	Personal Holdings	Family Holdings	Corporate Holdings	Other Deemed Interests
(1)	the Company				
(2)	any subsidiary of the Company				
(3)	any holding company or any subsidiary of the holding company of the Company				

(If no such interests subsist, please insert "Nil".)

Note:

- 1 Only for directors of the Company. A chief executive officer of the Company is only required to disclose his interests in shares, debentures, rights, options and interests in or over shares and debentures and contracts for delivery of shares of the Company (not including any interests in respect of securities of any Associated Company).

FORM D

**STATEMENT OF HOLDINGS OF RIGHTS OR OPTIONS IN RESPECT OF THE
ACQUISITION OR DISPOSAL OF SHARES OF THE COMPANY AND ITS
ASSOCIATED CORPORATIONS¹**

If you have put in Form C any rights or options which are jointly held or are held through a nominee or otherwise on behalf of another person, please provide further information about these rights or options in the relevant boxes below.

1. Personal Holdings			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint holder	Description (for example, class, number of shares/ underlying shares, percentage interest)
2. Family Holdings			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint owner	Description (for example, class, number of shares/ underlying shares, percentage interest)
3. Corporate Holdings			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint holder	Description (for example, class, number of shares/ underlying shares, percentage interest)
4. Other Deemed Interests			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint owner	Description (for example, class, number of shares/ underlying shares, percentage interest)

(If no such interests subsist, please insert "Nil".)

Note:

- 1 Only for directors of the Company. A chief executive officer of the Company is only required to disclose his interests in shares, debentures, rights, options and interests in or over shares and debentures and contracts for delivery of shares of the Company (not including any interests in respect of securities of any Associated Company).

FORM E

STATEMENT OF HOLDINGS OF CONTRACTS TO CALL FOR OR MAKE DELIVERY OF SHARES (INCLUDING SHORT POSITIONS IN SHARES AND UNDERLYING SHARES) OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS¹

Please insert into each box any contracts or short positions you are required to disclose. Please provide a description of such contracts or short positions (for example, number and class of the shares in which the contracts or short positions are held and, if known, such shares as a percentage of the entire share capital of the relevant company). If this notification is to be given as a result of any change(s) in the director's or chief executive officer's interests that was previously provided to the Company, please also provide, for each change, (a) the price or other consideration for the transaction (if any); and (b) the date of the agreement for the transaction or the date of completion of the transaction (whichever is later), or the date of the occurrence of the event of the change.

	Company in which the Relevant Short Position is Held	Personal Holdings	Family Holdings	Corporate Holdings	Other Deemed Interests
(1)	the Company				
(2)	any subsidiary of the Company				
(3)	any holding company or any subsidiary of the holding company of the Company				
(4)	other companies, not being subsidiaries of the Company, in which the Company has an interest in 20% or more of the issued shares of any class of its share capital				

(If no such interests subsist, please insert "Nil")

Note:

- 1 Only for directors of the Company. A chief executive officer of the Company is only required to disclose his interests in shares, debentures, rights, options and interests in or over shares and debentures and contracts for delivery of shares of the Company (not including any interests in respect of securities of any Associated Company).

FORM F

STATEMENT OF HOLDINGS OF CONTRACTS TO CALL FOR OR MAKE DELIVERY OF SHARES (INCLUDING SHORT POSITIONS IN SHARES AND UNDERLYING SHARES) OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS¹

If you have put in Form E contracts or short positions which are jointly held or are held through a nominee or otherwise on behalf of another person, please provide further information about these short positions in the relevant boxes below.

1. Personal Holdings			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint holder	Description (for example, class, number of shares/ underlying shares, percentage interest)
2. Family Holdings			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint owner	Description (for example, class, number of shares/ underlying shares, percentage interest)
3. Corporate Holdings			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint holder	Description (for example, class, number of shares/ underlying shares, percentage interest)
4. Other Deemed Interests			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint holder	Description (for example, class, number of shares/ underlying shares, percentage interest)

(If no such interests subsist, please insert "Nil".)

Note:

1 Only for directors of the Company. A chief executive officer of the Company is only required to disclose his interests in shares, debentures, rights, options and interests in or over shares and debentures and contracts for delivery of shares of the Company (not including any interests in respect of securities of any Associated Company).

APPENDIX 5.1

CONNECTED PERSONS OF THE GROUP

THE FOLLOWING LIST IS NON-EXHAUSTIVE. If you are in any doubt as to whether your counterparty is a connected person, you should contact the Secretary to the Board.

- All current and former (in the previous 12 months) directors and chief executives of the Group and their respective associates
- Mr. Guo Guangchang
- Fosun International Holdings Ltd. and its subsidiaries
- Fosun International Limited and its subsidiaries
- Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司) and its subsidiaries
- Pramerica-Fosun China Opportunity Fund, L.P. and its subsidiaries

If you are in any doubt as to whether your counterparty is a connected person please contact the Secretary to the Board.

APPENDIX 5.2

NOTIFICATION OF POTENTIAL CONNECTED TRANSACTION OR NOTIFIABLE TRANSACTION

Please complete this form for all potential transactions with connected persons, transactions relating to financial assistance (including granting an indemnity, granting credit, lending money, providing security for or guaranteeing a loan), share transactions, options, joint ventures, issue of the Company's securities, acquisitions by the Group for consideration which includes securities of the Company for which listing will be sought, or transactions over US\$[•] in value.

Once completed, please submit this form to the Secretary to the Board.

Subject:

Form Submission Date: [DD/MM/YYYY]

Submitting company: [Name of Group subsidiary making this submission]

Submission Contact Person: [Name of Person's Full Name, Position, and Phone #]

Is this a new transaction ? (Y/N)

Amount of money involved (if any):

Deadline: [DD/MM/YYYY]

Deadline Rationale (e.g. payment due date):

- 1. Name of counterparty companies or individuals involved** (Please provide full legal names):

•
•

- 2. Other entities/third parties involved** (if any):

•
•

- 3. Nature of transaction or consideration** – please provide information on the nature of the transaction (e.g. sale/purchase of goods or services, financial assistance, options, joint ventures, issue of the Company shares, obligations) and the value of commitments involved. If the transaction is on a continuing basis, please provide the expected consideration per year.

