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Sisram Medical Ltd
復銳醫療科技有限公司*

(Incorporated in Israel with limited liability)

(Stock Code: 1696)

SETTING THE ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE SUBLICENSE AGREEMENT

SETTING THE ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE SUBLICENSE AGREEMENT

References are made to the announcements of the Company dated 14 July 2021 and 26 October 2022 and the circular of the Company dated 23 December 2022 (the "**Announcements and Circular**") in relation to the Sublicense Agreement between Fosun Industrial and Sisram Tianjin dated 26 October 2022, pursuant to which Sisram Tianjin agreed to sublicense from Fosun Industrial the relevant know-hows and patents of the Licensed Product, so as to, among other things, import, use, sell or commercialize the Licensed Product in the Fields in the Territory. Unless the context otherwise requires, terms used in this announcement shall have the same meanings as those defined in the Announcements and Circular.

As disclosed in the Announcements and Circular, the Company applied for, and the Stock Exchange granted a waiver from strict compliance with the requirement under Rule 14A.53(1) of the Listing Rules to set monetary annual caps with respect to the Royalty Payments. One of the conditions for the waiver was that the Company would re-comply with Chapter 14A of the Listing Rules in setting the annual caps for the Royalty Payments under the Sublicense Agreement when the Licensed Product was commercialized.

As the Group intends to commercialize the Licensed Product in 2026, on 12 March 2026, the Company set the cap for Royalty Payments under the Sublicense Agreement for each of the years ending 31 December 2026, 31 December 2027 and 31 December 2028 (the "**Annual Caps**") to be not exceeding USD11.2 million. The Annual Caps may not represent the actual transaction amount between the Group and Fosun Industrial.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Fosun Industrial is a wholly-owned subsidiary of Fosun Pharma and Fosun Pharma is a controlling shareholder of the Company, therefore, Fosun Industrial is a connected person of the Company by virtue of being an associate of the Company's connected person. Accordingly, the payment of the Royalty Payments would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Royalty Payments exceeds 0.1% but is less than 5%, the Royalty Payments under the Sublicense Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Lior Moshe DAYAN, Mr. Jiahong LI, Mr. Yi LIU, Ms. Rongli FENG and Ms. Caroline Xiaokui JIN declared that they also hold certain positions in Fosun Pharma and/or its subsidiaries (other than the Group). According to the Israeli laws and regulations, those Directors are considered to have a personal interest in the Sublicense Agreement (including the transactions contemplated thereunder) and are required to abstain from voting on the resolution of the Board approving the Annual Caps. However, the Israeli laws and regulations further provide that, a director may be present at the meeting of the board of directors in relation to a transaction and may participate in the voting if the majority of the directors of the company have a personal interest in such transaction. Accordingly, none of the Directors has abstained from voting on the resolution of the Board approving the Annual Caps.

SETTING THE ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE SUBLICENSE AGREEMENT

References are made to the Announcements and Circular in relation to the Sublicense Agreement, pursuant to which Sisram Tianjin agreed to sublicense from Fosun Industrial the relevant know-hows and patents of the Licensed Product, so as to, among other things, import, use, sell or commercialize the Licensed Product in the Fields in the Territory.

As disclosed in the Announcements and Circular, the Company applied for, and the Stock Exchange granted a waiver from strict compliance with the requirement under Rule 14A.53(1) of the Listing Rules to set monetary annual caps with respect to the Royalty Payments. One of the conditions for the waiver was that the Company would re-comply with Chapter 14A of the Listing Rules in setting the annual caps for the Royalty Payments under the Sublicense Agreement when the Licensed Product was commercialized.

