Sisram Medical Ltd

(Incorporated in Israel with limited liability)

Enhancing **Quality of Life**

2020 Annual Report

Sisram Med

Stock Code: 1696.HK

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The following is a summary of the published results and assets and liabilities of the Group for the last five financial years prepared on the basis set out in the note below.

Results

	Year ended December 31,				
	2020	2019	2018	2017	2016
	US$'000	US$'000	US$'000	US$'000	US$'000
Operating results					
Revenue	**162,095**	173,520	153,919	136,887	118,156
Gross profit	**90,301**	95,874	82,297	73,197	62,223
Profit before tax	**16,662**	24,839	22,784	15,821	11,860
Profit for the year	**14,680**	21,935	21,831	11,049	8,501
Profit attributable to owners of the parent	**13,344**	20,785	21,831	11,049	8,055
Profitability					
Gross margin	**55.7%**	55.3%	53.5%	53.5%	52.7%
Net profit margin	**9.1%**	12.6%	14.2%	8.1%	7.2%

Assets and liabilities

	As at December 31,				
	2020	2019	2018	2017	2016
	US$'000	US$'000	US$'000	US$'000	US$'000
Assets and liabilities					
Total assets	**431,806**	392,832	350,075	346,615	279,161
Total liabilities	**99,917**	67,262	35,975	53,639	238,675
Net assets	**331,889**	325,570	314,100	292,976	40,486
Cash and bank balances	**116,527**	107,792	104,530	104,137	41,653

Note:

The consolidated results of the Group for the five years ended December 31, 2016, 2017, 2018, 2019 and 2020 and the consolidated assets and liabilities of the Group as at December 31, 2016, 2017, 2018, 2019 and 2020 have been extracted from the published audited consolidated financial statements.

The summary above does not form part of the audited consolidated financial statements.

Strive ahead, innovate and create breakthroughs in Medical Technology and Digital Industries

Time is relative, as Einstein said, and 2020 is a proof of it. In less than 365 days, the world has experienced a turmoil of changes in politics, economics, social life and almost every aspect of human lives. While facing the challenges and difficulties posed by the pandemic, mankind is also accelerating the development of cutting-edge technology igniting the fifth industrial revolution and realizing the "digital age".

2020 presented many challenges and lessons. We learned from them all – the ones we overcame and grew from, and the ones that changed the course of our operation. In these "moments of truth" we maintained good operation capabilities and launched new products with a keen sense of future industry development. We are becoming digital. Consumers are adapting a digital mindset that will increase their demand and will shape corporates' offering and marketing strategy in the coming years. There is no longer "you" or "us", there is "we" – we are selling, and we are buying, we are developing, and we are using. We believe in B2E – business to everyone.

2020 has also placed Medical Technology and Digital in the front seats of this racing car, steering it towards the digital age. Sisram, as a wellness eco-system and Alma, as a medical aesthetics leading player, are operating in a multi-dimensional business mode – designing a comprehensive solution portfolio to answer multiple customer and consumer personas needs across various life (and professional life) events.

During 2020, we accelerated the work on our two new eco-system building blocks – aesthetic dentistry and personal care. The two new business lines were chosen for their significant growth markers along with the potential synergies with Alma's operation. Sisram's vision for the new dental business line is to become a holistic digital workflow service provider, enabling cost-effective and efficient measurement, design and production process for aesthetic dentistry treatments via an on-line (digital) platform, covering all aspects from intra-oral scanning to final dental appliance delivery.

The personal care business line is defined as an extension and enhancement of the treatments offered by Alma to the consumers, broadening Sisram's reach and engagement with the end-user (the consumer). Sisram's goal for the new personal care business line is to successfully introduce a new consumer brand with strong digital presence. The supporting operation channels that will fully mature by 2022, are planned to offer an on-line, digital community that will combine digital (e-commerce) as well as traditional distribution format based on Alma's medical channels.

2020 changed demand patterns as well. We have witnessed a shift in demand from capital equipment to high ROI consumables products. Consumers "revenge shopping", a trend observed post lock-down periods driving consumers' impulse shopping, combined with the ability to "hide" aesthetic procedures under the facial mask, and the permission to perform doctor treatments, including injections during lock-downs, resulted an increased demand for injectables products (dermal facial fillers). With these trends expected to continue in 2021, Sisram made an investment in Tianjin JuveStar. Tianjin JuveStar recently announced the signing of a license agreement with Raziel Therapeutics, for the exclusive commercialization of an exciting injectable product addressing aesthetic indications and additional therapeutic fields, in Mainland China, Hong Kong SAR, Macau SAR and Taiwan, China. Sisram's injectables line of business is further bolstered with the launch of "Profhilo" skin Bio-remodelling procedure in India, with a first deal signed with Kaya Clinics chain to offer 'Profhilo' at its 70 clinics spread across 24 cities in India.

I am confident that our solid plans for the near- and long-term future, reinforced by 2020's experiences and lessons will present a significant growth in Sisram's revenue in the next reporting period and a successful launch of its new business lines.

Appreciation

On a closing note, I would like to thank our honorable Board of Directors, our employees and management, our shareholders, our partners and our customers and consumers and wish us all a healthy and prosperous 2021.

Liu Yi
Chairman

Perpetual Change Practice

So much have been said regarding 2020 – being an exceptional year, its implications and how it will shape our future. Thinking of the journey we have all experienced this year, led me to the realization that dealing with change is not enough. We should aim towards ‘perpetual change practice’ as a baseline work method, meaning to address change as a constant element of our operation and learn how to manage it continuously.

For us, as a global organization in the medical aesthetics industry, 2020 has presented both an opportunity as well as difficulty. On one hand, with 7 subsidiaries around the world and business operation across more than 90 countries worldwide, the pandemic challenged our cross-organization business results, communication and collaboration efforts. On the other hand, it focused the world’s attention on the medical technology industry and digitalization which promote awareness, attention and new business opportunities for us.

2020 was designated to be the year of our “business infrastructures upgrade” even before the pandemic outbreak. We were fortunate to conceive and launch this plan back in 2019 and exercised it in 2020. The plan encompasses physical and digital infrastructures, including (1) the transition into a new modern and spacious campus to accommodate and excel Sisram’s headquarters activities including R&D, production, logistics and international sales and marketing activities, (2) New, cloud-based information technologies systems to manage human capital, supply chain, logistics, platforms’ IoT and customers data, and (3) Digital Transformation program – this fundamentally futuristic concept has quickly materialized this year, placing heavier challenges and expectations to deliver the change as soon as possible, while simplifying and validating the “why” and “when” questions that are embedded in every new business paradigm implementation.

To address the necessity for alternative communication, we have established new communication channels and upgraded the supporting data infrastructure between our global units, creating an even better communication flow and bonding sense based on digital channels and IT tools. Although direct, physical interactions will never be fully replaced, the activities conducted this year brought a spirit of change and a new era of a digital and data driven operation:

- Operational infrastructure upgrade – a global cloud-based ERP and CRM systems, connecting and aligning activities between the headquarter with direct operations across 4 continents.

- Human capital cultivation – from knowledge sharing to employees’ training, bonding and celebrations, all activities were shifted to online digital platforms and tools.

- Sales and marketing departments replaced customers and partners face-to-face meetings with digital meeting spaces, product launches that were previously performed during industry tradeshows, were now conducted via digital arena, with a new inhouse “Alma studio” built to accommodate and broadcast global webinars, sales meetings and product launches. Additional attention was given to digital promotion materials with more demand in sound and motion materials and the development of new social media channels such as TikTok.

- Clinical – operating long distance clinical studies and 'online customers trainings' while laying the foundations to a new array of digital customers' training.
- R&D – enhancing the investments in IoT such as Alma Smart Clinic with two cloud-based solutions being Alibaba based solution for APAC region and an Amazon based for North America.
- Subsidiaries (direct operations) – shuffling their products offering to adjust to the changing consumption trends. Priortising consumables business to leverage the "revenge shopping" phenomena and immediate ROI derived from low entry point products.

2020 was not all dedicated to prevention and control of COVID-19. As mentioned in 2020 interim report, we placed significant efforts and resources to deploy our "customer centric approach" and build Sisram's consumer brand. The two leading guidelines that serve as base for our new strategic branding for Sisram are:

- Developing our customer and consumer centric approach with a goal of becoming a "trusted advisor" for our customers and consumers, leveraging our medical experience, our technology excellence, and unparalleled personal and networking skills to make medical and technical information accessible, practical, and usable (from information to knowledge).
- We are adopting the Hybrid B2E, "Business to Everyone", model – a combination of B2B and B2C operations that frames our new market perspective of "people":
  - Platform's planning and design takes into consideration the consumer (patient) contemporary needs during the development phase by offering different combinations for not only different clinical needs but also for different consumer expectations regarding duration of treatment/s and how quickly results are achieved. One example of this is the launch of Alma Hybrid, a "game changer" platform for physicians to address multiple skin rejuvenation issues across various consumer segments. The cutting-edge platform combines three energy-sources with two laser wavelengths and an ultrasound technology, offering effective preventive medicine treatments.
  - The user experience – both for the practitioner as well as the consumer (patient) is at the heart of our customer experience vision. We are mapping and designing a meaningful, value added and enjoyable experience with our platforms from the operation itself using the platform and applicator onto the treatment experience for the patient.

Sisram's wellness eco-system strategy has broadened our scope from medical aesthetics into medical wellness. The new business lines of dental and personal care will provide additional value to all our stakeholders. In addition, we are aiming to allocate special attention to the 'primary care physicians' customers segment which are the ones that are the closest to the consumers in terms of availability and accessibility. We intend to expand their offering with new treatments and tools to provide added value treatment to their patients. One example is the launch of Alma Duo, an erectile dysfunction treatment platform designed to treat men at an early-to-mid stages of dysfunction – as a regenerative medicine practice. Providing the primary care physicians with these solutions along with consumer-oriented promotion, can increase awareness for the use of energy-based device to restore natural function and enhance the quality of life, replacing the use of drugs and chemicals.

Appreciation

On behalf of the Board, I would like to thank our employees for their effort and commitment during these challenging times, and to our customers, shareholders and partners for their trust and support.

Lior M. Dayan
Chief Executive Officer

1. BUSINESS REVIEW

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. Alma, the Company's core subsidiary, is also engaged in the injectables market with a distribution agreement from IBSA Derma ("**IBSA Derma**"), a Swiss cosmeceutical company and a leading subsidiary of IBSA Pharma Corporation, for the distribution of its products in Israel, Hong Kong SAR, India and Mainland China. The "Alma" brand, as well as the brands of many of the Group's products such as "Soprano", "Harmony", "ClearLift", "Accent", "FemiLift" and "BeautiFill" are widely recognized and well regarded among treatment providers and treatment recipients worldwide. The Group also sells its treatment systems via distributors and direct sales to customers in over 90 countries and jurisdictions worldwide.