--

- 4. State duration of proposed transaction.**

--

- 5. Potential notifiable transaction** – if your transaction is over US\$[•] in value, consideration, assets, profits or commitment please confirm whether it is part of a larger commitment or series of potential transactions with the same counterparty or its associated companies amounting to up to US\$[•] or more in value, consideration, assets, profits or commitment.

--

- 6. Contractual arrangements**, if any – please advise as to the business rationale and whether the transaction is on commercial terms i.e. at arm's length; the terms and conditions have a benchmark; there are objective pricing criteria or cost allocation; there are economies of scale. Please also attach copies of any supporting documents showing that the transaction is on normal commercial terms.

--

7. **Does the transaction involve financial assistance** (including granting an indemnity, granting credit, lending money, providing security for or guaranteeing a loan) to or from your company ? Please describe the paying and receiving parties and the amounts involved at each stage of the transaction.

--

8. **Has there been a transaction completed in the last 12 months that is related to your proposed transaction (e.g. with the same counterparty or its associated companies) ?** If yes, provide the information requested in questions 1-7 for the earlier transaction:

•
•
•

9. **Documentation Appendix List** – Please list attached copies of contracts, amendments, side letters, memos, power of attorney, etc. to serve as supporting documents:

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ANNEXURE A:

PERIODIC FINANCIAL REPORTING

- **Annual report and accounts:** The Company must prepare an annual report which should include its directors' report and auditors' report. The annual accounts should conform with International Financial Reporting Standards. The minimum financial information for inclusion in the annual and interim reports and accounts are set out in Appendix 16 to the Listing Rules.
- **Distribution of annual report and accounts:** The Company is required to send a copy of its annual report and accounts in English (accompanied by a Chinese translation) to all holders of its shares and any other person holding its securities (the relevant members) not less than 21 days before its annual general meeting and in any event not more than four months after the end of the financial year to which they relate.
- **Preliminary announcement of annual results:** In addition to the annual report and accounts, the Listing Rules require the Company to publish a preliminary announcement of its annual results not later than 8:30 a.m. on the next business day after approval by or on behalf of the board (and in any event not later than three months after the end of the relevant financial year end). The preliminary announcement must comply with certain minimum content requirements set out in paragraph 45 of Appendix 16 to the Listing Rules. The preliminary announcement shall be based on the Company's financial statements for the financial year which shall have been agreed with the auditors. Directors must ensure that the information contained in the preliminary announcement is consistent with the information that will be contained in the annual report.

- **Interim report:** The Company must prepare an interim report covering its activities and results for the first six months of each financial year. The interim report is the sole responsibility of the directors who must ensure that the accounting policies applied to interim figures are consistent with those applied to annual accounts. If the accounting information in the interim report has not been audited, that fact must be stated; if the accounting information has been audited, the auditors' report (including any qualifications) must be reproduced in full. Appendix 16 to the Listing Rules sets out detailed content requirements for interim reports.
- **Distribution of interim report:** The Company is required to send a copy of the interim report in English (accompanied by a Chinese translation) to each relevant member not later than three months after the end of the six month period to which it relates. In practice, this should be done as soon as reasonably practicable after the publication of the preliminary announcement of interim results.
- **Preliminary announcement of interim results:** In addition to the interim report, a preliminary announcement of the interim results must be published not later than 8:30 a.m. on the next business day after approval by or on behalf of the board (and in any event not later than two months after the end of the six month period to which they relate). Such preliminary announcement must comply with certain minimum content requirements set out in paragraph 46 of Appendix 16 to the Listing Rules.
- **Recommended additional disclosure:** Paragraph 52 of Appendix 16 to the Listing Rules contains additional commentary on management discussion and analysis that the Stock Exchange encourages listed issuers to contain in their interim and annual reports.
- **Language requirement:** The directors' report, auditors' report, annual accounts and, where applicable, summary financial report of the Company must be in the English language and must be accompanied by a Chinese translation. In respect of the Company's overseas shareholders, it shall be sufficient for the Company to mail an English language version of either (i) its directors' report, auditors' report and annual accounts or (ii) its summary financial report if such documents contain a prominent statement in both English and Chinese to the effect that a Chinese translation is available from the Company, on request.
- **Summary financial reports:** The Company may distribute summary financial reports, provided that the Company has ascertained the wishes of each relevant member and complies with all applicable laws. Certain minimum disclosure requirements will apply to the summary interim and annual reports issued by the Company. These include, for example, whether the summary reports have been reviewed by auditors and audit committees, information about the Company's prospects and business development, and details of any disagreement between the audit committee and the Company on accounting treatment. Appendix 16 to the Listing Rules and the Companies (Summary Financial Reports of Listed Companies) Regulation contains certain minimum disclosure requirements which apply to summary interim and annual reports.
- **Disclosure of corporate governance matters:** Certain additional information in relation to corporate governance matters, including whether the Company has complied with certain mandatory minimum corporate governance standards (and, where there has been any non-compliance, details of such non-compliance) will be required to be disclosed in the Company's annual and interim reports. It is also required to give details of the adoption of the Model Code.

- **Immediate suspension:** Failure by the Company to publish its financial results on time is regarded by the Stock Exchange as an indication of the Company not being able to keep proper books and records. For the protection of investors, the trading of securities of the Company will be immediately suspended by the Stock Exchange.
- **Books Registration:** Five copies of each annual or interim report and two originals of the Books Registration Form shall be delivered to the Books Registration Office for registration within one month after the report is published.