The Sublicense Agreement

The principal terms of the Sublicense Agreement are set out in the Announcements and Circular. Pursuant to the Sublicense Agreement, apart from the Upfront Payment, One-off Regulatory Milestone Payments and One-off Sales Milestone Payments, Sisram Tianjin is required to make the Royalty Payments determined in accordance with the following formulae as disclosed in the Announcements and Circular:

When Net Sales in one particular financial year is less than US$100 million:

Royalty Payments = Annual Net Sales x 16%

When Net Sales in one particular financial year is greater than or equal to US$100 million but less than US$300 million:

Royalty Payments = US$16 million + (Annual Net Sales – US$100 million) x 18%

When Net Sales in one particular financial year is greater than or equal to US$300 million but less than US$500 million:

Royalty Payments = US$52 million + (Annual Net Sales – US$300 million) x 20%

When Net Sales in one particular financial year is greater than or equal to US$500 million:

Royalty Payments = US$92 million + (Annual Net Sales – US$500 million) x 22%

The Royalty Payments were determined after arm's length negotiation with reference to, among other things, the amounts of royalty to be paid by Fosun Industrial to Revance and the latest R&D progress of the Licensed Product.

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

(a) customary trade discounts, credits or allowances, not to exceed two percent (2%) of the gross amount invoiced;

(b) credits or allowances additionally granted upon returns, rejections or recalls (except where such recall arises out of the gross negligence, willful misconduct, or fraud by Sisram Tianjin, its affiliates or sublicensees);

(c) taxes, duties or other governmental tariffs (other than income taxes); and

(d) government mandated rebates.

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

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

(a) If the Licensed Product and Other Product(s) in such Combination Product each are sold separately in the Territory, Net Sales would be calculated by multiplying the total Net Sales (as described above) of the Combination Product by the fraction A/(A + B), where A is the standard average sales price in the Territory of the Licensed Product separately in the same formulation and dosage, and B is the (sum of the) standard average sales price(s) in the Territory of the Other Product(s) sold separately in the same formulation and dosage, during the applicable calendar year;

(b) If the Licensed Product is sold independently of the Other Product(s) in the Territory, but the standard average sales price of the Other Product(s) cannot be determined, Net Sales would be calculated by multiplying the total Net Sales (as described above) of such Combination Product by the fraction A/C, where A is the standard average sales price in the Territory of the Licensed Product sold separately in the same formulation and dosage and C is the standard average sales price in the Territory of the Combination Product, during the applicable calendar year; and

(c) If neither (a) nor (b) above apply, the parties would work together in good faith to determine the Net Sales of the Combination Product based on the relative values of the Licensed Product and the Other Product(s).

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

As disclosed in the Announcements and the Circular, the amounts of payments and rate of the Royalty Payments to be paid after the commercialization of the Licensed Product in the Field in the Territory were determined after arm's length negotiation of the parties after considering (i) the Licensed Product's expected gross profit margin which is calculated by revenue subtract estimated unit cost and Royalty Payment; and (ii) general market practices. Assuming the Net Sales of the Licensed Product reaches US$100 million, US$300 million, US$500 million and US$1 billion and with reference to the sale prices of the competitor products in the PRC, the corresponding gross profit margins derived from the Licensed Product are comparable to the Group's gross profit margins for each of the five years ended 31 December 2021 and the Company would still generate stable revenue from the sales of the Licensed Product. The Company also notes that the percentage of aggregate amount of the sales milestone payments and royalties in the total revenue are in line with the market precedents. According to Frost & Sullivan, an independent market research consultation, the amount of sales milestone payments to be paid in the pharmaceutical industry (based on net sales of US$100 million to US$1 billion) ranges from approximately US$10 million to US$100 million, and the royalties normally range from 5% to 30% of the net sales, respectively.

The Annual Caps and the Basis for their Determination

After considering (i) the formulae for the calculation of Royalty Payments and Net Sales as disclosed in the Announcements and Circular; (ii) the estimated amount of the payments to be made to Fosun Industrial based on the expected addressable market of the Licensed Product; and (iii) the estimated sales amounts of the Licensed Product, on 12 March 2026, the Company set the cap for Royalty Payments under the Sublicense Agreement for each of the years ending 31 December 2026, 31 December 2027 and 31 December 2028 to be not exceeding USD11.2 million.

