



EXECUTION OF NEW SHAREHOLDERS' AGREEMENTS

Further to the Company's announcement of 1 March 2017 with regard to the termination effective 1 April 2017 of the 2005 shareholders' agreement ("**2005 SHA**") as described in the Company's circular to shareholders dated 4 April 2016 ("**Circular**"), the Company wishes to announce that two new agreements, namely a voting agreement ("**VA**") and a shareholders' agreement ("**SHA**") (collectively, the "**New Shareholders' Agreements**") were executed and will apply to all the members of the Restructured Concert Party Group (as such term is defined in the Circular) (with the exception of Mr. Eitan Kenneth who holds less than 0.5% of the Company's share capital and is not a party to the New Shareholders' Agreements) (collectively, the "**Current Concert Party Group**" or "**CCPG**"). The Current Concert Party Group holds an aggregate of approximately 39% interest in the Company.

The New Shareholders' Agreements are effective 15 March 2017, and supersede the 2005 SHA.

More specifically, the parties to the New Shareholders' Agreement are Hargem Ltd, Stark Hanoh Holdings Ltd, Ramgem Ltd., Gemstar Ltd. Fabulous Ltd, Colgem EL 97 Ltd, Ilan Weisman and Co. Ltd, Glinert Projects Initiation and Execution Ltd., U LevAmi Holdings Ltd, A. Shapira 2000 Systems Ltd and Moran Hightech Ltd (collectively, the "**Parties**"). Pursuant to the New Shareholders' Agreements, the Parties have undertaken to procure that their respective shareholders and their relatives, including the remaining members of the Current Concert Party Group, be bound by the New Shareholders' Agreements.

The VA provides, among other things, that:

- The CCPG shall consult internally whenever any of the following issues is brought before the shareholders' meeting: (i) appointment, termination and/or removal of directors; (ii) private placements; (iii) changes in the registered or issued share capital; (iv) issuance of shares or changes in the rights attached to existing shares or creation of new classes of shares; and (v) amendment of the Company's articles of association (each: a "**Substantial Matter**" and collectively: "**Substantial Matters**").
- Where members of the CCPG holding at least 80% of the CCPG's holdings of the Company's shares (the "**Binding Majority**") support a certain position with regard to a Substantial Matter, all the CCPG's members shall support such position in any shareholders' meeting.
- Where members of the CCPG holding at least 60%, but less than 80%, of the CCPG's holdings of the Company's shares support a certain position with regard to a Substantial Matter, the CCPG's members shall consult the Company secretary or an external consultant (in the event that the Company secretary is unable to provide an opinion and members of the CCPG holding more than 65% of the CCPG's holdings of the Company's shares choose to appoint an external consultant) who will render a non-binding opinion on the Substantial Matter in question.
- Absent a Binding Majority each member of the CCPG may vote on any Substantial Matter raised in a shareholders' meeting as it shall see fit.
- The VA shall remain in effect until the earlier to occur of (i) its termination by a Binding Majority; (ii) the CCPG's holdings in the Company falling below 20%; or (iii) the sale of the Company's shares held by the CCPG, amounting to at least 20% of the Company's share capital, to a third party.



- Upon the second anniversary of the execution of the VA, the CCPG shall discuss its termination or amendment, but absent a unanimous resolution to amend the VA or a Binding Majority's resolution to terminate it, the VA shall remain in full force and effect.
- The CCPG members may submit any dispute concerning the VA to mediation, reconciliation or arbitration.

The SHA provides, among other things, that:

- Each CCPG member may sell up to 15% of its holdings in the Company's shares (based on its holdings as of 19 January 2015, being the date of Restructuring (as such term is defined in the Circular) ("**Restructuring Date**")) in on-market transactions every 12-month period throughout the term of the SHA and carry forward the unused balance of such quota, provided that no CCPG member shall sell such number of the Company's shares which is equivalent to more than 1.5% of the Company's issued share capital at such time during any 12-month period throughout the SHA term (certain restrictions and/or concessions apply to members of the CCPG for a period of up to 36 months, depending on whether they sold any shares of the Company from the Restructuring Date up till the execution of the SHA, provided that the 1.5% cap shall remain in effect at all times).
- a CCPG member may sell shares in an off-market transaction to a "Qualified Purchaser" (i.e. a banking institution, or any recognized institutional investor (whether in Israel or abroad), having reputation and financial stability, as well as any other entity who shall purchase less than 2% of the Company's shares and who, following such purchase, shall hold less than 5% of the Company's shares, and who, to the best knowledge of the selling CCPG member, has no direct or indirect conflict of interests – in connection with the Company's business and there is no reasonable likelihood that such sale shall adversely affect the Company and/or its reputation), provided that the price per share payable in such transaction shall not be lower than 95% of the Company's share price as of the date of such transaction.
- An off-market sale of the Company's shares by a CCPG member shall be subject to standard rights of first refusal and tag along rights (with the exception of transfers to permitted transferees).
- CCPG members holding in the aggregate at least 75% of the CCPG's holdings in the Company at such time who wish to sell at least 5% of the Company's shares to a single purchaser may bind all other CCPG members to participate in such sale, on a pro rata basis, subject to certain requirements being met.
- CCPG members may pledge their shares in the Company only to recognised and reputable banking institutions, having adequate financial strength, and subject to the terms of the SHA.
- CCPG members shall consult with the Company secretary prior to increasing their shareholdings in the Company (including by way of exercise of options under the Company's share option plans) so as not to trigger a legal requirement that the CCPG make a takeover offer under the Singapore Code on Take-overs and Mergers.
- The SHA shall remain in effect until the earlier to occur of (i) its termination by a Binding Majority; (ii) the CCPG's holdings in the Company falling below 20%; or (iii) the sale of the Company's shares held by the CCPG, amounting to at least 20% of the Company's share capital, to a third party.



- Upon the second anniversary of the execution of the SHA, the CCPG shall discuss its termination or amendment, but absent a unanimous resolution to amend the SHA or a Binding Majority's resolution to terminate it, the SHA shall remain in full force and effect.
- A CCPG member whose holdings in the Company fall below 1.3% of the Company's share capital shall no longer be bound by the SHA provisions and may not rely on the same, provided that such member shall still be subject to the other members' rights of first refusal and that the duty to consult with the Company secretary prior to increasing such CCPG member's holdings in the Company shall remain in full force and effect.

Consequent to the execution of the New Shareholders' Agreements, the Company will be seeking a ruling from the Securities Industry Council in relation to the Current Concert Party Group. The Company will make further announcement(s) when there are material developments on this matter.

BY ORDER OF THE BOARD

Daniel Benjamin Glinert
Executive Director and Chairman
16 March 2017