ANNEXURE B:

NOTIFICATIONS TO THE STOCK EXCHANGE

- **Board meetings:** The Company must give the Stock Exchange at least seven clear business days' advance notice and publish an announcement of any board meeting convened to consider the declaration, recommendation or payment of any dividend or the publication of any announcement relating to the Company's profits or losses. The Stock Exchange should be notified immediately after board meetings of:
 - o any decision to declare, recommend or pay any dividend or to make any other distribution and the rate and amount thereof;
 - o any decision not to declare, recommend or pay any dividend which would otherwise have been expected to have been declared, recommended or paid in due course;
 - o any preliminary announcement of profits or losses;
 - o any proposed change to the capital structure of the Company, including redemption of its securities; and
 - o any decision to change the general character or nature of the business of the Company or Group.
- Although the timing of board meetings is for the Company to arrange, the Stock Exchange should be informed and announcements of the decisions referred to above should be published either between 12:00 p.m. and 12:30 p.m. or between 4:15 p.m. and 11:00 p.m.. The information must be kept confidential by the directors until an announcement is made.
- **Other main announcement obligations:** The Company must inform the Stock Exchange immediately and publish an announcement through the Stock Exchange's electronic publication system (the *HKEx-EPS*) a ready-to-publish electronic copy of the document to the Stock Exchange for publication on the Stock Exchange's website as soon as practicable regarding:

- o any proposed alteration of its memorandum or articles of association.

The circular for any such amendments proposed by the Company must contain an explanation of the effect of the proposed amendments and the full terms of the proposed amendments; at the same time as the circular is despatched to shareholders of the Company. The Company should submit to the Stock Exchange (i) a letter addressed to the Company from its legal advisers confirming that the proposed amendments comply with the requirements of the Listing Rules and the laws of the place where it is incorporated or otherwise established; and (ii) a confirmation from the Company that there is nothing unusual about the proposed amendments for a company listed in Hong Kong);

- o any changes in the Company's board of directors;
 - o any change in the rights attaching to any class of securities (whether or not listed on the Stock Exchange) of the Company or any of its subsidiaries or to any shares into which any of the debt securities (whether or not listed on the Stock Exchange) of the Company or any of its subsidiaries are convertible or exchangeable;
 - o any change in its auditors or financial year end, with the reason(s) for the change and any other matters which need to be brought to the attention of the shareholders;
 - o any change in its secretary, share registrar (including any change in overseas branch share registrar) or registered address or, where applicable, agent for the service of process in Hong Kong or registered office or registered place of business in Hong Kong;
 - o any change in its compliance adviser;
 - o any revision of interim reports, annual reports or summary financial reports, the reason leading to the revision and the financial impacts;
 - o the closure of its transfer books or register of members at least (i) six business days before the closure for a rights issue or (ii) 10 business days before the closure in other cases;
 - o notice of its annual general meeting;
 - o any issue by the directors of the Company's securities (whether or not listed on the Stock Exchange) made with the consent of shareholders or pursuant to a general mandate from shareholders; and
 - o any non-compliance with the requirements regarding independent non-executive directors and audit and remuneration committees.
- **Other main notification obligations:** The Company must inform the Stock Exchange immediately after:
 - o any purchase, sale, drawing or redemption by the Company or any member of its Group of its listed securities;

- o the termination or an appointment of its authorised representative, and in the case of a termination stating the reason why the appointment was terminated;
 - o if the percentage of its securities (whether or not listed on the Stock Exchange) in the hands of the public falls below the minimum prescribed percentage; and
 - o the name of such exchange(s) and any information released to other exchanges if the securities of the Company or any of its subsidiaries become listed or dealt in on any other exchange.
- **Allotment of securities:** The basis of allotment of securities of the Company offered to the public and the results of any rights issue must be notified to the Stock Exchange not later than the morning of the next business day after the relevant allotment letters or share certificates are posted.

ANNEXURE C:

PRE-EMPTIVE RIGHTS AND SHARE SCHEMES

- **Pre-emptive rights:** The allotment of any shares, the issue of any securities convertible into shares and the grant of any options or warrants or similar rights to subscribe for shares or securities convertible into shares by the Company (or by a major subsidiary where such an issue materially dilutes the equity interest of the issuer in such subsidiary) must be approved at a general meeting of the shareholders. However, the requirement for shareholders' consent does not apply to offers made *pro rata* (i.e. by way of rights issue) to existing shareholders. The directors may in any event obtain a general mandate to issue securities other than on a *pro rata* basis up to a maximum of 20% of the existing issued share capital of the Company.

In practice, the general mandate should be “refreshed” at every annual general meeting – however, if any “refreshment” of the general mandate before the annual general meeting is proposed, the controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive and their respective associates are required to abstain from voting in favour of such “refreshment”. Notwithstanding the foregoing, shareholders' approval by way of a special resolution of the shareholders in general meeting is required if any allotment of voting shares would effectively alter the control of the Company.

- **Share option schemes:** All share schemes involving the grant by the Company or any of its subsidiaries of options over new shares or other new securities of the Company or any of its subsidiaries to, or for the benefit of, specified participants of such schemes must comply with the provisions of Chapter 17 of the Listing Rules.

From a continuing obligations perspective, the following shareholders' and other approval requirements should be noted, both in relation to new share option schemes adopted after listing and to existing schemes that continue after listing.

- o **Approval of the scheme:** Any share option scheme adopted by the Company after listing must be approved by the shareholders of the Company in general meeting.

- o **“Refreshing” the 10% total limit to all participants:** If the Company wishes to “refresh” the 10% (of the relevant class of securities) limit on the total number of securities which may be issued upon the exercise of all options to be granted under the scheme and any other schemes, the Company must obtain the approval of its shareholders in general meeting.
- o **Increasing the 10% total limit to all participants:** The Company may grant options beyond the 10% limit provided (i) it obtains the approval of its shareholders in general meeting and (ii) the options in excess of the limit are granted only to participants specifically identified by the Company before such shareholders’ approval is sought.
- o **Increasing the 1% limit to individual participants:** If the Company wishes to grant options in excess of the 1% (of the relevant class of securities) limit on the total number of securities issued and to be issued upon exercise of options granted to each individual participant in any 12-month period, the Company must obtain the approval of its shareholders in general meeting, with the relevant individual participant and his associates abstaining from voting.
- o **Increasing the 0.1% limit to independent non-executive directors or substantial shareholders or their associates:** If the Company wishes to grant options in excess of the 0.1% (of the relevant class of securities) limit on the total number of securities issued and to be issued upon exercise of options granted to an independent non-executive director or substantial shareholder or any of their associates in any 12-month period (and, upon exercise of the options, the securities would have an aggregate value based on the closing price of the securities on the date of the relevant grant(s) in excess of HK\$5 million), the Company must obtain the approval of its shareholders in general meeting, with all connected persons of the Company abstaining from voting in favour at such meeting.
- o **Approval of grants to a director, chief executive or substantial shareholder or any of their associates:** In addition to the required shareholder approvals, any grant of options to a director, chief executive or substantial shareholder of the Company, or any of their associates, must also be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee of the options).
- o **Share grant schemes:** Although Chapter 17 of the Listing Rules does not expressly apply to share grants, where any shares to be granted under a share grant scheme vest after listing, the scheme will be subject to review by the Stock Exchange and we would expect the Stock Exchange, in reviewing such scheme, to look to Chapter 17 by analogy.