The treatment systems developed and manufactured by the Company can be used for a broad range of non-invasive and minimally invasive medical aesthetics treatments. The Company has a comprehensive portfolio of treatment systems, including its Core product line and Beauty product line, which can be utilized to perform non-invasive medical aesthetic treatments such as hair removal, skin rejuvenation, skin resurfacing, body contouring, skin tightening, treatment of vascular and pigmented lesions, tattoo removal, acne treatment and cellulite reduction. The Company's treatment systems can also be utilized to perform minimally invasive treatments such as laser assisted liposuction and fat grafting, feminine health, treatment of varicose veins and ear, nose and throat procedures. The Company's flagship offerings include: (i) the "Soprano" family, primarily used for laser hair removal; (ii) the Harmony family, a versatile multi-application platform that can be used to treat more than 65 different Food and Drug Administration of the United States ("**FDA**") cleared indications; (iii) the "Accent" family, primarily used for body contouring and skin tightening, all of which belong to its Core product line; (iv) "FemiLift", a minimally invasive treatment system for various feminine conditions and (v) "BeautiFill" by LipoFlow platform, the first and only energy-based device cleared by the FDA for autologous fat grafting. In addition, the Company offers Beauty product line treatment systems such as REJUVE and SPADEEP.

2. BUSINESS REVIEW OF 2020

In 2020, Sisram's established global sales and distribution network recorded a total revenue of US$162.1 million for the Reporting Period, representing a decrease of 6.6% when compared to 2019. The decrease is attributed to the COVID-19 impact on the global economy, displaying much of the pandemic effect in the first 5 months of 2020 with performance recovery signs beginning in June 2020. Our swift responses to the changing market conditions have led to continued improvement in revenue. The Group's revenue in the second half of 2020 recorded an increase of 3% when compared to the revenue in the second half of 2019, topping the pre-pandemic results.

The gross profit margin amounted to 55.7%, compared to 55.3% in 2019. Gross profit margin increased by 0.4% in 2020 primarily due to a higher proportion of sales to direct sales customers, which usually derives a higher margin, compared to distributors. The shift towards direct sales is a result of deploying a value creation methodology as part of our customer centric approach, aimed to strengthen our brand awareness and brand positioning. The establishment of direct operation offices in chosen territories has enabled the Company to shorten the supply chain, gain a higher brand visibility and ensure consistent communication with target clientele. During 2020, revenue derived from direct sales has surpassed revenue derived from distributors with 55.5% attributed to the former and 44.5% to the latter.

For the Reporting Period, the Group recorded profit before tax of US$16.7 million and recorded profit for the year of US$14.7 million, representing a decrease of 32.9% and 33.1% respectively, when compared with the year ended December 31, 2019. The decrease in profit before tax and profit for the year was mostly due to decrease in revenue, a decrease in gross profit (US$5.6 million), a decrease in other income (US$1.3 million) and an increase in R&D expenses and other operating expenses (US$1.3 million). Following a financial and operational internal evaluation process, the Group charted short- and long-term plans to deal with the pandemic impact. As a veteran Group with a robust financial backbone, the Group utilized its cash resources for the ongoing business operation during the second half of the year, to maintain its human capital and sustain its operational resilience, while addressing the following goals:

- Support employees and business partners during these challenging times.

- Return to normal operation with all necessary elements (sales, production, distribution and service) as soon as demand recovers.

- Continuation of strategic projects such as upgrading IT infrastructures (ERP and CRM systems), move into the new campus, research & development projects, clinical studies, etc.

- Protect financial assets and company value.

For the Reporting Period, the Group recorded an adjusted net profit of US$20.1 million representing a decrease of 25.3% when compared with the corresponding period of 2019. The adjusted net profit margin for the Reporting Period was 12.4%. The terms of adjusted net profit and adjusted net profit margin are not financial measures defined under IFRSs. Please see "Financial review – Adjusted net profit and adjusted net profit margin" section below for further details.

The net cash flow from operating activities amounted to US$25.7 million, representing an increase of 22.3% when compared to 2019. The increase is attributed to decrease in days of sales outstanding to 90 days when compared to 102 days in 2019.

R&D

- R&D investments increased by 4.7% YOY.

- 13.8% of corporate employees are R&D specialists.

- 4 new products were launched during the Reporting Period –

    o "Opus Plasma" – the first plasma skin resurfacing technology that swept the North American market quickly with an outstanding demand;

    o "Harmony XL PRO special edition" with the new, groundbreaking applicator – doubling the power of previous solutions and providing visibly younger looking skin;

    o DermaClear – a powerful hydradermabrasion platform for skin exfoliation, cleansing, extraction, and hydration, designed to meet the increasing demand for high-quality, risk-free, and thorough skincare treatments; and

    o "Alma Hybrid" – the first and only device of its kind to bring together three powerful energies, two laser sources and impactful ultrasound, that delivers unparallelled results for skin rejuvenation and scar treatment, with significantly reduced downtime.

- On the clinical research front, the Group has conducted 30 clinical and preclinical studies (including sponsored & investigator sponsored trials) during the Reporting Period, in the aesthetics, dermatology, plastic surgery, and gynecology fields.

- Four studies are intended to support FDA clearances submissions for additional clinical indications and treatment platforms.

Sales and Marketing

As a multi-national entity, Sisram is required to adjust its performance according to each country/state limitations (such as USA, DACH, India, etc). This practice of global outlook with local focus which we called Glocalization methodology has been fully exploited during the COVID-19 outbreak to (1) monitor the pandemic situation in each country, (2) prepare the recovery plan, and (3) coordinate across all subsidiaries and execute the plan.

Adjusting to the new market dynamics, we have performed the following activities:

- Upgrade webinars activities as a substitute to cancelled conferences, trainings, and sales meetings. The Group has successfully conducted the first all-digital product global launch, transmitted from the company's headquarter to 5 continents with the first exposure of the new Alma Hybrid platform. The event was broadcasted across multiple communication channels including YouTube.

- Launch multiple digital campaigns to generate B2B leads across different territories.

- Increase content creation and social media presence to keep B2B and B2C dialogue going.

- Conduct weekly video meetings with all distributors to ensure that we support our customers with solid answers, fast service and positive reactions.

M&A

Realizing Sisram's vision of providing an umbrella of solutions for the wellness market, the Group made an investment in a start-up company that was incubated by Fosun Pharma venture capital fund. The startup company, named Tianjin JuveStar, recently announced the signing of a license agreement with Raziel Therapeutics, for the exclusive commercialization of an exciting injectable product addressing aesthetic indications to reduce fat in the Greater China region.

The agreement provides JuveStar with exclusive rights to develop and commercialize Raziel's proprietary RZL-012 – the first and long-lasting single treatment injectable product for aesthetic and therapeutic applications.

Business Development

During the Reporting Period, the Group have continuously explored new business opportunities, following the charted guidelines – strengthen its APAC position, diverse the business and create synergistic value with Alma.

Sisram's business development team, led by Alma's veteran professionals, denoted two new business lines – dental industry and personal care as the next building blocks in Sisram's eco-system, taking into consideration the significant growth of these markets along with the potential synergies with Alma's operation. Sisram's vision for the new dental business line is to become a holistic digital workflow service provider enabling cost-effective and efficient measurement, design and production process for aesthetic dentistry treatments via an on-line (digital) platform covering all aspects from intra-oral scanning to final dental appliance delivery.

The personal care business line is defined as an extension and enhancement of the treatments offered by Alma to the consumers, broadening the Group's reach and engagement with the end-user, the consumer. Sisram's vision for the new personal care incorporate new business presence and operation channels that will fully mature by 2022, offering an on-line, digital community that will combine digital (e-commerce) as well as traditional distribution format based on Alma's medical channels.

Operations

During the Reporting Period, the Group focused its operational efforts on the following spearheads:

- Addressing the pandemic effect:

    - Following the lockdowns in several territories and components supply shipments delays, the group has activated alternative sources of supply – mainly by replacing plastic parts with CNC machining metal parts.

    - Enhance inbound materials visibility in response to decline in suppliers "on time delivery" performances.

    - Evaluate and exercise alternative outbound logistics options, to replace air transportation.

    - Provide required IT tools to allow employees to work remotely from home when applicable.

- Competitive procurement project, including advanced supply control structural methods, has been designed and is in implementation process.

- Alma's new campus project has been completed and transition was done during August 2020. The new campus consolidates all operation sites into one with future expansion capacity of 50%.

- Digital and IT:

  - o During 2020, Sisram invested US$0.8 million in information technology infrastructure upgrade. This ongoing significant investment is dating back to the beginning of 2019 and is planned to continue throughout 2022.

  - o Global ERP System upgrade, initial implementation of global CRM system and full implementation of global HR system were completed in 2020.

3. OUTLOOK FOR 2021

Based on an increase in the demand for the Company's products and the backlog of orders as of December 31, 2020, barring any unforeseen circumstances or material change in market conditions, the Group expects to record a significant growth in revenue of over 40% in the first half of 2021 as compared to the revenue recorded in the corresponding period in 2020.

In 2021, Sisram will continue to follow the constructive disruption strategy by evaluating and implementing near-future technologies, ventures, and synergies so as to bolster its global position. The Group's efforts throughout 2021 will strategically focus on strategic branding, digitalization, eco-system building and lean innovation.

Strategic branding:

- Sisram has engaged a leading strategic branding agency to develop the global branding and positioning of Sisram as a one-of-a-kind business entity in the greater wellness industry. This project will be conducted during the first half of 2021.

IT infrastructure and Digitalization:

- With the pandemic accelerating the Group's digital transformation program, Sisram will focus on two major objectives in these areas:

  - o Enable customers' centric operation mindset whereas activities are based on customers' data, to facilitate informed corporate decisions making process.

  - o Digitize existing processes, create new ones and centralize data.

In addition, we plan to:

3.1 Complete the reconstruction of Alma's organization structure and operation according to the charted vision of becoming the leading medical aesthetics care organization, providing premium care to our customers, using professional, on-time, quality services to maximize customers' value and loyalty as an enabler for the Group's business growth.

3.2 Focus R&D operation on next generation platforms in the areas of Pre-juvenation, regenerative medicine and combined technologies.

3.3 Continue ongoing clinical studies, in addition to new studies aimed to support regulatory requirements (i.e. FDA study for BeautiFill treatment upgrade and Harmony next generation).

