



Report of the Board of Directors of SHL Telemedicine Ltd, Israel (SIX: SHLTN) regarding its Application Dated 19 May and 5 June 2015 with the Swiss Takeover Board (TOB) (Qualification of a Merger Governed by the Laws of the State of Israel under Swiss Takeover Law and an Exemption from the Duty to Make a Public Offer) and Referring to the TOB's Decision 609/01 Dated 14 July 2015 in the Matter of SHL Telemedicine Ltd

The board of directors (the **Board of Directors**) of SHL Telemedicine Ltd, Israel (**SHL**) has requested the Swiss Takeover Board (the **TOB**) to confirm that the planned reverse triangular merger transaction between SHL, Shanghai Jiuchuan Investment (Group) Co., Ltd. (the **Parent** or the **Purchaser**) and its wholly owned subsidiary Jinoran Mergers (2015) Ltd, Israel (the **Merger Sub**) on the basis of an “agreement and plan of merger” dated 24 July 2015 pursuant to Israeli Law (the **Merger Agreement**) (the **Transaction**) does not qualify as a public tender offer within the meaning of Article 2(e) SESTA and that the Purchaser and the persons acting in concert with them are exempt from the obligation to make a public tender offer relating to the Transaction pursuant to Article 32(2) SESTA. By decision 609/01 dated 14 July 2015 the TOB approved SHL's application subject to two conditions and one order.

1. Information on SHL

SHL is a company incorporated under the laws of the State of Israel and domiciled in Tel Aviv, Israel. SHL and its subsidiaries develop and market advanced personal telemedicine solutions.

As of 15 July 2015, SHL has 10,879,514 ordinary shares with a par value of ILS 0.01 issued and outstanding (out of which 389,158 are held by SHL) (the **SHL-Shares**). The SHL-Shares are listed under the Main Standard with SIX Swiss Exchange AG (**SIX**) (Symbol: SHLTN) as well as on the New York stock exchange (traded in the form of American Depositary Shares, the **SHL-ADS**).

The closing price on the exchange for the SHL-Shares as of 24 July 2015 was CHF 9.30. The volume-weighted average price of exchange-based trades over the last 60 trading days (Volume-Weighted Average Price, VWAP) prior to that date was CHF 10.41.

The SHL-Shares are deemed illiquid pursuant to the TOB's circular no. 2 since the monthly median of the daily trading volume for transactions on the exchange was not, as required,

equal to or greater than 0.04% of the portion of the equity security that could be traded (free float) in at least ten months.

As of 24 July 2015, SHL still had a total of 521,917 options for SHL-Shares (the **SHL-Options**) outstanding which had been granted under an employee participation plan (the **2005 Share Option Plan**). Pursuant to this 2005 Share Option Plan, SHL-Options can be awarded to managers, directors and senior employees at SHL or its subsidiaries, whereby the Board of Directors determines the conditions in its free discretion. None of the outstanding SHL-Options has an exercise price of more than CHF 9.11; thus, all SHL-Options are “in the money”.

2. Information on the Purchaser

The Purchaser is Shanghai Jiuchuan Investment (Group) Co., Ltd. The Purchaser is a company incorporated under the laws of the People’s Republic of China with address at Room 603-5, No. 655, Zhangyang Rd., Pudong New Area, Shanghai, 201201 PRC and a capital of RMB 255,000,000. The Purchaser’s principal business operations are industrial investment, real estate development and operation, property management, landscaping, sale of machinery equipment, hardware and electrical materials, garments, knitwear, electric wired and cable, communication equipment and related products, apparel and accessories, electronic and electrical products and general merchandise and consulting on above related business.

According to its own statements, the Purchaser is controlled by the following natural persons, who are holding 78.43% of the voting rights in the Purchaser together as controlling shareholders: (i) Rengao Qian (residing in Shanghai) holding 66.67% of the voting rights in the Purchaser and (ii) Jianfang Cheng (residing in Shanghai) holding 11.76% of the voting rights in the Purchaser. The remaining 21.57% of the voting rights in the Purchaser are held by An Yong (Tianjin) Investment Development Co. Ltd. with address at C21, 2nd Floor, Building 7, 2nd Block, Zhong Bei Science & Technology Industry Zone, Zhong Bei Town, Xi Qing District, Tianjin.