ANNEXURE D:

PRE-VETTING OF ANNOUNCEMENTS, CIRCULARS AND OTHER DOCUMENTS

- **Review of documents:** The Company must submit drafts of the following documents to the Stock Exchange for review before issue:
 - o listing documents (including a prospectus);
 - o circular relating to cancellation or withdrawal of listing of listed securities;
 - o circular relating to transaction or matter required under Chapter 14 of the Listing Rules;
 - o circular relating to connected transaction (including continuing connected transaction) required under Chapter 14A of the Listing Rules;
 - o circular to the Company's shareholders seeking their approval of:
 - o any transaction or arrangement under Listing Rule 13.36(1) or 13.39(7);
 - o any matter relating to share option scheme required under Chapter 17 of the Listing Rules; or
 - o any warrant proposal under paragraph 4(c) of Practice Note 4 to the Listing Rules; or
 - o circulars or offer documents issued by the Company in connection with takeovers, mergers or offers.

The following transitional provisions apply to announcements set out in this rule and shall cease to have effect on such date as the Stock Exchange may determine and promulgate:

- o announcement for any very substantial disposal, very substantial acquisition or reverse takeover under Listing Rules 14.34 and 14.35;
 - o announcement for any transaction or arrangement under Listing Rules 14.89 to 14.91 (i.e. a transaction or arrangement which would result in a fundamental change in the principal business activities of the Company as described in the prospectus during the 12 months from the listing date); or
 - o announcement for any matter relating to a cash company under Listing Rules 14.82 and 14.83.
- No such documents may be issued until the Stock Exchange has confirmed it has no further comments. All these documents must contain on its front cover or inside front cover, or as a heading, a prominent and legible disclaimer of responsibility on the part of the Stock Exchange. Save for the documents listed above, other announcements, circulars and documents do not need to be submitted to the Stock Exchange for review before they are issued by the Company. However, the Stock Exchange reserves the right to request to review

any announcements, circulars or other documents prior to publication in individual cases and the Stock Exchange will communicate to the Company its direction. In such a case, the Company should submit to the Stock Exchange copies of drafts for review and shall not issue the document until the Stock Exchange has confirmed that it has no further comments on the document.

- Where the subject matter of the document may involve a change in or relate to or affect arrangements regarding trading in the Company's listed securities (including a suspension or resumption of dealings, and a cancellation or withdrawal of listing), the Company must consult the Stock Exchange before the document is issued.
- The Stock Exchange also reserves the right to require the Company to issue a further announcement or document, and/or take other remedial action, if the original document does not comply with the requirements of the Listing Rules. This is particularly relevant if the announcement did not require prior Stock Exchange approval or the Stock Exchange believes the original announcement or document was either misleading or likely to cause a false or misinformed market in the Company's securities.
- **Circulars to holders of the Company's securities:** If the Company issues a circular to the holders of any of its securities (whether or not listed) a copy or summary of that circular must be sent to all other holders of the Company's securities unless it is of no material concern to them. These circulars must be in the English language with a Chinese translation. However, if adequate arrangements are made to ascertain whether a holder of securities requires a Chinese translation, the Company will only be required to send a Chinese translation to those holders who request one.

ANNEXURE E:

CONTRACTS WITH DIRECTORS

- **Service contract:** Any service contract with directors of the Company or its subsidiaries must be approved by the shareholders of the Company if the service contract (a) is for a duration exceeding three years, or (b) expressly requires the Company or the relevant subsidiary to give more than one year's notice or to pay compensation of more than one year's remuneration to terminate the contract. The remuneration committee or an independent board committee shall form a view in respect of such service contracts and advise shareholders accordingly. The relevant director will, if he or she is a shareholder in the Company, be precluded from voting on such shareholders' resolution.
- **Material interest:** Subject only to the limited exceptions contained in Note 1 to Appendix 3 to the Listing Rules and as set out in the Company's Articles of Association, a director must not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest and shall not be counted in the quorum.

ANNEXURE F:

SHAREHOLDERS' MEETINGS

- **Proxy forms:** The Company must send with the notice convening any meeting of shareholders a proxy form providing for two-way voting on all resolutions.
- **Solicitation of votes:** If the Company wishes to solicit proxies or votes in respect of any resolution to be proposed at a shareholders' meeting, it must only use previously published information which is accurate and not misleading when quoted and it must encourage shareholders to seek professional advice. Shareholders should not be put under any pressure to vote in a particular way.
- **Mandatory poll:** Any vote of shareholders at a general meeting must be taken by way of a 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).
- **Announcement of poll results:** The Company shall announce the results of the poll by way of an announcement as soon as possible, but in any event not later than 8:30 a.m. on the business day after the meeting.
- **Independent board committee:** An independent board committee is required to be established to advise shareholders in certain instances, including in respect of any connected transactions pursuant to Chapter 14A, transactions that are subject to independent shareholders' approval pursuant to the Listing Rules or spin-off proposals that are subject to approval of the shareholders of the issuer pursuant to paragraph 3(e) of Practice Note 15 of the Listing Rules.

ANNEXURE G:

DISCLOSURE OF INTERESTS UNDER PART XV OF THE HONG KONG SECURITIES AND FUTURES ORDINANCE

- **Application:** Part XV of the SFO only applies to companies whose securities are listed on the Stock Exchange and imposes obligations on the listed company, its substantial shareholders, its directors⁸ and its chief executive.
- **Disclosure obligations:** The disclosure obligations are extremely complicated and technical, and if in doubt independent legal advice should be sought. In summary, under Part XV of the SFO:
 - o substantial shareholders of the Company (i.e. any person with an interest in 5% or more of any class of voting shares) are required to disclose to the Stock Exchange and the Company their interests and any short positions⁹ (of 1% and over) (and those of: their families (spouse and any children under 18 years of age); corporations controlled

⁸ This includes directors, non-executive directors and independent non-executive directors.