3.4 Continue to expand our Internet of Things service module with Cloud base application for smart clinic management in China with Alibaba infrastructure and Amazon infrastructure in North America.

3.5 Complete IBSA Derma products registration in China and expand the Hong Kong and India injectables business by introducing additional products in this category.

3.6 Allocate sales and marketing efforts to develop our market share in direct operation territories.

3.7 Continue the North America's sales and marketing focus following the successful results achieved in first half of 2020.

3.8 Explore unexploited direct operation opportunities worldwide.

3.9 Distribute affiliating products and technologies in a private label/ODM model.

3.10 Leverage Fosun Pharma's resources in China to capture a larger market share (for surgical, injectables, beauty and cosmeceuticals segments).

3.11 Follow our eco-system strategic planning by searching, evaluating, and executing relevant M&A's initiatives that will further strengthen our R&D capabilities, products portfolio and distribution channels.

3.12 Expand the Group's presence and business in China via the new official Sisram's China office. The China office will handle various business activities addressing the evolving ecosystem and potential synergies between Sisram and its majority shareholder, Fosun Pharma. Amongst the first activities the new office will oversee are: aesthetic dentistry, registration of dermal facial fillers with China's National Medical Products Administration, expansion of the injectables category offering, and the establishment of a regional service center and regional warehouse.

4. FINANCIAL REVIEW

Overview

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. The Company sells its treatment systems in over 90 countries and jurisdictions worldwide to its direct sale customers and its distributors.

The following table sets forth the consolidated statement of profit or loss for the years indicated:

	2020		2019		YOY %
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	Amount	% of revenue	
Revenue	**162,095**	**100%**	173,520	100.0%	(6.6%)
Cost of sales	**(71,794)**	**44.3%**	(77,646)	44.7%	(7.5%)
Gross profit	**90,301**	**55.7%**	95,874	55.3%	(5.8%)
Other income and gains	**1,124**	**0.7%**	2,395	1.4%	(53.1%)
Selling and distribution expenses	**(43,085)**	**26.6%**	(43,496)	25.1%	(0.9%)
Administrative expenses	**(15,874)**	**9.8%**	(15,833)	9.1%	0.3%
Research and development expenses	**(10,957)**	**6.8%**	(10,470)	6.0%	4.7%
Other expenses	**(3,783)**	**2.3%**	(2,902)	1.7%	30.4%
Finance costs	**(1,064)**	**0.7%**	(729)	0.4%	46.0%
Profit before tax	**16,662**	**10.3%**	24,839	14.3%	(32.9%)
Income tax expense	**(1,982)**	**1.2%**	(2,904)	1.7%	(31.7%)
Profit for the year	**14,680**	**9.1%**	21,935	12.6%	(33.1%)

(a) Revenue

During the Reporting Period, revenue of the Group decreased from US$173.5 million to US$162.1 million, representing a decrease of 6.6% when compared to 2019. The overall decrease was primarily attributable to a decrease in the sales volume of main consoles and applicators for the Company's different products, due to the COVID-19 impact on the global economy. The pandemic significantly disrupted the global medical aesthetics industry in general and the clinical operations of hospitals, aesthetic clinics and doctors' practices in specific. As at the date of this annual report, the clinical operation of medical aesthetics practices have not been fully back to its normal level prior to the outbreak of COVID-19, although significant improvement is seen in June 2020 as compared to the Reporting Period.

Revenue by main product segments

We generate revenue from the following revenue streams: (i) sale of goods; and (ii) services and others. The revenue from sale of goods amounted to US$153.4 million, representing a decrease of 5.8% as compared with 2019, which was mainly attributed to the overall impact of COVID-19 on market demand.

The revenue from service and others amounted to US$8.7 million, representing a decrease of 18.5% as compared with 2019.

The following table sets forth our revenue breakdown by main product lines and as a percentage of our total revenue for the years indicated:

	2020		2019		YOY %
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	Amount	% of revenue	
Sale of Goods:					
Non-invasive medical aesthetics:					
Core	**117,064**	**72.2%**	124,369	71.7%	(5.9%)
Beauty	**14,483**	**8.9%**	11,079	6.4%	30.7%
Subtotal	**131,547**	**81.2%**	135,448	78.1%	(2.9%)
Minimally invasive	**20,084**	**12.4%**	22,120	12.7%	(9.2%)
Non-EBD*	**4,256**	**2.6%**	3,172	1.8%	34.2%
Deferred Revenues, Net	**(2,525)**	**(1.6%)**	2,071	1.2%	(221.9%)
Subtotal	**153,362**	**94.6%**	162,811	93.8%	(5.8%)
Services and Others	**8,733**	**5.4%**	10,709	6.2%	(18.5%)
Total	**162,095**	**100%**	173,520	100.0%	(6.6%)

* Non-EBD (Energy Based Devices) – includes sales of Dermal Fillers.

We have derived a substantial majority of our revenue from our Core product line, representing 72.2% of our total revenue for the Reporting Period. This includes our flagship non-invasive medical aesthetics treatment systems: "Soprano", "Harmony" and "Accent" platforms, as well as our Aesthetic Precision product line. Revenue from the sale of our Core product line was US$117.1 million in 2020, representing a decrease of 5.9% in comparison with a revenue of US$124.4 million in 2019. The decrease was mainly attributed to the overall decline in sales volume due to the pandemic impact.

Revenue from our minimally invasive product line decreased by 9.2% and amounted to US$20.1 million compared to US$22.1 million in 2019. The decrease is attributed to the overall decline in sales volume due to the pandemic impact.

Growing revenues from consumables US$2.5 million in 2019 and US$3.2 million in 2020 which represent a 24.2% growth YOY.

Revenue by geographic segments

The following table sets forth our revenue by geographic segments for the years indicated:

	2020		2019		YOY %
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	Amount	% of revenue	
Europe	**34,653**	**21.4%**	48,334	27.9%	(28.3%)
North America	**54,443**	**33.6%**	47,479	27.4%	14.7%
APAC	**43,641**	**26.9%**	43,762	25.2%	(0.3%)
Middle East and Africa	**21,224**	**13.1%**	21,736	12.5%	(2.4%)
Latin America	**8,134**	**5.0%**	12,209	7.0%	(33.4%)
Total	**162,095**	**100.0%**	173,520	100.0%	(6.6%)

During 2020, APAC, Europe and North America were the Company's most important geographic segments by revenue contribution, though sales were distributed broadly across many regions globally. The Company has strived to maintain and expand its geographically diverse sales network, which will allow the Company to readily capture strong regional demand, as well as help the Company to balance and minimise risks from regional economics downfalls.

The revenue derived from the Europe segment decreased by 28.3% to US$34.7 million in 2020 from US$48.3 million in 2019. The decrease is in line with the volume of the pandemic impact on this continent.

The revenue derived from North America increased by 14.7% to US$54.4 million in 2020 from US$47.5 million in 2019. The increase is attributed to our prominent position in the skin resurfacing market with the successful launch of our skin resurfacing solution – "Opus Plasma" the first plasma skin resurfacing technology that swept the North American market quickly with an outstanding demand.

The revenue derived from APAC decreased by 0.3% to US$43.6 million in 2020 from US$43.8 million in 2019. We have been tracking the APAC region results for few quarters, as well as designing and executing regional focus strategy which is manifested through the establishment of two new subsidiaries in South Korea and Australia during 2019.

The revenue derived from Middle East and Africa decreased by 2.4% to US$21.2 million in 2020 the from US$21.7 million in 2019. The decrease is mainly attributed to the impact of the pandemic on these territories. Nonetheless, the decrease was offset by increase of 4.1% YOY in our Israeli subsidiary Nova which is align with our strategy to go directly in specific regions.

Our Latin America revenue decreased by 33.4% to US$8.1 million in 2020 from US$12.2 million in 2019. The decrease is in line with the volume of the pandemic impact on this territory.

(b) Cost of sales

During the Reporting Period, the cost of sales primarily comprised the costs of production materials, and to a lesser extent, remuneration of production employees, the cost of rendering of services, and overheads and other miscellaneous costs relating to production. For the Reporting Period, the cost of sales of the Group decreased by 7.5% to US$71.8 million from US$77.6 million in 2019, which is mainly caused by material costs as a result of the decrease in sales volume.

(c) Gross profit and gross profit margin

During the Reporting Period, gross profit of the Group decreased by 5.8% to US$90.3 million from US$95.9 million for in 2019 for the reasons set out in revenue and cost of sales above.

The gross profit margin increased to 55.7% for the Reporting Period from 55.3% in 2019. The increase relates mainly to a higher portion of direct sales 55.5% when compared to 53.9% in 2019.

(d) Selling and distribution expenses

The selling and distribution expenses primarily consist of: (i) employees' salaries and related cost; (ii) sales commission to sales employees and independent agents; (iii) marketing expenses such as participation in tradeshows; and (iv) administrative and other sales and marketing expenses.

During the Reporting Period, selling and distribution expenses of the Group decreased by 0.9% to US$43.1 million from US$43.5 million in 2019, the decrease resulted from lower commission expenses, and decrease of marketing events due to the pandemic.

(e) Administrative expenses

Administrative expenses primarily consist of: (i) amortization of intangible assets; (ii) remuneration paid to administration employees; (iii) professional fees paid and administrative costs; (iv) fees relating to the operation facilities; and (v) other miscellaneous expenses.

During the Reporting Period, administrative expenses of the Group increased by 0.3% to US$15.9 million from US$15.8 million in 2019. The increase is mainly attributed to a new IT team we established to manage and support the new ERP system, in addition one-time lease improvements depreciation in accordance with the moving to the new campus and the revaluation of contingent consideration related to the acquisition of Nova.

(f) R&D expenses

The Group's R&D expenses primarily consist of: (i) remuneration to R&D team members; (ii) cost of materials used in R&D efforts; (iii) expenses related to clinical studies; and (iv) expenses related to regulatory compliance and registration of patents and trademarks. During the Reporting Period, majority of R&D expenses were recorded in the period that such expenses were incurred and were not capitalized.

During the Reporting Period, R&D expense increased by 4.7% to US$11 million from US$10.5 million for the corresponding period in 2019.

(g) Finance costs

Finance costs are comprised mainly of (i) interest on bank loans and (ii) interest on lease liabilities. Finance costs increased to US$1.1 million in 2020 from US$0.7 million in 2019, due to new lease liability contract that was signed in 2020.

(h) Income tax expense

The Israeli corporate tax rates are both 23% in 2020 and 2019. Each entity in the Group is taxable based on its standalone results as measured by the local tax system.