INTERNAL CONTROLS

The Company has a system to monitor its connected transactions and continuing connected transactions, which includes maintaining and regularly updating the list of connected persons of the Company, checking the contracting party in each transaction to confirm whether it is a connected person, monitoring the value of transactions that are identified as connected transactions against the thresholds for triggering disclosure and shareholder approval requirements under the Listing Rules and ensuring that relevant business departments are regularly updated in relation to the renewal of connected transactions. The Company has been taking steps to enhance its internal controls to ensure applicable Listing Rules requirements will be complied with. Such steps include that (i) the relevant representatives of the Group and its controlling shareholders would meet more regularly to discuss any potential transactions between the Company and its controlling shareholders, (ii) the Company's auditors, Ernst & Young, would review the Group's related party transactions and connected transactions during the audit and financial reporting process, and would report and discuss with the Audit Committee of the Company specifically on these transactions accordingly, and (iii) the Company would provide additional training on a regular basis to the Directors and the senior management of the Company on the requirements and updates on the regulatory regime regarding connected transactions.

By implementing the above procedures and internal control measures, the Board believes that the Group has established adequate internal control measures to ensure compliance with the Annual Caps and that the terms under the Sublicense Agreement would be in line with market terms and normal commercial terms, which are fair, reasonable, and in the interests of the Company and its shareholders as a whole.

REASONS FOR AND BENEFITS OF THE SUBLICENSE

In December 2018, Fosun Industrial obtained an exclusive license from Revance Therapeutics, Inc., the Head Licensor, with respect to the Licensed Product in the Territory with respect to the aesthetic indications and the therapeutic indications. Revance obtained BLA for the aesthetic indications from FDA on September 8, 2022.

The Company is a leading global provider of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which feature its innovative and proprietary technologies. As the Company is the primary platform focusing on medical aesthetic treatment system within Fosun Pharma Group of companies, the Group would be in the best position to commercialize the Licensed Product in

the Territory with respect to the aesthetic indication. In addition, through entering into the Sublicense Agreement, the Company would be able to diversify its product portfolio, create cross-selling opportunities and generate additional revenue for the Group, which in turn could also help strengthen the market position of the Group.

Taking into consideration the above, the Directors, including the independent non-executive Directors, are of the view that the Sublicense Agreement was entered into on normal commercial terms or better and in the ordinary and usual course of the Group's business, was fair and reasonable and in the interests of the Company and the shareholders as a whole, and that the Annual Caps are also fair, reasonable, and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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INFORMATION ABOUT THE PARTIES

(a) Fosun Industrial

Fosun Industrial, a company established in the PRC with limited liability, is a wholly-owned subsidiary of Fosun Pharma, a joint stock company established in the PRC with limited liability and a controlling shareholder of the Company, and is mainly engaged in the industrial investments, medical industry investments, import and export of goods and technologies. The H shares and A shares of Fosun Pharma are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2196) and Shanghai Stock Exchange (Stock Code: 600196), respectively. Fosun Pharma and its subsidiaries' directly

operated businesses include pharmaceuticals, medical devices, medical diagnosis and healthcare services, and Fosun Pharma also expands its presence in pharmaceutical commerce through its investment in Sinopharm Group Co. Ltd.* (國藥控股股份有限公司).

(b) Sisram Tianjin

Sisram Tianjin is a wholly-owned subsidiary of the Company, principally engaged in technical services, import and export, sales and import and export of equipment and goods, and the operation and business of Class III medical devices. The Company is a leading global provider of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which often feature its innovative and proprietary technologies. Alma Lasers Ltd. is the principal operating subsidiary of the Company.

On behalf of the Board
Sisram Medical Ltd
復銳醫療科技有限公司*
Lior Moshe DAYAN
Chairman

Hong Kong, 12 March 2026

As at the date of this announcement, the Board of the Company comprises Mr. Lior Moshe DAYAN and Mr. Jiahong LI as executive directors; Mr. Yi LIU, Ms. Rongli FENG and Ms. Caroline Xiaokui JIN as non-executive directors; Mr. Heung Sang Addy FONG, Mr. Chi Fung Leo CHAN, Ms. Jenny CHEN and Mr. Kai Yu Kenneth LIU as independent non-executive directors.

* *for identification purposes only*