The Purchaser confirmed to SHL that neither itself nor the persons acting in concert with it, i.e. Rengao Qian, Jianfang Cheng, An Yong (Tianjin) Investment Development Co. Ltd. and Jinoran Mergers (2015) Ltd, have bought equity securities in SHL or related financial instruments in the past twelve months. The same applies to SHL, which will be deemed to be acting in concert with the Purchaser upon signing of the Merger Agreement.

The Purchaser's latest published annual accounts may be obtained without delay and free of charge at Room 603-5, No. 655, Zhangyang Rd. Pudong Area, Shanghai 201201 PRC or by e-mail yongjian_luo@chuan.cn.

As of 24 July 2015 (the last trading day before the announcement of the Transaction), the Purchaser holds no share capital or voting rights in SHL.

3. Information on the Planned Transaction and its Consequences for SHL and its Shareholders

The Purchaser seeks to acquire 100% in SHL. This will be achieved by means of a compulsory cash consideration for SHL's shareholders as part of a reverse triangular merger under Israeli law. To this end, SHL has, on 24 July 2015, entered into the Merger Agreement with Purchaser and the Merger Sub established for the technical execution of the Transaction (a wholly owned subsidiary of the Purchaser with domicile in Israel). In the course of the Transaction, the Purchaser will, through the Merger Sub, acquire all SHL-Shares. The Merger Sub will then be dissolved and SHL will be a wholly owned subsidiary of the Purchaser.

All SHL-Shares and all SHL-ADS issued and outstanding as of the effective time of the Transaction will be converted into a right to receive a cash consideration of CHF 10.50 (subject to applicable withholding tax). In addition, all SHL-Options outstanding as of the effective time of the Transaction under the 2005 Share Option Plan shall be cashed out and/or terminated. Following the consummation of the Transaction, the SHL-Shares shall be delisted from SIX.

As a consequence of the Transaction, holders of SHL-Shares will be treated as having sold their SHL-Shares in the Transaction. Because of SHL's residence in Israel, the Israeli Tax Authorities will view the consideration received by holders of SHL-Shares as subject to Israeli taxation. When an Israeli company is sold, regardless of whether the consideration in the sale is cash or stock, its shareholders may generally be subject to Israeli taxation at a rate between 25% and 35% for individuals and 26.5% for corporations. Nevertheless, non-Israeli residents are generally exempt from Israeli capital gains tax in connection with the sale of company shares under relevant tax treaties with Israel or under certain provisions of Israeli tax law.

Whether or not a particular shareholder is actually subject to Israeli capital gains tax in connection with the Transaction, absent receipt by SHL of a tax ruling from the Israeli Tax Authorities prior to closing of the Transaction, all shareholders of SHL will be subject to Israeli withholding tax at a rate of 25% (for individuals and corporations) on the gross

consideration received in the Transaction (unless the shareholder delivers, prior to payment of the consideration under the Transaction, a certificate of exemption from the Israeli Tax Authorities), and Parent or the paying agent will withhold and deduct from the cash consideration, which each shareholder of SHL is entitled to receive pursuant to the Merger Agreement, an amount equal to 25% of the gross consideration received in the Transaction by such shareholder.

The Transaction will be submitted for approval by the shareholders of SHL and the Purchaser (and the Merger Sub, respectively). The approval by the shareholders of SHL requires a simple majority. The shareholders of SHL will be provided with all the necessary information to make an informed decision. In particular, the shareholders of SHL will be directly sent a notice regarding the general meeting of shareholders, a written ballot and a form of proxy with respect to the same. The foregoing documents will also be posted on SHL's website at <http://www.shl-telemedicine.com/about-us/investorrelations/general-meeting>. Moreover, newspaper notices with respect to both the submission of the merger proposal and the convening of the general meeting of shareholders will be published and a press release with respect to the Transaction will be issued. Finally, the Merger Agreement, the Board minutes approving the Transaction, the fairness opinion received by the Board of Directors, the valuation report, the amended compensation policy and the filings made to the Israeli Companies Registrar (i.e. the merger proposal, notifications to material and secured creditors, the notification in SHL's premises and, ultimately, the notification to the Israeli Companies Registrar regarding the approval of the Transaction by SHL's shareholders) will be available for inspection by SHL's shareholders at both SHL's offices and at the offices of SHL's investor relations firm in Switzerland (IRF Communications AG, located at Raemistrasse 4, 8001 Zurich), both during regular business hours. The fairness opinion received by the Board of Directors and the valuation report will additionally be available on SHL's website at <http://www.shl-telemedicine.com/newsroom/press-release-2015/>.