During the Reporting Period, income tax expense decreased to US$2.0 million, representing a decrease of 31.7% from US$2.9 million in 2019. This was primarily attributable to the lower income before tax. In addition, Alma enjoyed special taxation terms from January 1, 2017.

On December 4, 2018, a ruling from the Israeli Income Tax Authority granted Alma a SPTE status, in accordance with the legal criteria and the conditions mentioned in the ruling, effective from January 1, 2017.

(i) Profit for the year

As a result of the foregoing, during the Reporting Period, our profit for the year decreased by 33.1% to US$14.7 million from US$21.9 million for the corresponding period in 2019. The net profit margin of the Group for 2020 and 2019 were 9.1% and 12.6%, respectively.

(j) Adjusted net profit and adjusted net profit margin

The Group calculates adjusted net profit by taking profit for the period and adjusting: (i) amortization of other intangible assets; (ii) changes in contingent consideration arising from the acquisition of Nova; and (iii) deferred tax liability arising from other intangible assets, which primarily relates acquisitions. The Group calculates adjusted net profit margin by dividing adjusted net profit by revenue.

The Group presents this financial measure because it is used to evaluate financial performance by excluding the impact of items that the Group does not consider indicative of the Group's ordinary operating performance.

The term adjusted net profit is not a financial measure defined under IFRSs. The use of adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact net profit for the period. Items excluded from adjusted net profit are significant components in understanding and assessing the Group's operating and financial performance. The following table reconciles the adjusted net profit for the Reporting Period presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is profit for the year:

	2020 **US$ '000**	2019 US$ '000	YOY %
PROFIT FOR THE YEAR	**14,680**	21,935	(33.1%)
Adjusted for:			
Amortization of other intangible assets arising from the Alma acquisition	**4,611**	4,580	0.7%
Amortization of other intangible assets arising from the Nova acquisition	**1,051**	592	77.5%
Contingent consideration arising from acquisitions	**615**	552	11.4%
Deduct: deferred tax arising from other intangible assets	**(810)**	(704)	15.1%
Adjusted net profit	**20,147**	26,955	(25.3%)
Adjusted net profit margin	**12.4%**	15.5%	

5. DEBT STRUCTURE, LIQUIDITY AND SOURCES OF FUNDS

(a) Treasury Policy

The Board aims to have a better control in its treasury operations and endeavors to maintain an adequate level of cash and cash equivalents. The functional currency of the Group is the U.S. Dollar and most of the sales proceeds are denominated in U.S. Dollar. Please see "Risk Management – Foreign Currency Exposure" for further details. The Group generally finances its operation with internally generated resources.

To ensure that the financial resources have been used in the most cost-effective and efficient way, the Board would also consider various funding sources to address the Group's financial obligations and operational needs. The Board would also review and evaluate the adequacy and effectiveness of the treasury functions from time to time.

(b) Gearing Ratio

As at December 31, 2020 and December 31, 2019, the Group's cash and cash equivalents exceeded the total debt. As such, no gearing ratio was presented.

(c) Interest Coverage

During the Reporting Period, the interest coverage, which is calculated by Earnings Before Interest and Taxes ("**EBIT**") divided by financial costs was 16.7 times as compared with 35.1 times for the corresponding period in 2019. The interest coverage decreased mainly because the Group's EBIT during the Reporting Period decreased by 30.7% to US$17.7 million from US$25.6 million in 2019, and finance cost increased by 46.0% to US$1.1 million from US$0.7 million in 2019.

(d) Available Facilities

As of December 31, 2020, Sisram did not have any unutilized banking facilities. Sisram is mainly financing its operations through cash generated from operating activities.

(e) Interest Rate

All of the Group's interest-bearing bank and other borrowings bore interest at fixed rates as at December 31, 2020.

(f) Maturity Structure of Outstanding Debts

The following tables sets forth the maturity structure of outstanding debts as at December 31, 2020 and December 31, 2019.

	2020			2019		
	Effective interest rate (%)	Maturity	US$'000	Effective interest rate (%)	Maturity	US$'000
Current						
Bank overdraft	3.25-3.65	2021	1,134	3.25-3.65	2020	958
Current portion of long-term bank loans, secured	3.1-3.8	2021	384	6-month LIBOR+3.75	2020	1,452
			1,518			2,410
Non-current						
Bank loan, secured	3.1-3.8	2022	180	6-month LIBOR+ 3.25-3.65	2021-2022	402
			1,698			2,812

Note: LIBOR stands for the London Interbank Offered Rate.

	December 31, 2020 US$'000	December 31, 2019 US$'000
Within one year	1,518	2,410
In the second year	180	297
In the third to fifth years, inclusive	–	105
Total	1,698	2,812

(g) Collateral and Pledged Assets

Nova, Alma's subsidiary, entered into a loan agreement, pursuant to which Nova pledged to the banks all of the issued and outstanding shares of Nova and a floating charge over all of the present and future assets of Nova as they may be from time to time. The remaining balance of such loan amounted to US$0.6 million as at December 31, 2020.

6. CASH FLOW

Sisram is using its cash primarily for its operating activities, payments of interest and principals of debts due, payments for purchases and capital expenditures and funding growth and expansion of its business.

The table below shows the cash flow of the Group generated from (or used in) operating activities, investing activities and financing activities for 2020 and 2019.

	2020 US$ '000	2019 US$ '000	YOY %
Net cash flows from operating activities	**25,737**	21,037	22.3%
Net cash flows from/(used in) investing activities	**(33,509)**	53,687	(162.4%)
Net cash flows used in financing activities	**(12,212)**	(9,358)	30.5%
Net increase/(decrease) in cash and cash equivalents	**(19,984)**	65,366	(130.6%)
Cash and cash equivalents at the beginning of the period	**99,735**	33,840	194.7%
Effect of foreign exchange rate changes, net	**3,622**	529	584.7%
Cash and cash equivalents at the end of the period	**83,373**	99,735	(16.4%)
Pledged bank balances	**154**	57	170.2%
Term deposits with original maturity of more than three months	**33,000**	8,000	312.5%
Cash and bank balances at the end of the period	**116,527**	107,792	8.1%

Net cash flows from operating activities

For the Reporting Period, the net cash flows from operating activities were US$25.7 million, which was primarily attributable to: (i) the profit before tax of US$16.7 million; (ii) total adjustments for profit or loss items of US$13.9 million; (iii) working capital adjustments of US$3.4 million; and (iv) income tax paid of US$1.5 million.

Net cash flows from investing activities

For the Reporting Period, the net cash flows used in investing activities were US$33.5 million, which was primarily attributable to: (i) an increase of US$25.0 million in term deposits with original maturity of more than three months, in relation to a cash deposit that we made into a savings account at a third-party commercial bank, (ii) US$0.8 million interest received from term deposits (iii) offset by US$0.2 million investment in an associate; and (iv) US$9.3 million in purchase of plant and equipment.

Net cash flows used in financing activities

For the Reporting Period, the net cash flows used in financing activities was US$12.2 million, which was primarily attributable to: (i) distribution of dividend of US$6.3 million; and (ii) payment of lease payments of US$3.8 million.

7. CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

During the Reporting Period, capital expenditures of the Group amounted to US$9.3 million, which mainly consisted of additions to the plant facility and ERP Costs.

On December 22, 2020, Sisram Tianjin, a subsidiary of the Company, entered into the series A investment agreement as an original shareholder and a series A investor with, among others, Fosun Health Fund (Suzhou) and Fosun Health Fund (Tianjin) (the general partners of which are subsidiaries of Fosun Pharma) and Tianjin JuveStar in relation to an aggregate capital injection of US$16.71 million (equivalent to RMB109 million) into Tianjin JuveStar, to which, Sisram Tianjin agreed to contribute US$1.53 million (equivalent to RMB10 million) (2019: Nil).

As of December 31, 2020, the Group did not have any significant capital commitments.

8. CONTINGENT LIABILITIES

As of December 31, 2020, the Group did not have any contingent liabilities.

9. MATERIAL ACQUISITION AND DISPOSAL

During the Reporting Period, the Group did not conduct any material acquisition or disposal.

10. SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for those disclosed in this annual report, there were no other significant investments held as at December 31, 2020. The Group did not have other plans for material investments and capital assets.

11. RISK MANAGEMENT

The operation and development of the Group is not exposed to any material risk factors, but it will be impacted to a certain extent by several factors as illustrated below:

(a) Foreign Currency Exposure

The functional currency of the Group is the U.S. Dollar and most of the sales proceeds are denominated in the U.S. Dollar. However, the Company also generates revenue globally in a few other currencies, particularly Euros, and incurs costs mostly in New Israeli Shekels. Furthermore, the functional currencies of certain subsidiaries are currencies other than the U.S. Dollar, including the Euros, the Indian Rupee, the New Israeli Shekels, the HK Dollar, the South Korean Won and the Australian Dollar. As at the end of the Reporting Period, the assets and liabilities of these entities were translated into the U.S. Dollar at the exchange rates prevailing at the end of the Reporting Period and their statements of profit or loss were translated into the U.S. Dollar at the weighted average exchange rates for the period. As such, the Group's results of operations are sensitive to changes in foreign currency exchange rates.

The Company has formally established a hedging management framework in 2014 and the hedging transactions are mainly managed by the Company's finance department. By analyzing the currency balance sheet and trends in the foreign exchange markets, the Company has entered into forward contracts from time to time to mitigate the adverse effects of exchange rate fluctuations.

(b) Interest Rate Exposure

It is the Group's strategy to use debts with fixed and floating interest rates to manage its interest costs. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

12. EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the number of our employees by function as at December 31, 2020:

Functions	Number of Employees
Operations	175
R&D	67
Sales & Marketing	188
General and Administration	55
Total	485

Employees' headcount in 2020 decreased by 5.1% with the departure of 16 employees.

The employees' remuneration includes basic salary and a performance-based bonus. The performance-based bonus is determined by reference to the performance appraisal of the employees of the Group. Through clearly locating position-oriented performance targets and formulating performance standards, the Company has managed to assess employees' performance in an objective manner. By materializing reward and penalty in the performance-related portion of the employees, the Company is able to achieve the coexistence of incentives and restraints.

13. Use of proceeds from the Global Offering

Total net proceeds from the Global Offering amounted to approximately HK$771.3 million. As at the end of the Reporting Period, approximately HK$414.8 million has been used in accordance with the plan disclosed in the Prospectus of the Company (as adjusted in accordance with the announcement issued by the Company on October 8, 2018).