⁹ Defined as either an obligation to deliver or a right to require another to take delivery of underlying shares of equity derivatives (or a cash settled equivalent) or, if shares have been borrowed under a securities borrowing and lending agreement, an obligation to deliver shares to the lender.

by them; trusts of which they are a founder/settlor, trustee or a beneficiary (in certain circumstances); and persons with whom they have agreed to acquire interests in shares in the Company in certain circumstances) in shares of the Company and of certain subsequent changes in those interests, including any change in the nature of their interests;

- o the directors and the chief executive of the Company are required to disclose to the Stock Exchange and the Company all (i.e. whatever the percentage is) their interests and short positions (and those of: their families (spouse and any children under 18 years of age); corporations controlled by them; and trusts of which they are founder/settlor, trustee or beneficiary (in certain circumstances), in any financial instruments (including shares and debentures) issued by the Company and any associated company, and any dealings they may have in those shares (including any change in the nature of their interests, e.g. exercise of a stock option would constitute a change in the nature of a person's interest);
- o interests to be disclosed include interests in the underlying shares of any equity derivatives (e.g. a stock option), irrespective of whether they are cash or physically settled; and
- o the information required to be disclosed is extended to include the consideration for a transaction (whether it is executed on-exchange or off-exchange) that gives rise to the duty to disclose.

A disclosure to be made under these provisions must be made within three Hong Kong business days (excluding Saturdays, Sundays, public holidays and gale force warning days) after the day on which the obligation to notify arises. Any director or substantial shareholder holding an interest in the Company's shares prior to listing or obtaining shares pursuant to the listing must make disclosure within 10 business days of the listing. A director or CEO who has an interest in shares or debentures of the Company on the date he/she is appointed also has a period of 10 business days after the date of appointment to disclose his/her interest.

In default of compliance with these provisions, the courts or, in certain cases, the Hong Kong Financial Secretary, are empowered to place certain restrictions on shares. Substantial shareholders, directors and CEOs who fail to fulfil their disclosure obligations under Part XV are committing a criminal offence and are at risk of enforcement action by the Securities and Futures Commission.

- **Requisitioning of information:** The Company (and, in some cases, the Financial Secretary) has wide powers to requisition the disclosure of interests in its share capital (including its unissued share capital). If the Company exercises these powers, it must notify the Stock Exchange and the Securities and Futures Commission of the information it receives as a result of such requisition.
- **Maintenance of registers:** The Company must keep registers of interests and short positions to record information regarding the interests and short positions notified to it by substantial shareholders, directors and the CEO. The register for substantial shareholders' interests and short positions should be in the form of an alphabetical index and entries made against individual names appearing on the register must be made in chronological order. Whenever the Company obtains any information on share interests as a result of its own investigations,

it must record such information in a separate part of the register together with the dates on which the request for information was made and satisfied. A separate register must be kept to record information received concerning interests and short positions of the Company's directors and its chief executive. This register will be in the same form and subject to the same requirements as that relating to substantial shareholders.

- **Removal of entries from registers:** Entries may be removed from the registers if they are more than six years old provided either that the entry recorded the fact that a person had ceased to be interested in shares or that the entry has been superseded by a later entry against the person's name.
- **Availability of registers for inspection:** The register of substantial shareholders' interests and the register of directors' and chief executives' interests must be made available for inspection for at least two hours each business day to any member of the Company or to any other person without charge. Members or others may obtain copies of the register or any part of it on payment of HK\$2 (or such lesser sum as the Company may prescribe) for every page required to be copied.
- **Location of registers:** The registers of both the substantial shareholders' interests and the directors' and chief executives' interests shall be kept at the Company's registered office or, if different, the registers may be kept at the place where the Company's register of members is kept. In addition (where, as is the case for the Company, the Company does not have a registered office in Hong Kong), the registers may also be kept at the Company's principal place of business in Hong Kong. The Company must give notice to the Registrar of Companies of the location of such registers.

ANNEXURE H:

MARKET MISCONDUCT UNDER PARTS XIII AND XIV OF THE HONG KONG SECURITIES AND FUTURES ORDINANCE

Overview

- The SFO creates both civil and criminal liability for breach of six market misconduct provisions, namely insider dealing, false trading, price rigging, stock market manipulation, disclosure of false and misleading information inducing transactions and disclosure of information about prohibited transactions.
- Under Part XIII of the SFO, breach of these provisions may lead to civil proceedings brought before the Market Misconduct Tribunal (the *MMT*). The MMT has (amongst others) the power to disqualify a person from being a director of a company for up to five years; to exclude a person from the market for up to five years; to require a person to disgorge profits made or a sum equal to any loss avoided as a result of market misconduct; and to require a person to pay the costs of the SFC or government investigation.
- Under Part XIV of the SFO, breach of these provisions may give rise to criminal liability following proceedings before the criminal courts. The penalties for such criminal misconduct include a fine of up to HK\$10,000,000 and imprisonment for up to ten years.

- If it appears to the SFC that market misconduct under Part XIII of the SFO has or may have taken place, the SFC may institute proceedings before the MMT without any requirement to consult the Financial Secretary. If it appears to the SFC that market misconduct under Part XIII of the SFO has or may have taken place, the Financial Secretary, as advised by the SFC, decides whether the conduct should be the subject of proceedings before the criminal courts or before the MMT. A person cannot be the subject of proceedings in the criminal courts and before the MMT in relation to the same misconduct.
- The SFO makes provision for a third party to recover damages in respect of any pecuniary loss suffered as a result of market misconduct from the person who committed the market misconduct, provided it is fair, just and reasonable for him to do so. An action for recovery can be brought by a third party even where no finding of market misconduct has yet been made by the MMT or a criminal court.
- The SFO places a duty on each officer of a corporation (which includes independent and non-executive directors and anyone holding a management position) to take all reasonable measures from time to time to ensure that proper safeguards exist to prevent the corporation from perpetrating any conduct constituting market misconduct. Where a corporation commits (civil) market misconduct that may be directly or indirectly attributable to a breach of the duty by an officer, the MMT may exercise any of its powers to sanction the officer. In practice, an officer may be liable where he has breached the duty by failing to put in place proper procedures (including for example the production of guidelines and introduction of training) to reduce the risk of market misconduct being committed by his corporation.
- Where a corporation commits a criminal offence of market misconduct (or any other offence under the SFO), which an officer aids, abets, counsels, procures or induces, or consents to or connives in, or is reckless as to the commission of that offence, the officer will also be guilty of the offence.