The structure of the Transaction by means of the Merger Agreement meets common practice under Israeli law.

4. Information on the Financing of the Transaction

The Transaction will be financed on the basis of the Purchaser's existing funds.

5. Information regarding the Intentions of All Shareholders Holding More Than 3% of the Voting Rights (to the Extent Known to SHL's Board of Directors)

To the Board of Directors' knowledge, SHL had the following shareholders as of 24 July 2015 who held stakes of more than 3% of the voting rights: Alroy Group (consisting of Nehama & Yoram Alroy Investment Ltd., Y. Alroy Family Ltd., Elon Shalev Investments Ltd., Southland Holding Ltd., Yoram Alroy, Erez Alroy, Eron Shalev), indirectly held by Yoram Alroy, Erez Alroy, Yariv Alroy, Hila Alroy, Nahama Alroy, Elon Shalev as well as Ziva Shalev (the **Alroy Group**) with 26.53%, G.Z. Asset and Management Ltd. with 8.78%, Eli Alroy with 7.14%, Prime Finance Corporation with 7.02%, Copper Valley Finance Ltd. with 7.02% and S.W. Mitchell Capital LLP with 3.16%. SHL also holds SHL-Shares as treasury stock in an amount of 3.58% of the issued and outstanding share capital (these shares do not hold voting rights).

For information on voting undertakings, please refer to section 6.

The Board of Directors has no knowledge of further intentions of shareholders or shareholder groups holding a stake of more than 3%.

6. Information regarding Voting Undertakings Already Concluded or Envisaged to be Concluded between the Purchaser and SHL Shareholders

The Purchaser intends, in accordance with the Merger Agreement, to conclude so-called voting undertakings with some shareholders in SHL under which these shareholders undertake, among other aspects, (i) not to sell their SHL-Shares until the closing of the planned Transaction, (ii) not to use their efforts for any other transaction which is not compatible with the Transaction, and (iii) to vote in favour of the Transaction at SHL's general meeting. The Purchaser assumes that SHL shareholders holding a total of between 35% and 45% of the voting rights in SHL will conclude such voting undertakings. The relevant SHL shareholders will not receive any compensation for concluding these voting undertakings.

To the Board of Directors' knowledge, as of 24 July 2015, the Alroy Group (holding 26.53% of the voting rights), Eli Alroy (holding 7.14% of the voting rights) and G.Z. Asset and Management Ltd. (holding 8.78% of the voting rights) have signalled an interest in executing a voting undertaking with the Purchaser under which each of them shall undertake to vote in favour of the Transaction.

7. Information regarding Potential Conflicts of Interests of SHL’s Board Members And Measures Taken To that Effect

The Board of Directors of SHL is composed as follows: Oren Most (President of the Board of Directors), Elon Shalev , Eli Alroy, Dr. Ruth Ben Yakar (Independent “external” Director), Ziv Carthy, Elad Magal, Nehama Ronen (Independent “external” Director) and Amnon Sorek.

The management of SHL (the **Management**) is composed as follows: Erez Alroy (Co-CEO), Yariv Alroy (Co-CEO), Eran Antebi (CFO), Martin Lehner (Managing Director – SHL Telemedizin, Germany), Erez Nachtomy (Executive Vice President), Prof. Arie Roth, MD (Chief Medical Director), Irit Alroy (Executive Vice-President and CTO), Yoav Rubinstein (Senior Vice President, Head of Global Business Development) and Mr. Robert E. Sass (General Manager, SHL Telemedicine USA).

No member of the Board of Directors was elected on the proposal of the Purchaser.

According to the knowledge of the Board of Directors, it is not contemplated that individual members of the Board of Directors are re-elected after execution of the Transaction.

To the knowledge of the Board of Directors, no member of the Board of Directors is a company officer or employee of the Purchaser or of a company that has significant business relations with the Purchaser.

No member of the Board of Directors exercises his or her mandate according to the instructions of the Purchaser.