Intended use of proceeds as set out in the Prospectus	Intended amount to be used as set out in the Prospectus	Amounts not utilised as at December 31, 2019 (HK$ million)	Amounts utilised during the period from January 1, 2020 to December 31, 2020 (HK$ million)	Actual amounts utilised up to December 31, 2020 (HK$ million)	Amounts not yet utilised as at December 31, 2020 (HK$ million)
(a) expanding sales channels and distribution network and intensify marketing efforts					
Expanding sales channels in the United States, Germany and India and distribution network globally	approximately 11.2% (HK$86.39 million)	23.06	–	63.33	23.06
Invest in global digital marketing	approximately 3.7% (HK$28.54 million)	25.22	2.08	5.66	23.14
Develop analytics capabilities	approximately 3.7% (HK$28.54 million)	27.32	–	1.22	27.32
(b) capital investments					
Upgrade existing or establish new service centers in direct sales markets	approximately 4.2% (HK$32.78 million)	32.44	0.27	0.61	32.17
Upgrade and remap production lines	approximately 4.7% (HK$35.90 million)	26.25	26.25	35.90	–
Optimize and update information technology systems and infrastructure	approximately 4.7% (HK$35.90 million)	29.10	4.82	11.62	24.28
(c) research and development activities					
Develop and expand minimally invasive product line	approximately 4.7% (HK$35.90 million)	35.46	0.10	0.54	35.36
Increase the funding for clinical studies in the United States	approximately 4.7% (HK$35.90 million)	34.71	0.35	1.54	34.36
Bolster regulatory capabilities	approximately 4.7% (HK$35.90 million)	21.80	9.71	24.88	12.09

Intended use of proceeds as set out in the Prospectus	Intended amount to be used as set out in the Prospectus	Amounts not utilised as at December 31, 2019 (HK$ million)	Amounts utilised during the period from January 1, 2020 to December 31, 2020 (HK$ million)	Actual amounts utilised up to December 31, 2020 (HK$ million)	Amounts not yet utilised as at December 31, 2020 (HK$ million)
(d) repay the buy-out loan from Fosun Industrial	approximately 9.3% (HK$71.74 million)	–	–	–	–
(e) strategic acquisition, enter into strategic partnerships and other business development	approximately 29.5% (HK$227.53 million)	159.35	5.1	73.28	154.25
(f) supplement working capital and other general corporate purpose	approximately 10.0% (HK$77.13 million)	4.42	–	72.71	4.42
(g) repay a loan with HSBC Bank Plc, Israel Discount Bank Ltd. and Mizrahi Tefahot Bank Ltd.	approximately 5.1% (HK$39.15 million)	–	–	–	–

Note: The sum of the data may not add up to the total due to rounding.

On April 22, 2021, the Board resolved to change in the use of HK$205.35 million out of the HK$359.60 million unutilised net proceeds from the Global Offering as of April 22, 2021. Considering the low interest rate on bank deposits and the recent corporate actions of the Group, in order to enhance the efficiency of the use of the net proceeds from the Global Offering, such HK$205.35 million of unutilised net proceeds for strategic acquisitions, entering into strategic partnerships and other business. The remaining HK$152.25 million of the unutilised net proceeds had been initially allocated for strategic acquisitions, entering into strategic partnerships and other business. The Company intends to use the unutilized net proceeds from the Global Offering for the proposed acquisition of Shanghai Foshion Medical System Co., Ltd. Please refer to the Company's announcement dated April 22, 2021 for further details.

Report of Directors

The Board is pleased to present its 2020 annual report and the audited consolidated financial statements of the Group for the year ended December 31, 2020.

Principal Activities

The Company is principally engaged in the provision 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. The Company has also entered into the cosmeceuticals segment in 2019.

Details of the principal activities of the subsidiaries of the Company are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

Results and Dividends

The results of the Group for the year ended December 31, 2020 are set out in the Consolidated Statement of Profit or Loss on page 56.

The Board has resolved to declare a final dividend of HK$0.07 (inclusive of tax, equivalent to approximately US$0.01) per Share for the year ended December 31, 2020.

Dividends Policy

The Company has adopted Dividend Policy. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its Shareholder value. The Company does not have any pre-determined dividend payout ratio. The Board has the discretion to propose, declare and distribute dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations and the factors.

The Board shall also take into account the factors of the Group when considering the declaration and payment of dividends, including financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interests of Shareholders, any restrictions on payment of dividends, profits legally available for distribution, which are defined as the greater of retained earnings or earnings accumulated during the preceding two years (the "**Profits Criteria**"), ability of the Company to pay the Profits Criteria and any other factors that the Board may consider relevant. Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period. The Board will review this Dividend Policy as appropriate from time to time.

Business Review

The business review of the Group for the Reporting Period is set out in the sections headed "Chief Executive Officer's Review" on pages 5 to 6 and "Management Discussion and Analysis" on pages 7 to 23, respectively of this annual report. All references herein to other sections or reports in this annual report form part of this Report of the Directors.

AGM and Closure of Register of Members

The notice of the forthcoming AGM will be published and dispatched to Shareholders in accordance with the requirements of the Listing Rules and the Articles of Association. The Company will announce the period of closure of register of members of the Company in the notice of AGM to be issued.

Summary Financial Information

A summary of the financial information for the last five financial years, as extracted from the audited financial statements, is set out in the section headed "Financial Summary" in this annual report.

Bank Borrowings and Other Borrowings

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at December 31, 2020 are set out in notes 28 to the financial statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Company and its subsidiaries during the Reporting Period are set out in note 13 to the financial statements.

Charge on Assets

Nova, Alma's subsidiary, entered into loan agreements pursuant to which Nova pledged to the banks all of the issued and outstanding shares of Nova and a floating charge over all of the present and future assets of the Company as they may be from time to time.

At December 31, 2020, certain of the Group's assets with a net carrying amount of approximately US$426,000 (2019: US$446,000) were pledged to secure general banking facilities granted to the Group.

Details of collateral and pledged assets are set out in the section headed "Collateral and Pledged Assets" on page 18 of this annual report.

Share Capital

Details of movements in the Company's share capital during the Reporting Period are set out in note 31 to the financial statements.

Purchase, Sale or Redemption of the Company's Listed Securities

For the year ended December 31, 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Distributable Reserves

The amount of the Company's reserves available for distribution as at December 31, 2020, calculated in accordance with Israeli rules and regulations, was US$76.8 million.

Details of the movements in the respective reserves of the Group and the Company during the Reporting Period are set out in the Consolidated Statement of Changes in Equity to the financial statements.

Major Customers and Suppliers

During the Reporting Period, the aggregate amount of purchases attributable to the Group's five largest suppliers was less than 30% of total purchases of the Group, and the aggregate amount of revenue attributable to the Group's five largest customers was less than 30% of total revenue of the Group.

During the Reporting Period, to the knowledge of the Directors, none of the Directors, their close associates, or Shareholders (which, to the knowledge of the Directors, owned more than 5% of the number of issued Shares of the Company) had interests in the five largest suppliers or customers of the Company.

Directors

The following is the list of Directors during the Reporting Period and up to the date of this annual report (unless otherwise stated).

Executive Directors

Mr. Yi LIU *(Chairman)*
Mr. Lior Moshe DAYAN *(Chief Executive Officer)*
Mr. Guojun BU *(Chief Financial Officer)*

Non-executive Directors

Mr. Yifang WU
Mr. Yao WANG
Ms. Kun DAI *(resigned on April 30, 2020)*
Ms. Rongli FENG *(appointed on August 20, 2020)*

Independent Non-executive Directors

Mr. Heung Sang Addy FONG
Mr. Chi Fung Leo CHAN
Ms. Jenny CHEN
Mr. Kai Yu Kenneth LIU

In accordance with the Articles of Association, Mr. Guojun BU, Mr. Yifang WU, Ms. Rongli FENG and Mr. Kai Yu Kenneth LIU will retire at the forthcoming AGM and being eligible, offer themselves for re-election.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Company are set out on pages 45 to 49 of this annual report.

Directors' Service Contracts

Each of the Directors has entered into a letter of appointment with the Company, subject to the provision of retirement and rotation of Directors under the Articles of Association.

None of the Directors has an unexpired service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Remuneration Policy

The remuneration policy of the Group is set out in the section headed "Management Discussion and Analysis" on page 21 of this annual report.

Details of the remuneration to Directors and chief executives, senior management and the five highest paid employees of the Company are set out in notes 8 and 9 to the financial statements.

Directors' Interest in Transactions, Arrangements and Contracts of Significance

Save as disclosed in the section headed "Related Party Transactions", there is no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who at any time in the Reporting Period was a Director or his or her connected entity had, directly or indirectly, a material interest subsisted at any time during the Reporting Period or at the end of the Reporting Period.

Pension Scheme

The full-time employees of the Group are covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees' salaries (subject to maximum caps) to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred. The Group's pension cost charged to the Statement of profit or loss for the Reporting Period was US$0.8 million.

Management Contract

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

Directors' Rights to Acquire Shares or Debentures

Except as disclosed in this annual report, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the Reporting Period or at the end of the Reporting Period.

Directors' Interest in Competing Business

Except Mr. Yi LIU (our executive Director), Mr. Yifang WU, Mr. Yao WANG and Ms. Rongli FENG (our non-executive Directors and also the directors of CML), and Mr. Guojun BU (our executive Director and also the vice president of CML), none of the Directors is interested in any businesses apart from the Group's business which competes with or is likely to compete, either directly or indirectly, with the Group's business. CML, a subsidiary of Fosun Pharma, acts as agent or distributor in the PRC for a broad range of medical devices (including products relating to the imaging, aesthetics, surgery, dermatology, oncology and dental segments).

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at December 31, 2020, the interests and/or short positions of Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules were as follows:

Name of Directors	The company in which the interests are held	The class of shares	Capacity and nature	Number of shares held	Percentage of shareholding in the relevant class of shares
Lior Moshe DAYAN	Company	Ordinary Shares	Beneficial owner	113,500	0.03%
Yifang WU	Fosun Pharma	H shares	Beneficial owner	342,000	0.06%
		A shares	Beneficial owner	718,900	0.04%
Yao WANG	Fosun Pharma	A shares	Beneficial owner	50,000	0.002%

Save as disclosed in the foregoing, as at December 31, 2020, none of the Directors or chief executives of the Company or their respective close associates had any interests or short positions in any shares, underlying shares, or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

During the Reporting Period, no rights to acquire benefits by means of the acquisition of Shares or debentures of the Company were granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement which enabled the Directors to acquire such rights in any other body corporate.