Insider dealing

- **The basic prohibition:** The insider dealing prohibition (breach of which attracts either civil or criminal liability) is very widely drawn and prohibits persons in possession of confidential price sensitive information from dealing, counselling or procuring dealing in securities of the corporation which those persons are connected with or of a related corporation listed on the Stock Exchange or their derivatives. It also extends beyond merely dealing in securities to “tipping” other people to deal and in certain circumstances to the mere disclosure of confidential price sensitive information.
- **Consequences of breach:** A person who has committed insider dealing may be subject to the orders of the MMT or the criminal sanctions set out above.
- **Relevance to the Company:** The insider dealing prohibition is primarily directed at the actions not of companies themselves but of persons connected with, or otherwise in possession of price sensitive information relating to, the companies. Directors of the Company will, from time to time, be in possession of price sensitive information and must not deal in the Company’s securities, or procure or counsel other people to do so, at these times. The guidelines for directors’ dealings to be adopted by the Company should prohibit dealings by directors in possession of price sensitive information.

It should be noted that information known to a director or employee of a corporation may be imputed to that corporation. Technically, it is therefore possible for the Company itself to be treated as an insider dealer if it deals in the securities of another company listed on the Stock Exchange when one of its directors or employees is in possession of price sensitive information relating to that company. The Company should not be treated as an insider dealer, however, if this investment decision was made on its behalf by officers who were not in possession of price sensitive information and who had not been advised by other officers who were in possession of such information. Officers should bear in mind the statutory duty referred to above to ensure the Company does not act in a way constituting market misconduct.

False and misleading disclosure inducing transactions

- **The basic prohibition:** A person may not disclose, circulate or disseminate, or authorise or be concerned in the disclosure, circulation or dissemination of information likely to induce transactions in securities or affect their market price where the information is false or misleading (including through omission) and the person either knows, is reckless or is negligent¹⁰ as to whether it is false or misleading.
- **Consequences of breach:** A person who contravenes this prohibition may be subject to the orders of the MMT or the criminal sanctions set out above.
- **Relevance to the Company:** The prohibition is broad in scope in that it covers any person concerned with the disclosure of information; a statement may be made false or misleading by omission; and the mental threshold required for civil liability is only negligence, namely, the failure to take reasonable care such that a person's action falls below the required standard. The Company should be prudent when issuing press announcements or other public statements (that may have an effect on the share price) to ensure that the information published is true, complete and accurate. It should also consider drawing up guidelines which set out the procedures to be followed when announcements are made, such as requiring a senior (or specified) director to sign off on all public announcements. The failure to implement proper procedures will be relevant in determining whether officers of the Company have satisfied the statutory duty referred to above.

ANNEXURE I:

HONG KONG CODE ON SHARE BUY-BACKS

- **Application and purpose:** The Share Buy-backs Code applies to all public companies in Hong Kong and companies with a primary listing of their equity securities in Hong Kong. Any share buy-back by the Company of its shares listed on the Stock Exchange will therefore have to be made in accordance with the provisions of the Share Buy-backs Code and the applicable Listing Rules. The Share Buy-backs Code is designed to afford fair treatment for shareholders affected by share buy-backs. It does this by requiring equality of treatment and mandating disclosure of timely and adequate information to ensure that there is a fair and informed market in the shares of companies affected by share buy-backs.

¹⁰ The mental threshold of negligence does not apply to the criminal offence of false and misleading disclosure set out in Part XIV.

- **Basic provisions of the Share Buy-backs Code:** The Share Buy-backs Code provides that share buy-backs must normally be made by way of a general offer to all holders of shares of the class of shares which is the subject of the share buy-back or in accordance with one of the exemptions from the Share Buy-backs Code. Any general offer must be made by way of an offer document containing the prescribed information set out in the Share Buy-backs Code and approved by the SFC. The principal exemptions from the Share Buy-backs Code are:
 - o on-market purchases made in accordance with the Listing Rules; and
 - o off-market purchases which have first been approved by the SFC and a special resolution of disinterested shareholders – the Share Buy-backs Code sets out certain content requirements for the notice convening this shareholders’ meeting.
- **Announcements and advertisements:** The Share Buy-backs Code imposes obligations on a company proposing to repurchase its own shares to make various announcements. For instance, the material terms of the offer to repurchase must be announced as soon as the board has decided to make the offer. Any announcement, advertisement or other document relating to a repurchase must be approved by the SFC and the final copy must be filed with the SFC and the Stock Exchange in duplicate. All share buy-backs must be notified to the Stock Exchange in accordance with the Listing Rules.
- **Temporary suspensions:** The Share Buy-backs Code recommends that companies should consider the advisability of applying to the Stock Exchange for a temporary suspension of trading in its shares when it issues announcements relating to a proposed share buy-back.
- **Consequence of breach:** Although the Share Buy-backs Code does not have the force of law, the Company would need to comply with its terms under the Listing Rules. In any event, non-compliance could result in the facilities of the markets being withheld from the Company by way of sanction.
- **The Listing Rules:** If the Company purchases its listed shares in compliance with the Listing Rules, such purchases need not be by way of a general offer under the Share Buy-backs Code. The Listing Rules permit the Company to make on-market share buy-backs on the Stock Exchange, subject to certain limits, if a resolution of the shareholders of the Company in general meeting has been passed approving the repurchase whether by way of specific approval or general mandate. The repurchase mandate may not exceed 10% of the issued share capital of the Company as at the date of the resolution granting the mandate and may only continue in force until the earlier of the next annual general meeting of the Company or revoked or varied by shareholders in general meeting. The Company is not permitted to make repurchases on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days. In addition, the Company is subject to certain restrictions on dealing with inside information.
- **Notifications:** Shareholders must be sent, with the notice convening the relevant meeting to approve repurchases of the Company’s shares listed on the Stock Exchange, an Explanatory Statement containing the information relating to the repurchases required by the Listing Rules. At the same time as the Explanatory Statement is sent to shareholders, the Company should submit to the Stock Exchange (i) a confirmation from the Company that the Explanatory Statement contains the information required under Listing Rule 10.06(1)(b) of