The members of the Board of Directors and the Management hold the following SHL-Shares/ SHL-Options:

SHL-Shares / SHL-Options:

Name	Position	Number of SHL-Shares	SHL-Options (outstanding amount)	Comments
Yariv Alroy	Co-CEO	Holding SHL-Shares as part of the Alroy Group	-	The Alroy Group holds 2,782,608 SHL-Shares
Erez Alroy	Co-CEO	Holding SHL-Shares as part of the Alroy Group	-	The Alroy Group holds 2,782,608 SHL-Shares

Elon Shalev	Director	Holding SHL-Shares as part of the Alroy Group	-		The Alroy Group holds 2,782,608 SHL-Shares
Irit Alroy	CTO	-	10,000 (all unvested)		Member of the Alroy Group
Eli Alroy	Director	749,299	-		Not a member of the Alroy Group
Ziv Carthy	Director	921,533 Held through G.Z. Asset and Management Ltd.			
Nehama Ronen	Director	-	18,000 (out of which 12,000 unvested)	-	
Ruth Ben Yakar	Director	-	18,000 (all unvested)	-	
Elad Magal	Director	-	18,000 (all unvested)	-	
Amnon Sorek	Director	-	18,000 (all unvested)	-	
Oren Most	Director	-	18,000 (all unvested)	-	
Eran Antebi	CFO	-	55,000 (out of which 0 unvested)	-	
Erez Nachtomy	Executive Vice President	-	72,395 (out of which 0 unvested)	-	
Yoav Rubinstein	SVP, Head of Global Business Development	-	100,000 (out of which 28,333 unvested)	-	

The SHL-Options being held by the members of the Board of Directors and the Management have strike prices between CHF 5.81 and CHF 9.11.

Subject to the approval of an amendment to SHL's compensation policy by the shareholders of SHL and the consummation of the Transaction, it is contemplated to accelerate the vesting of all unvested SHL-Options pursuant to the 2005 Share Option Plan as of the effective time of the Transaction (except for the SHL-Options held by Irit Alroy, who, subject to the consummation of the Transaction, shall sign a waiver with respect to SHL-Options held by her), so that all such SHL-Options shall be fully vested as of such time (the **Option Acceleration**). The Option Acceleration with respect to all

members of the Management is subject to the approval of SHL's compensation committee (the **Compensation Committee**) and Board of Directors, and the Option Acceleration with respect to members of the Board of Directors further requires the approval of the shareholders (by simple majority). As of the effective time of the Transaction, following the Option Acceleration, all SHL-Options shall be terminated and cancelled and shall have no further force and effect, provided that each vested option shall entitle the holder to receive CHF 10.50 in cash less the applicable strike price (subject to applicable withholding taxes). As a majority of Compensation Committee members and a majority of the members of the Board of Directors holds SHL-Options and therefore had a personal interest in the approval of the Option Acceleration, the Option Acceleration is also subject to the shareholders' approval.

It is further contemplated that, subject to the consummation of the Transaction, Ziv Carthy, a member of the Board of Directors who does not currently hold any SHL-Options, shall be entitled to a one-time cash compensation of presumably CHF 55,620 (subject to applicable withholding taxes), such payment being remuneration for his services and made in lieu of the number of SHL-Options which would otherwise have been granted to him, subject to the approval of an amendment to SHL's compensation policy and approval by the shareholders of SHL. As Ziv Carthy has a personal interest in the approval of this payment, he shall not participate in the Board of Directors' discussion or approval with respect thereto.

With the exception of the accelerated vesting of unvested SHL-Options as specified above and the cash payment to Ziv Carthy in lieu of SHL-Options, the members of the Board of Directors and the Management are not entitled to any payments arising out of the execution of the contemplated Transaction. The members of the Board of Directors and the Management are being remunerated independent of the contemplated Transaction and its success.

Under Israeli Companies Law, the entering into a voting undertaking with the Purchaser by Mr. Elon Shalev, member of the Alroy Group and member of the Board of Directors (cf. section 6), Mr. Eli Alroy, member of the Board of Directors and Mr. Ziv Carthy (holding SHL-Shares through G.Z. Asset and Management Ltd.), member of the Board of Directors, does not as such create a personal interest in the Transaction (Section 1 of the Israeli Companies Law).