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares

As at December 31, 2020, so far as is known to the Directors, the persons or entities, other than the Directors or chief executives of the Company, who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name of Shareholders	Capacity	Number of Shares held or interested	Approximate Percentage (%)
CML	Beneficial owner	127,318,640(L)[1]	28.79%
Ample Up [2]	Beneficial owner	203,240,160(L)	
	Interest in controlled corporation	127,318,640(L)	
		330,558,800(L)	74.76%
Fosun Industrial[3]	Interest in controlled corporation	330,558,800(L)	74.76%
Fosun Pharma[4]	Interest in controlled corporation	330,558,800(L)	74.76%
Fosun High Tech[5]	Interest in controlled corporation	330,558,800(L)	74.76%
Fosun International[6]	Interest in controlled corporation	330,558,800(L)	74.76%
FHL[7]	Interest in controlled corporation	330,558,800(L)	74.76%
FIHL[8]	Interest in controlled corporation	330,558,800(L)	74.76%
Guangchang GUO[9]	Interest in controlled corporation	330,558,800(L)	74.76%

Notes:

(1) (L): Long Positions

(2) CML is wholly owned by Ample Up. Ample Up is deemed to be interested in the Shares in which CML is interested as legal and beneficial owner.

(3) Ample Up is wholly owned by Fosun Industrial. Therefore, Fosun Industrial is deemed to be interested in an aggregate holding of 330,558,800 Shares which Ample Up is interested in, comprising 203,240,160 Shares held by Ample Up and 127,318,640 Shares held by CML.

(4) Fosun Industrial is wholly owned by Fosun Pharma. Therefore, Fosun Pharma is deemed to be interested in the Shares in which Fosun Industrial is deemed to be interested.

(5) Fosun High Tech controls the exercise of more than one-third of the voting rights at the general meeting of Fosun Pharma. Fosun High Tech is deemed to be interested in the Shares in which Fosun Pharma is deemed to be interested.

(6) Fosun High Tech is wholly owned by Fosun International. Fosun International is deemed to be interested in the Shares in which Fosun High Tech is deemed to be interested.

(7) FHL controls the exercise of more than one-third of the voting rights at the general meeting of Fosun International. FHL is deemed to be interested in the Shares in which Fosun International is deemed to be interested.

(8) FHL is wholly-owned by FIHL. FIHL is deemed to be interested in the Shares in which FHL is deemed to be interested.

(9) Guangchang GUO controls the exercise of more than one-third of the voting rights at the general meeting of FIHL. Guangchang GUO is deemed to be interested in the Shares in which FIHL is deemed to be interested.

Save as disclosed herein, there is no other person known to the Directors or chief executives of the Company who, as at December 31, 2020, had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or who is, directly or indirectly, interested in 5% of more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Permitted Indemnity

Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in the execution of his/her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the directors of the Group.

Share Option Scheme

For the year ended December 31, 2020, the Company did not have any share option scheme.

Equity-Linked Agreements

No equity-linked agreements were entered into by the Group during the Reporting Period or subsisted at the end of the Reporting Period.

Sufficiency of Public Float

Based on the information publicly available to the Company and to the best knowledge of the Directors, during the Reporting Period, the Company has maintained sufficient public float as required by the Listing Rules.

Pre-Emptive Rights

There are no provisions for pre-emptive rights in the Articles of Association or under the applicable laws of Israel where the Company is incorporated.

Donations

During the Reporting Period, the Group made no donations.

One-Off Connected Transactions

Registration Support Service Agreement

Alma, the principal operating subsidiary of the Company, entered into the registration support service agreement (the "**Registration Support Service Agreement**") with Chindex (Beijing) International Trade Co., Ltd. ("**CML Beijing**"), a wholly-owned subsidiary of Fosun Pharma on December 9, 2019, which was amended on January 21, 2021. Pursuant to the Registration Support Service Agreement, CML Beijing agreed to provide the registration support service to Alma for one product distributed by the Group in the PRC. CML Beijing is expected to incur a maximum of US$1.7 million in relation to the provision of the registration support service. Alma would pay CML Beijing based on the costs and related miscellaneous fees and costs CML Beijing charged by and/or paid to third parties upon attaining different stages of the project, subject to any material change of the scope of registration support services under the Registration Support Service Agreement, and Alma would in turn be reimbursed by the licensor of such product. No fees were paid by Alma to CML Beijing in 2019 and during the financial year ended December 31, 2020, Alma paid US$409,747 to CML Beijing.

Series A Investment Agreement in Tianjin JuveStar

On December 22, 2020, Sisram Tianjin, a subsidiary of the Company, entered into the Series A Investment Agreement as an Original Shareholder and a Series A Investor with, among others, Fosun Health Fund (Suzhou) and Fosun Health Fund (Tianjin) (the general partners of which are subsidiaries of Fosun Pharma) and the Target in relation to an aggregate capital injection of RMB109 million into the Target, of which, Sisram Tianjin agreed to contribute RMB10 million. The investment is regarded as an one-off connected transaction entered into the Company and is subject to the reporting and announcement requirements but exempt from circular and independent Shareholders' approval requirements as required under the Listing Rules.

Related Party Transactions

During the Reporting Period, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of the related party transactions entered into by the Group during the Reporting Period are disclosed in note 35 to the financial statements. Save as disclosed in "one-off Connected Transactions" above, the related party transactions disclosed in note 35 were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

Non-competition Undertaking

The Company has entered into a non-compete deed dated August 30, 2017 with Fosun Pharma to ensure a clear delineation between the respective businesses of the Group and the Remaining Fosun Pharma Group with effect from the Listing Date.

Fosun Pharma has provided the Company with an annual confirmation regarding its compliance with the terms of the Non-Compete Deed. The independent non-executive Directors have performed an annual review and confirmed that they are not aware of any circumstances which indicate that Fosun Pharma is not in compliance with non-compete undertakings given by it in the Non-Compete Deed.

Contract of Significance

Save as disclosed in this annual report, at no time during the Reporting Period had the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholders or any of their subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholders or any of their subsidiaries to the Company or any of its subsidiaries.

Use of Proceeds from the Global Offering

Total net proceeds from the Global Offering amounted to approximately HK$771.3 million. As at the end of the Reporting Period, approximately HK$414.8 million has been used in accordance with the plan as disclosed in the Prospectus (as adjusted according to the announcement of the Company on October 8, 2018. On April 22, 2021, the Board resolved to change in the use of HK$205.35 million out of the HK$359.60 million unutilized net proceeds from the Global Offering as of April 22, 2021. For details, please see "Management Discussion and Analysis – 13. Use of proceeds from the Global Offering. Use of Proceeds from the Global Offering".

Subsequent Events

On April 22, 2021, Sisram Tianjin, a wholly-owned subsidiary of the Company (as the purchaser) and Fosun Pharma and Qianda (Tianjin) International Trading Co., Ltd.* (謙達(天津)國際貿易有限公司) ("**Tianjin Qianda**"), a wholly-owned subsidiary of Fosun Pharma, (together as the sellers) entered into a sale and purchase agreement pursuant to which Sisram Tianjin agreed to acquire the entire issued share capital of Shanghai Foshion Medical System Co., Ltd. from Fosun Pharma and Tianjin Qianda, for a total consideration of RMB312.4 million (the "**Proposed Acquisition**"). The closing of the Proposed Acquisition is conditional upon, among other things, the Proposed Acquisition having been approved by the independent Shareholders. Please refer to the Company's announcement dated April 22, 2021 for further details.

Save as disclosed above, there was no significant event that took place after the Reporting Period and up to the date of this annual report.

Compliance with Laws and Regulations

The Group recognizes the importance of compliance with regulatory requirements. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the Reporting Period, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Company.

Environmental Policies and Performance

The Company is committed to the sustainable development of the environment and the society. In recognition of the potential climate impact due to manufacturing of the Company's products, the Company strives to enhance the environmental performance of its products manufacturing and development through eco-friendly operational measures as well as supporting a number of external charters with regard to energy efficiency and carbon reduction. In addition, during the Reporting Period, the Group had continually increased investment in upgrading its technology, improved production process. The Group constantly strengthened environment protection and optimized the production process for the purposes of energy saving, emission reduction and environment protection. The Group emphasized harmonious development with nature to protect the sustainable development of the environment.

* *For identification purpose only*

Further information on the Company's environmental policies and performance is set out in the section headed "Environmental, Social and Governance Report" in this annual report.

Significant Legal Proceedings

For the year ended December 31, 2020, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

Relationship with Stakeholders

The Company recognizes that its employees, customers and business partners are keys to its sustainability journey. The Company has been striving to achieve corporate sustainability through engaging its employees, providing quality services for its customers, collaborating with business partners and supporting our community.

The Company places significant emphasis on human capital. The Company provides a fair workplace, promoting non-discrimination and diversity to its staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits and performance. The Company administers its employee health and safety management system and ensures the adoption of the principles across the Group. The Company provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations.

To enhance customer satisfaction and promote a customer-oriented culture within the Company, the Company takes "Customer First" as one of its core values. It values the feedback from customers through daily communication, regular meeting and etc. It has also established the mechanism about customer service, support and complaints. When dealing with a customer complaint, the Company treats it as an opportunity to improve its relationship with the customer, addressing the concern in a timely manner and in accordance with international standards.

The Company believes that its suppliers are equally important in driving quality delivery of its products. It proactively collaborates with its business partners (including suppliers and contractors) to deliver quality sustainable products and services.

Auditors

The financial statements of the Group have been audited by Ernst & Young.

A resolution to re-appoint Ernst & Young as the auditors of the Company and to authorize the Directors to fix its remuneration will be proposed at the forthcoming AGM.

On Behalf of the Board
Yi LIU
Chairman

Shanghai, PRC, March 18, 2021

The Board hereby presents to the Shareholders the corporate governance report for the Reporting Period.

1. Corporate Governance Practices

The Board is committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules.

In the opinion of the Directors, the Company has complied with all the principles and code provisions of the CG Code for the Reporting Period.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

2. Model Code For Securities Transactions

The Company has adopted Directors' and Chief Executive Officer's Dealing Policy which is no less exacting than the required standard pursuant to the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Specific enquiry has been made of all the Directors and the Directors have fully complied with the relevant requirements set out in its own code of conduct throughout the Reporting Period.

3. Board

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

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

a) Board Composition

The Board currently comprises the following Directors:

Executive Directors

Mr. Yi LIU *(Chairman)*
Mr. Lior Moshe DAYAN *(Chief Executive Officer)*
Mr. Guojun BU *(Chief Financial Officer)*

Non-executive Directors

Mr. Yifang WU
Mr. Yao WANG
Ms. Rongli FENG

Independent Non-executive Directors

Mr. Heung Sang Addy FONG *(also External Director)*
Mr. Chi Fung Leo CHAN *(also External Director)*
Ms. Jenny CHEN
Mr. Kai Yu Kenneth LIU

On April 30, 2020, Ms. Kun DAI resigned as a non-executive Director. On August 20, 2020, Ms. Rongli FENG was appointed as a non-executive Director.