the Listing Rules and that neither the Explanatory Statement nor the proposed share buy-back has unusual features, and (ii) the undertaking from its directors to the Stock Exchange according to Listing Rule 10.06(1)(b)(vi) of the Listing Rules. The Stock Exchange must be notified immediately of the outcome of a resolution to approve share buy-backs of the Company's shares listed on the Stock Exchange. When seeking shareholders' approval to make purchases of the Company's shares on the Stock Exchange or when reporting such purchases, the Company is required to provide information on the purchases of any of its shares, whether or not listed on the Stock Exchange.

- **Status of repurchased shares:** The listing of all shares repurchased by a Company will be automatically cancelled on repurchase. The Company must ensure that all documents of title relating to such shares are cancelled and destroyed as soon as reasonably practicable following settlement of the repurchase.
- **Treatment as distribution:** Share buy-backs are considered to be a form of "distribution" similar to a dividend under the Israeli Companies Law and must be performed in accordance with the applicable provisions.

ANNEXURE J:

ISRAELI REQUIREMENTS OF OUTSIDE DIRECTORS

1. *General.*
 - 1.1. A Company must appoint at least two (2) Outside Directors.
 - 1.2. A Company's first Outside Directors must be appointed by a general meeting convened no later than three (3) months after the Company became a public company.
2. *Eligibility.* In addition to the criteria required of an ordinary director, an individual must also satisfy the following criteria in order to be nominated as an Outside Director:
 - 2.1. Each Outside Director must have either professional or accounting and finance expertise; at least one of a Company's Outside Directors must have accounting and finance expertise.
 - 2.2. An Outside Director in a Company, as at the date of appointment or during the previous two years:
 - 2.2.1. Must not be a relative of the controlling shareholder, and must not (and no relative, partner, employer, direct or indirect superior, corporation under his/her control, may) have, any connection to the Company, to the controlling shareholder in the Company as at the date of appointment or to any relative of such controlling shareholder, or to another corporation, in which the Company or its controlling shareholder is, at the time of appointment or during the previous two years, the controlling shareholder in such other corporation.

- 2.2.2. In a Company which does not have a controlling shareholder or any shareholder who holds at least 25% of the issued and outstanding shares, an Outside Director must not have any connection to any person who is, as at the time of appointment, the chairman of the board of the Company, the CEO, a “Material Shareholder” (holder of at least 5%), or the Company’s most senior officer of financial matters.
- 2.2.3. In this section 1.2: “connection” means the existence of employment relations, routine or ordinary business connections, control, serving as an officer (other than a director who was appointed for the purpose of serving as an Outside Director in a company which is planning an initial IPO).
- 2.2.4. Without derogating from the foregoing, no individual shall serve as an Outside Director if he has – or if his relative, partner, employer, any direct or indirect subordinate or superior, or a corporation in which he is the controlling shareholder, has – business or professional connections with a person with whom such connections are forbidden pursuant to this section 1.2, even if such connections are not routine or ordinary, other than negligible connections, nor shall such individual receive any remuneration which is forbidden to Outside Directors.
- 2.3. No individual may be appointed Outside Director if his/her other roles or businesses create or are likely to create a conflict of interest with the role of director, or if they have the potential to harm his/her ability to serve as director.
- 2.4. A director in one company shall not be appointed Outside Director in another company if at the same time, a director in such other company is serving as an Outside Director in the first company.
- 2.5. No employee of the Israel Securities Authority or of a stock exchange in Israel may be appointed Outside Director.
3. Gender Diversity. If at the time of appointing an Outside Director, all members of the board of directors who are not a controlling shareholder, or a relative thereof, are of the same gender, then the Outside Director being appointed shall be of the other gender.
4. Appointment Procedure.
- 4.1. Election. Appointments of Outside Directors shall be made by the general meeting, subject to one of the following:
- 4.1.1. An ordinary majority from among the votes which are cast in the absence of any personal interest in the appointment, other than a personal interest which does not result from a connection with the controlling shareholder, excluding abstentions and excluding those who fail to make the required personal interest declaration; or
- 4.1.2. An ordinary majority provided that the votes against the appointment will not exceed 2% (two percent) of the total eligible votes in the Company.
- 4.2. Eligibility Declaration. Before notice is given to convene a general meeting at which the appointment of an Outside Director is on the agenda, the candidate must have provided a declaration that the eligibility criteria are satisfied; this declaration shall be maintained in the Company’s registered office and made available for review by any person who requests.

5. Remuneration and Reimbursement.

5.1. An Outside Director may only accept the remuneration and reimbursement allowed by law.

5.2. Exemption, indemnification and D&O insurance are also permitted.

6. Term.

6.1. An Outside Director is appointed to a term of three (3) years.

6.2. An Outside Director may be appointed for up to two additional terms, subject to any one of the following:

6.2.1. All of the following occur: (i) one or more shareholders holding at least one percent (1%) of the total voting rights propose nominating the Outside Director for an additional term; (ii) the appointment is approved by the general meeting of shareholders, by a vote in which: (a) the majority of shareholders without any personal interest (other than personal interest unrelated to the controlling shareholder) vote in favour, (b) the total shareholders without any personal interest who voted in favour, constitute at least two percent (2%) of the total voting rights in the Company, and (c) the Outside Director who is appointed for an additional term, is not a Related or Competing Shareholder, nor is a relative of such individual a Related or Competing Shareholder on the date of appointment, nor does such individual have any “connection” (as defined in paragraph 2.2.3) with any such shareholder. For this purpose, a “Related or Competing Shareholder” means the shareholder(s) who proposed the nomination or a Material Shareholder (holder of at least 5%), *if* at the time of the appointment, such person (or an entity which controls or is controlled by such person) has any business connections with the Company or competes with the Company; or

6.2.2. The board of directors proposes nominating the Outside Director for an additional term, and the appointment is approved by general meeting in accordance with paragraph 4.1 above; or

6.2.3. The board of directors proposes nominating the Outside Director for an additional term, and the appointment is approved by the general meeting in accordance with paragraph 6.2.1.