Other than mentioned in this section 7 (voting undertakings, cash compensation Ziv Carthy), there are no further contractual agreements or any other ties between the members of the Board of Directors or the Management and the Purchaser.

8. Information about the Merger Procedure and the Legal Remedies Available to the Shareholders under Applicable Israeli Law

8.1. Merger Procedure and Consummation

The Transaction shall be conducted as a reverse triangular merger under the statutory merger provisions (Sections 314 to 327) of the Israeli Companies Law - 1999 (the **Israeli Companies Law**). In essence, the following principles apply with respect to a statutory merger:

A merger under the statutory merger provisions requires approval by the board of directors of each of the merging companies (Section 314 Israeli Companies Law), whereby the directors shall discuss and determine, under consideration of the relevant merging company's financial condition, whether in the board's opinion there is a reasonable suspicion that, as a consequence of the merger, the absorbing company will not be able to meet its obligations to its creditors (Section 315(a) Israeli Companies Law). A merger shall not be approved if such suspicion exists (Section 315(b) Israeli Companies Law). The boards of both SHL and the Merger Sub each previously approved the Transaction in accordance with the foregoing.

A merger also requires approval of the general meeting of shareholders of each of the merging companies (Section 314 and 320(a) Israeli Companies Law). With respect to shareholders' approval, a simple majority approving the merger is sufficient (Section 320(a) Israeli Companies Law and Art. 52 Articles of Association of SHL).

The Israeli Companies Law provides that, following board approval, the boards of directors of the merging entities shall jointly draw up a merger proposal, to be submitted by each of the merging companies to the Israeli Companies Registrar. It is planned that such merger proposal will be submitted a few days after the publication of this report in accordance with the schedule described below (Section 316 of the Israeli Companies Law and Section 2(a) Companies Regulations (Merger) – 2000 (the **Merger Regulations**)). The merger proposal shall be in the form provided under applicable Israeli regulations, including names and registration numbers of the merging companies and, with respect to the Transaction, the consideration which shareholders of SHL shall be entitled to receive. A copy of the relevant merger agreement or its principal terms shall be attached to the merger proposal, as well as the main reasoning of the boards of directors of the merging companies approving the merger. The merger proposal of each merging company shall be accompanied by the consent of the auditors of such merging company which shall state that the auditors' opinion on the company's financial statements may be transferred to a creditor requesting information regarding the merger (Section 6(b) Merger Regulations).

The merger proposal shall be submitted to the Israeli Companies Registrar within three (3) days from the call for the general meeting of shareholders to approve the merger (Section 317(a) Israeli Companies Law), with such call being made in accordance with the legal provisions applicable to such company's general meetings. SHL's Board of Directors shall call a general meeting of shareholders to be held in early September 2015.

On the date the merger proposal is submitted to the Israeli Companies Registrar, each merging company shall publish in two (2) widespread daily Hebrew language newspapers in Israel a notice to creditors stating that a merger proposal was submitted to the Israeli Companies Registrar which such creditors are entitled to review at the offices of the Israeli Companies Registrar, at the company's registered office and in other places (if determined necessary by the company) during normal working hours, all as stated in such newspaper notice (Section 3(a) and (e) Merger Regulations). A company which has creditors whom the company owes at least the higher of (i) NIS 100,000 (approximately CHF 24,000) and (ii) an amount equal to 15% of its equity (the **Material Creditors**) abroad, or whose securities are traded abroad, shall also publish a notice as aforesaid in a widespread daily newspaper in the country in which most of its Material Creditors are located, or where its securities are traded, as the case may be, not later than three (3) business days from the submission of the merger proposal to the Israeli Companies Registrar (Section 3(b) and (e) Merger Regulations). As a result of being traded in Switzerland, SHL is required to publish a notice as aforesaid in a widespread newspaper in Switzerland. Each merging company shall also send the merger proposal to such company's secured creditors not later than three (3) days following submission of the merger proposal to the Israeli Companies Registrar (Section 318(a) Israeli Companies Law).

Without derogating from the foregoing, each merging company shall send to the Material Creditors (see definition above) known to it, not later than four (4) business days following the submission of the merger proposal to the Israeli Companies Registrar, a notice by registered mail informing such Material Creditors that a merger proposal was submitted to the Israeli Companies Registrar which such Material Creditors are entitled to review in additional places (in the event such have been determined by the company) during such times as set forth in the abovementioned newspaper notice (Section 3(c) Merger Regulations).