The biographical information of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 45 to 49 of this annual report.

None of the members of the Board is related to one another.

b) Chairman and Chief Executive Officer

The positions of chairman and chief executive officer are held by Mr. Yi LIU and Mr. Lior Moshe DAYAN respectively. The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officer focuses on the Company's business development and daily management and operations generally.

c) Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

d) Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of 3 years, subject to renewal after the expiry of the then current term.

The Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the next Annual General Meeting after appointment.

Under the Articles of Association, the Directors (other than any external Directors elected pursuant to the Israeli Companies Law) shall be divided by the Board into three groups, designated as group I, group II and group III. Each group of Directors shall consist, as nearly as possible as determined by the Board, of one-third of the total number of Directors constituting the entire Board (excluding the External Directors). The first term of office of the group I Directors has expired at the Annual General Meeting occurred in 2018; the first term of office of the group II Directors has expired at the Annual General Meeting occurred in 2019; and the first term of the group III Directors has expired at the Annual General Meeting occurred in 2020. Any Director whose term has expired (upon the expiring of the term of such Director's group) may be re-elected to the Board. At each Annual General Meeting, election or re-election of Directors following the expiration of the term of office of the Directors of a certain group, will be for a term of office that expires on the third Annual General Meeting succeeding such election or re-election, such that from 2018 and forward, each year the term of office of only one group of Directors will expire (i.e., the term of office of group I has initially expired at the Annual General Meeting held in 2018 and thereafter at 2021, 2024 etc.).

On August 20, 2020, Ms. Rongli FENG has been appointed as a non-executive Director. In accordance with Article 41(g) of the Articles of Association, Ms. Rongli FENG will retire and being eligible, offer herself for re-election at the forthcoming Annual General Meeting.

In accordance with Articles 41(c) and (d) of the Articles of Association, Mr. Guojun BU, Mr. Yifang WU and Mr. Kai Yu Kenneth LIU, being the group I Directors, will retire and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting for a term of office expiring on the third Annual General Meeting next succeeding such re-election. Ms. Rongli FENG, being a group II Director, will retire and being eligible, offer herself for re-election as a Director for remaining period of term of office of group II Directors in accordance with Article 41(g) of the Articles of Association (i.e. expiring at the Annual General Meeting in 2022.)

e) Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

f) CPD of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate CPD to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The record of CPD relating to director's duties and regulatory and business development that have been received by the Directors for the Reporting Period:

Name of Directors	Type of Training Note
Executive Directors	
Mr. Yi LIU	A/B
Mr. Lior Moshe DAYAN	B
Mr. Guojun BU	B
Non-executive Directors	
Mr. Yifang WU	A/B
Mr. Yao WANG	B
Ms. Kun DAI(1)	N/A
Ms. Rongli FENG(2)	A/B
Independent Non-executive Directors	
Mr. Heung Sang Addy FONG	A/B
Mr. Chi Fung Leo CHAN	A/B
Ms. Jenny CHEN	A/B
Mr. Kai Yu Kenneth LIU	A/B

(1) Ms. Kun DAI resigned as a non-executive Director on April 30, 2020.

(2) Ms. Rongli FENG was appointed as a non-executive Director on August 20, 2020.

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

4. BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 168.

a) Audit Committee

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held two meetings to review, in respect of the year ended December 31, 2020, the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

b) Remuneration Committee

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee met once to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters.

Details of the remuneration of the Directors and senior management by band are set out in note 8 to the financial statements.

c) Nomination Committee

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee met once to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the Annual General Meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

d) Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience, independence, availability of services to the Company and tenure.

The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

e) Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications (such as accounting and financial expertise), skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- Any measurable objectives adopted for achieving diversity on the Board;
- Requirement for the Board to have independent directors in accordance with the Hong Kong Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;

- Requirement for the Board to have two external Directors in accordance with the Israeli Companies Law and whether the candidate would meet the stringent standards of independence with reference to the Israeli Companies Law and the articles of association of the Company;

- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings as below:

(i) Appointment of New Directors

- The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

- If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

- The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

- For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

  Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at a general meeting.

(ii) Re-election of Directors at General Meeting

- The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance by such Director on the Board.

- The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

- The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at a general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate shall be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

During the Reporting Period, Ms. Kun DAI resigned as a non-executive Director while Ms. Rongli FENG was appointed as a non-executive Director.

f) Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, training and CDP of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

5. ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each director at the Board and Board Committee meetings and the general meetings of the Company held during the Reporting Period is set out in the table below:

	Attendance/Number of Meetings				
Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Mr. Yi LIU	4/4		1/1	1/1	1/1
Mr. Lior Moshe DAYAN	4/4				1/1
Mr. Guiojun BU	4/4				1/1
Mr. Yifang WU	4/4				1/1
Mr. Yao WANG	4/4				1/1
Ms. Kun DAI(1)	1/1				N/A
Ms. Rongli FENG(2)	2/2				N/A
Mr. Heung Sang Addy FONG	4/4	2/2	1/1	1/1	1/1
Mr. Chi Fung Leo CHAN	4/4	2/2	1/1	1/1	1/1
Ms. Jenny CHEN	4/4	2/2			1/1
Mr. Kai Yu Kenneth LIU	4/4				1/1

(1) Ms. Kun DAI resigned as a non-executive Director on April 30, 2020.

(2) Ms. Rongli FENG was appointed as a non-executive Director on August 20, 2020.

Apart from regular Board meetings, the chairman also held meeting with the independent non-executive Directors without the presence of other Directors during the Reporting Period.

Most independent non-executive Directors have attended general meeting to gain and develop a balanced understanding of the view of Shareholders.

6. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. 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.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems. Highlights of the Company's internal control and risk management systems include the following:

- The Company's risk management and internal control systems have been developed so as to allow the Company to maintain the highest standard corporate governance and to identify and mitigate any potential risks.

- The Company has appointed an internal auditor in accordance with the Israeli law requirements. The role of the internal auditor is to examine, among other things, our compliance with applicable law and orderly business procedures. The Audit Committee will also oversee the activities and to assess the performance of the internal auditor as well as review the internal auditor's work plan. The internal auditor will report its findings to the Audit Committee.

- The senior management of the Company conducts internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with relevant staff of the Company, assessed the likelihood of risk occurrence, monitor the risk management progress, and reports to the Audit Committee and the Board on all findings and the effectiveness of the systems.

- In addition, the Company has adopted a Corporate Governance Manual to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions, notifiable transactions, inside information and securities transactions by the Directors. The Company has designated team to monitor its compliance with Listing Rules and other applicable laws and regulations.

- The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Such policy was set out in the Corporate Governance Manual adopted by the Company. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting.

7. DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 50 to 55.

8. AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditors in respect of audit services and non-audit services for the Reporting Period amounted to US$315,000 and US$157,000, respectively.

An analysis of the remuneration paid to the external auditors of the Company, Ernst & Young, in respect of audit services and non-audit services for the Reporting Period is set out below:

Service Category	**Fees Paid/Payable**
	US$'000
Audit Services	315
Non-audit Services	157
– Tax Services	157
	472

9. COMPANY SECRETARY

The Company has engaged Tricor Services Limited, external service provider, and Ms. Mei Ha Wendy KAM has been appointed as the company secretary of the Company. Its primary contact person at the Company is Mr. Guojun BU, the executive Director and chief financial officer of the Company.

10. SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings of the Company, including the election of individual Director. All resolutions put forward at general meetings of the Company will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting of the Company.

a) Convening an Extraordinary General Meeting

Pursuant to Article 26 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting of the Company in Hong Kong or elsewhere, if permitted under applicable law or the Listing Rules, and at such time as may be determined by the Board, and shall be obligated to do so upon a requisition in writing in accordance with Sections 63(b) (1) or (2) and 63(c) of the Israeli Companies Law. Moreover, where the Israeli Companies Law refers to the right of a Shareholder to convene an extraordinary general meeting of the Company, such provisions will apply to any public investor, as if such person were a Shareholder as defined herein, mutatis mutandis.

b) Putting Forward Proposals at General Meetings

Pursuant to Article 27(a) of the Articles of Association, a Shareholder (including two or more Shareholders that are acting in concert) holding one percent or more of the outstanding voting rights in the Company (a "Proposing Shareholder") may request, subject to Section 66(b) of the Israeli Companies Law and the regulations promulgated thereunder, that the Board include a proposal on the agenda of a general meeting of the Company to be held in the future, provided that the Proposing Shareholder gives timely notice of such request in writing (a "Proposal Request") to the Company and the Proposal Request complies with all the requirements of the Articles of Association and applicable law and the Listing Rules. To be considered timely, a Proposal Request must be delivered, either in person or by certified mail, postage prepaid, and received at the principal executive office of the Company, by the applicable deadline under the Israeli Companies Law as amended from time to time, namely, no later than seven days from the notice of a general meeting of the Company whose agenda includes items that require a 35-day prior notice, and no later than three days from the notice of any other general meeting of the Company.

c) Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

d) Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	14 Halamish Street, Caesarea Industrial Park, Caesarea 38900, Israel
Email:	info@sisram-medical.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law. Shareholders may call the Company at 972-4-6275357 for any assistance.

11. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through Annual General Meetings and other general meetings of the Company. At the Annual General Meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

During the Reporting Period, the Company has not made any changes to its Articles of Association. An up to date version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

a) Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

Board of Directors

Executive Directors

Mr. Yi LIU (劉毅), aged 45, was appointed as the chairman of the Company and an executive Director on April 14, 2016.

Mr. Liu joined the Group in April 2016 and has served as a Director since then. Mr. Liu was the chief technology officer of the medical devices division of Fosun Pharma from November 2015 to December 2016, and has been a vice president of Fosun Pharma since January 2017. Mr Liu became a Fosun Global Partner in January 2021.

Prior to joining the Fosun Pharma Group, Mr. Liu served as a civil servant at the State Food and Drug Administration of China from July 2000 to August 2004. He served as deputy head of the Beijing Medical Equipment Laboratory* (北京市醫療器械檢驗所) from September 2004 to May 2007 and was responsible for the quality system management and regulatory matters with the State Food and Drug Administration of China. He served as the head of that laboratory from May 2007 to November 2015 and was responsible for the overall management of the institute, including strategic planning, government relations and regulatory matters.