6.3. Notwithstanding the foregoing paragraph 6.2, a Company may determine in its articles of association that an Outside Director may serve for no more than 6 years total.

7. Early Dismissal. An Outside Director may only be dismissed prior to the expiration of his/her term only as follows:

7.1. By Court. A court may order the termination of a director’s term in the event that (i) the director ceases to fulfill his duties on a permanent/routine basis, (ii) the director is convicted of bribery, fraud, corporate governance crimes or inside information crimes, (3) the director ceases to fulfill the eligibility criteria to serve as an Outside Director, or (4) the Outside Director has breached his fiduciary duty to the Company;

- 7.2. *By Corporate Action.* Upon learning that an Outside Director has ceased to fulfill the eligibility criteria or breached his fiduciary duty to the Company, (i) the board of directors shall first discuss the matter, and if the board resolves that such Outside Director has indeed ceased to fulfill the eligibility criteria or breached his fiduciary duty, then the board shall convene an extraordinary general meeting (“EGM”); (ii) at such EGM, the shareholders may resolve to dismiss such external director by a majority which satisfies the same criteria required to appoint an Outside Director (i.e. paragraph 4.1 above).
8. *Additional Restrictions.* A Company, its controlling shareholders, and any corporation under its control, shall not grant to an Outside Director in the Company or to his/her spouse or children, any benefit, directly or indirectly, including not to appoint any of them to serve as an officer in the same Company or in a corporation under control of the same controlling shareholder, not to hire any of them as an employee or service provider, directly or indirectly, including through a corporation under their control, all unless at least two years have passed from the end of the Outside Director’s term in the Company, and regarding any other relative other than a spouse or child – one year from the end of his/her term.
9. *Independent Directors.* In this paragraph, the term “independent director” refers to the term as defined in the Israeli Companies Law rather than under the Listing Rules. A Company may, but is not obligated to designate certain directors as independent directors, which may be relevant to satisfying certain criteria related to Audit Committee composition. An independent director is (a) any outside director; and (b) any other director who (i) satisfies the eligibility criteria for an outside director, (ii) the Audit Committee has determined that such criteria are satisfied, and (iii) who has not served as a director in the Company for over nine consecutive years (where any break of under two years shall not interrupt a period from being considered consecutive).
10. *Summary of Certain Initial Post-IPO Compliance Actions.*
- 10.1. Within three months following the IPO, the Company shall convene a General Meeting for the election of its outside directors (or to ratify their designation as such, if already serving in the capacity as independent non-executive directors) in accordance with Israeli law and as summarized in paragraph 4 of this Annexure J.
- 10.2. Prior to the above procedure, the Company’s Audit Committee and Remuneration Committee shall be constituted solely in accordance with the Hong Kong laws and Listing Rules, and thereafter shall also be constituted and operate pursuant to the Israeli Companies Law.
- 10.3. Following the above procedure, the internal auditor as defined in the Israeli Companies Law (see paragraph 15.7 of Chapter 1 above) shall be appointed.

ANNEXURE K:

BOARD INDEPENDENCE EVALUATION MECHANISM

Introduction

A healthy Board culture plays a pivotal role in good governance of the Company whose shares are listed on The Stock Exchange of Hong Kong Limited (“SEHK”) pursuant to the Rules Governing the Listing of Securities on SEHK (the “Listing Rules”), and the Board should demonstrate good practice in the boardroom and promote governance throughout the business.

Objective

Continuing improvement and development of the Board of the Company and its committee processes and procedures through Board independence evaluation provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths, and identifying the areas that need improvement or further development.

The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

This Mechanism is designed to ensure a strong independent element on the Board of the Company, which allows the Board effectively exercises independent judgment to better safeguard shareholders’ interests.

Mechanism

- Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive directors, for appointment as Directors.
- Nomination Policy is in place with details of the process and criteria of identifying, selecting, recommending, cultivating and integrating new directorship.
- For independent non-executive directors (“INED(s)”):
 - Every INED is required to confirm in writing to the Company his/her independence upon his/her appointment as Director and annually with reference to such criteria as stipulated in the Nomination Policy as well as the Listing Rules;
 - Each INED has to declare his/her past or present financial or other interests in the Group’s business as soon as practicable, or his/her connection with any of the Company’s connected persons (as defined in the Listing Rules), if any;
 - Each INED is required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may affect his/her independence.
- The Nomination Committee will assess annually the independence of all INEDs and to affirm if each of them still satisfies the criteria of independence as set out in the Listing Rules and is free from any relationships and circumstances which are likely to affect, or could appear to affect, their independent judgement. Every Nomination Committee member should abstain from assessing his/her own independence.

- Where the Board proposes a resolution to elect an individual as an INED at the general meeting, it will set out in the circular to shareholders the reasons it believes he/she should be elected and the reasons it considers him/her to be independent.
- A mechanism is in place for Directors to seek independent professional advice in performing their duties at the Company's expense.
- Directors are encouraged to access and consult with the Company's senior management independently, if necessary. Senior management are invited to attend board meetings and board committee meetings and have proactive engagement with the Board members in the meeting so that alternative views can be brought to board in the decision-making process.
- An annual review on Board independence (the "**Board Independence Evaluation**") will be conducted, with attention to ensuring that it remains independent in judgement, and continue to present an objective and constructive challenge to the assumptions and viewpoints presented by the management.
- The Board Independence Evaluation may take in the form of a questionnaire to all Directors individually and may be supplemented by individual interview with each Director, if necessary, and/or in any other manners which the Board considers fit and necessary.
- The Board Independence Evaluation report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.
- The aforesaid Board Independence Evaluation will be regarded as an ongoing exercise of the Company while the Company may seek assistance from external consultant if an external evaluation on the same subject is needed.