Each merging company shall notify the Israeli Companies Registrar not later than three (3) business days following such notification, that the notification of its secured and unsecured creditors in accordance with the foregoing was made (Section 317(b) Israeli Companies Law and Section 5 Merger Regulations).

A company which has at least fifty (50) employees shall submit to its workers' council, to the extent existing and applicable, or post in a prominent place at the company's premises, the newspaper notice published regarding the merger proposal (as described above), all within three (3) business days from submission of the merger proposal to the Israeli Companies Registrar (Section 3(d) and (e) Merger Regulations).

Within three (3) days following the approval of the merger by the relevant merging company's shareholders' meeting, such company shall inform the Israeli Companies Registrar of such approval (Section 317(b) Israeli Companies Law).

Subject to the Israeli Companies Registrar's full satisfactions that all requirements under law have been satisfied, the Israeli Companies Registrar shall issue a merger certificate. The Israeli Companies Registrar shall issue such merger certificate only if thirty (30) days have passed since the shareholders' resolution of each of the merging companies approving the merger, and fifty (50) days have passed since the submission of the merger proposal to the Israeli Companies Registrar, provided that the Israeli Companies Registrar has received all approvals required for the merger as described herein above (Section 323 Israeli Companies Law).

Under Israeli law, as a result of a merger, the target company will cease to exist - and with respect to a reverse merger, as contemplated by SHL and the Purchaser, Merger Sub will cease to exist - and all its assets and obligations will be transferred to the acquiring company (SHL) by operation of law (Section 323 Israeli Companies Law). As agreed between SHL and Parent under the Merger Agreement, Parent will become the sole shareholder of SHL, and each SHL-Share issued and outstanding immediately prior to the effective time of the Transaction, and each SHL-ADS, shall automatically be converted into the right to receive a certain amount in cash.

8.2. Remedies Available to Shareholders

Israeli case law (see court decision in Dov Kahane v. Makhteshim Agan Industries Ltd., Tel Aviv district court 2011, class action no. 26809-01-11) provides that under limited circumstances, even if all required corporate approvals were obtained, minority shareholders can turn to court to determine the fairness of the transaction (in terms of both process and price) – even prior to the shareholders' meeting convened to approve the relevant transaction. Further, in such a transaction a controlling shareholder has a duty of fairness directly to minority shareholders (see said court decision). Even if the special circumstances described herein before do not apply to a merger, a shareholder will still have a right to turn to court: In the event that a matter of a company was transacted in a way that deprives its shareholders in any way (or there is a suspicion that

this is the case), then any shareholder of such company may apply to court to order appropriate remedial provisions (Section 191 (a) Israeli Companies Law). In this respect, please note that Israeli law (Section 192(a) Israeli Companies Law) also provides that (i) a shareholder must act with good faith towards other shareholders when exercising its rights, *inter alia*, in a vote with respect to a merger of the company and (ii) a shareholder must refrain from depriving/ disadvantaging other shareholders. The foregoing is treated as a contractual obligation between shareholders and any breach thereof may be enforced in the same way as a breach of contract, including the right of the shareholders to turn to court for a decision on the matter (Section 192(c) Israeli Companies Law).

(Note: The information contained in this section does not constitute legal advice. Each shareholder is advised to seek independent legal advice.)

9. Statement of the Board of Directors

The Board of Directors supports the application and the TOB's decision 609/01 for the following reasons:

- (a) The proposed Transaction does not constitute a public tender offer within the meaning of Article 2(e) SESTA but a merger under the laws of the State of Israel. In a merger, the decision regarding the completion of the Transaction is not made by accepting or rejecting an offer by the individual shareholder but instead by a collective decision taken at the shareholders' meeting. While the individual shareholder may of course vote for or against the Transaction, the shareholder must accept what the shareholders collectively decide. Therefore, a shareholder does not have an individual right to participate in the Transaction or to keep the shares.
- (b) The applicable law of the State of Israel, combined with the applicable regime under the proposed Merger Agreement and supplemented with the additional information on the Transaction contained in this report as requested by the TOB, provides for a level of protection that is equal to that under Swiss law and ensures that the principles of equal treatment, transparency and integrity are adequately taken into account. Also, the cash consideration granted to SHL shareholders under the Merger Agreement, is in accordance with the minimum price rule pursuant to Article 50 SESTO-FINMA. The shareholders are involved in the process and protected in various ways against abusive conduct, in particular, since an examination of the reasonableness and fairness of the Transaction is being carried out.

- (c) The Board of Directors has commissioned Barclays Capital Inc. to produce a fairness opinion and KPMG AG, Switzerland to produce a valuation report, due to the determined illiquidity of the SHL-Shares. These documents are available online <http://www.shl-telemedicine.com/newsroom/press-release-2015/>) and may also be inspected at the following address: IRF Communications AG, Raemistrasse 4, 8001 Zurich (P.O. Box, 8024 Zurich, e-mail: shl@irfcom.ch). Interested shareholders may order a physical copy at the same address free of charge.
- (d) The Board of Directors believes the consideration for the SHL shareholders contemplated under the proposed Transaction to be fair and recommends approving the Transaction at the shareholders' meeting. However, the planned Transaction will only be executed if the TOB's decision 609/01 dated 14 July 2015 becomes legally binding.

10. Decision by the TOB

By decision of 14 July 2015 (published at www.takeover.ch) the Takeover Board has decided as follows:

1. SHL Telemedicine Ltd is subject to Swiss takeover law pursuant to Article 22 et seq. SESTA.
2. The contemplated transaction, which will be conducted by way of a reverse triangular merger under the laws of Israel, does not constitute a public tender offer pursuant to Article 2(e) SESTA.
3. SHL Telemedicine Ltd must cause the valuation report requested by that company from KPMG AG, Basel (or from another appropriate examiner selected by the company) to be updated and the value of its equity securities determined in the valuation report to be determined upon ignoring any minority deduction.
4. Shanghai Jiuchuan Investment (Group) Co., Ltd. and all parties acting in concert with it are granted an exemption from the obligation to launch a mandatory public tender offer, subject to the conditions set forth in section 5 and the order set forth in section 6.
5. The exemption is subject to the condition that:
 - a. the amount of the mandatory cash consideration envisaged for the shareholders of SHL Telemedicine Ltd must not be lower than the minimum

price calculated on the day prior to the first public announcement of the transaction based on the updated valuation report (without any minority stake deduction); and that

- b. neither Shanghai Jiuchuan Investment (Group) Co., Ltd. nor any person acting in concert with it has acquired any SHL shares within the last 12 months prior to the first public announcement of the transaction at a price that is higher than the merger consideration.
6. The exemption is subject to the order that SHL Telemedicine Ltd publishes on the day of the first public announcement of the transaction in compliance with Article 6 to 6b TOO a Board report – which includes the dispositive part of this decision (*Dispositiv*) and a reference to the right to appeal for qualified shareholders – which contains, in analogy with the provisions of the 4th chapter of the Takeover Ordinance (Article 17 et seq. TOO) and in analogy with the provisions of the 6th chapter of the Takeover Ordinance (Article 30 et seq. TOO), all information (including a reference to the Fairness Opinion and the valuation report pursuant to Article 30 (5) TOO), which are necessary for the shareholders in SHL Telemedicine Ltd to make an informed decision.
 7. This decision will be published on the website of the Takeover Board on the date of the electronic publication of the board report of SHL Telemedicine Ltd.

The fee charged to SHL Telemedicine Ltd amounts to CHF 50,000.

11. Right to File Objection

A shareholder providing evidence of holding at least 3 percent of the voting rights in the target company, irrespective of whether they are exercisable (a qualified shareholder, Article 56 TOO) may file an objection with the TOB against the decision issued by it.

The objection must be submitted to the TOB (Übernahmekommission, Selnaustrasse 30, Postfach, CH-8021 Zürich, counsel@takeover.ch, Telefax: +41 58 499 22 91) within five trading days of the publication of the dispositive part of their decision in the newspapers. The time limit starts on the first day of trading after the publication.

The objection must contain a formal request and a summary of the legal grounds, as well as proof of the holding in accordance with Article 56 TOO.

Place, Date

Oren Most
President of the Board of Directors

This English version has been produced for convenience reasons only. The official versions in German and French shall prevail.