Mr. Liu obtained a bachelor's degree of Engineering from Beijing Institute of Technology (北京理工大學) in the PRC in July 1998. He graduated from the Chinese Academy of Governance (國家行政學院) in the PRC in July 2000 and obtained a master's degree in Management from Peking University (北京大學) in the PRC in January 2006. Mr. Liu was a registered assessor under China National Accreditation Service for Conformity Assessment in April 2013.

Mr. Lior Moshe DAYAN, aged 51, was appointed as chief executive officer of the Company and an executive Director on June 6, 2017. Mr. Dayan has been the senior vice president of global sales and managing director of the German subsidiary of the Group since April 2011.

He is responsible for the direction and management of all sales, marketing and business development operations, including market competitiveness, pricing, compensation, distribution and sales channel strategy. He was the senior director in charge of the Asia-Pacific markets of Alma Lasers from September 2008 to December 2010 and the vice president of sales and marketing of Alma Lasers European and APAC markets from November 2010 to April 2011.

Mr. Dayan has 19 years of experience in the laser industry with operational, logistic, financial and sales expertise, 10 of which were in Asia. Prior to joining the Group, he served in several managing positions at Lumenis Ltd. from September 2001 to September 2008, including sales director of the European and West African markets, sales and marketing regional manager of the countries in South East Asia, director of supply chain and financial director in the medical business unit. Prior to his time in the medical devices industry, Mr. Dayan held several senior financial positions in the hi-tech telecommunications industry from 1996 until 2001, when he acted as the cost of goods and profit controller of ECI Telecom Israel from 1996 to 1998 and the director of cost of goods and inventory control of ECI Telecom Israel from 1998 to 2001.

Mr. Dayan obtained a bachelor's degree in Economics and Logistics from Bar Ilan University in Israel in June 1997 and obtained a master of Business and Administration from the Israeli branch of Manchester University in November 1999.

Mr. Guojun BU (步國軍), aged 45, was appointed as an executive Director and the chief financial officer of the Company on January 17, 2019.

Mr. Bu has more than 22 years of financial management experience in medical and healthcare industry, in particular in finance operation, financing and investment activities. Mr. Bu has been the vice president of CML, a controlling shareholder of the Company and a subsidiary of Fosun Pharma, and the vice president of the Medical Technology Division of Fosun Pharma, in charge of finance operation and financing and investment activities for medical device business, since January 2017 and January 2019, respectively. He has also acted as the general manager of the finance department of CML from January 2011 to December 2016. Mr. Bu worked with Chindex International, Inc. from January 1997 to December 2010, where he held a number of positions comprising finance manager, senior finance manager, assistant finance director and finance director of China region. Mr. Bu graduated in July 1996 from Beijing University of Technology (the PRC) majoring in Economic Information Management and obtained a master's degree in Computer Science and Technology from Beijing University of Technology in July 2010 and an EMBA degree from Rutgers, the State University of New Jersey (United States) in November 2011, respectively.

* *For identification purpose only*

Non-executive directors

Mr. Yifang WU (吳以芳), aged 51, was appointed as a non-executive Director on October 17, 2016.

Mr. Wu joined the Fosun Pharma Group in April 2004 and is currently the executive director, chairman and chief executive officer of Fosun Pharma. He is also the non-executive director of Shanghai Henlius Biotech, Inc.* (上海復宏漢霖生物技術股份有限公司) (a company listed on the Stock Exchange (stock code: 2696)). He is a director of Gland Pharma Limited (stock code: GLAND), a company listed on the Bombay Stock Exchange and the National Stock Exchange of India, chairman of the supervisory committee of Sinopharm Group Co. Ltd.* (國藥控股股份有限公司) (a company listed on the Stock Exchange (stock code: 01099)).

Mr. Wu was a technician, director, production officer, finance director, assistant to director of Xuzhou Biochemical Pharmaceutical Factory* (徐州生物化學製藥廠), now known as Jiangsu Wanbang Biopharmaceutical Company Limited* (江蘇萬邦生化醫藥集團有限責任公司) ("**Jiangsu Wanbang**"), from June 1987 to April 1997, a deputy director of Xuzhou (Wanbang) Biopharmaceuticals Manufactures Plant* (徐州(萬邦)生物化學製藥廠), now known as Jiangsu Wanbang, from April 1997 to December 1998, the deputy general manager of Xuzhou Wanbang Biochemical Pharmaceutical Co., Ltd.* (徐州萬邦生化製藥有限公司), now known as Jiangsu Wanbang, and a deputy general manager of Jiangsu Wanbang from December 1998 to March 2007 and the president of Jiangsu Wanbang from March 2007 to April 2011 and has been the chairman and chief executive officer of Jiangsu Wanbang since April 2011.

Mr. Wu graduated from Nanjing University of Science and Technology (南京理工大學) in the PRC majoring in International Commerce in 1996 and obtained a master's degree in Business Administration from Saint Joseph's University in the United States in 2005.

Mr. Yao WANG (汪曜), aged 47, was appointed as a non-executive Director in April 2016.

Mr. Wang is a vice president of Fosun Pharma, a position he has held since September 2014.

Mr. Wang began his career as field management engineer of Shanghai Automotive Casting Plant of SAIC Motor Corporation Limited* (上海汽車集團股份有限公司上海汽車鑄造總廠) from July 1995 to January 1998, the senior project manager of the strategic investment committee of D'Long International Strategic Investment Company (德隆國際戰略投資有限公司) from November 1999 to March 2001, the vice general manager of Zhongqi Asset Custody Co., Ltd.* (中企資產託管有限公司), a subsidiary of D'Long International Strategic Investment Company from April 2001 to May 2004, and the manager of the investment department of Hongpu Investment Holdings (China) Co., Ltd.* (宏普投資控股(中國)有限公司) from June 2004 to April 2006.

He was the director in merger and acquisitions of Asian-Pacific Region of PENTAIR LTD (stock code: PNR.NY), from April 2006 to May 2011, during which he was concurrently the general manager of Beijing Pentair-Jieming Environmental Protection Equipment Co., Ltd.* (北京濱特爾潔明環保設備有限公司), an affiliate of PENTAIR LTD, from June 2009 to August 2010, and vice president of group investment and asset management of Suntech Power Holdings Co., Ltd. (stock code: STP.NY), from May 2011 to July 2014.

Mr. Wang obtained a bachelor's degree in Metal Casting from Shanghai University (上海大學) in the PRC in July 1995 and a master's degree in Business Administration from China Europe International Business School (中歐國際工商學院) in the PRC in April 2000.

Ms. Rongli FENG, aged 44, was appointed as the non-executive Director on August 20, 2020.

She has been the vice president of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司) (a company listed both on the Stock Exchange (stock code: 2196) and the Shanghai Stock Exchange (stock code: 600196)) since April 2020, and the deputy chief human resources officer of Shanghai Fosun High Technology (Group) Co., Ltd.* (上海復星高科技(集團)有限公司) and the managing director of the human resources of Shanghai Fosun Venture Capital Investment Management Co., Ltd.* (上海復星創業投資管理有限公司) from July 2018 to April 2020. Ms. Feng is also a supervisor of Shanghai Henlius Biotech, Inc.* (上海復宏漢霖生物技術股份有限公司) (a company listed on the Stock Exchange (stock code: 2696)) and a non-executive director of Sinopharm Group Co. Ltd.* (國藥控股股份有限公司) (a company listed on the Stock Exchange (stock code:1099)). Previously, Ms. Feng served as a human resources supervisor of Sealed Air Packaging (Shanghai) Co., Ltd.* (希悅爾包裝(上海)有限公司) from July 1996 to April 2000, a human resources manager of Grundfos Pumps (Shanghai) Co., Ltd.* (格蘭富水泵(上海)有限公司) from April 2000 to November 2002, the Asia-Pacific human resources manager of Emerson Electric (China) Investment Co., Ltd.* (艾默生電氣(中國)投資有限公司) from November 2002 to July 2006, the China human resources planning manager of Dow Chemical (China) Co., Ltd.* (陶氏化學(中國)有限公司) from August 2006 to November 2009, the director of human resources of Shanghai Roche Pharmaceutical Co., Ltd.* (上海羅氏製藥有限公司) from November 2009 to January 2015, and the senior director of human resources at F. Hoffmann-La Roche AG from February 2015 to July 2018.

Ms. Feng graduated from Shanghai University in China with a major in Microcomputer Application in July 1996. In February 2002, she obtained a master's degree in Business Administration from Columbia Southern University in the United States through long distance learning.

Independent Non-executive Directors

Mr. Heung Sang Addy FONG (方香生), aged 61, was appointed as an independent non-executive Director on August 30, 2017.

Mr. Fong has more than 23 years of audit, financial and capital market experiences. Mr. Fong has been appointed as an independent non-executive director of Borqs Technologies, Inc. (stock code: BRQS.NASDAQ) since April 2019. Besides, Mr. Fong has been the chief financial officer of GMAX Biopharm International Limited since April 2020. Between October 2017 to March 2020, he was the chief financial officer of Adlai Nortye Biopharma Co., Ltd.. Before that he was a managing director of Bonus Eventus Securities Limited since April 2015 and previously, he served as chief financial officer of China Harmony Auto Holding Limited (stock code: 3836.HK) from October 2012 to March 2015, chief financial officer of Chendu CYPCO Biotechnology Co., Ltd. from August 2011 to October 2012, director and chief financial officer of China Electric Motor, Inc. (delisted from NASDAQ in June 2011) from January 2010 to May 2011, director and chief financial officer of Apollo Solar Energy Inc. (stock code: ASOE.PK) from February 2009 to March 2010 and the executive vice president of the corporate development of Fuqi International, Inc. (delisted from NASDAQ in March 2011) from December 2006 to January 2009.

In addition, Mr. Fong also acted as an independent director of various listed companies. He was an independent director of Universal Technologies Holdings Ltd (stock code: 1026.HK) from July 2006 to June 2013, an independent director of China Housing and Land Development, Inc. (delisted from NASDAQ in March 2016) from September 2010 to April 2014, an independent director and chairman of the audit committee of Kandi Technologies Group Inc (stock code: KNDI.NASDAQ) from July 2007 to June 2011, and an independent director and chairman of the audit committee of Diguang International Development Co., Ltd. (stock code: DGNG.PK) from August 2007 to April 2014.

Mr. Fong obtained a master's degree in Business Administration from the University of Nevada, Reno, in the United States in December 1989 and a master's degree in Science from the University of Illinois, Champaign, in the United States in June 1993. He is a member of the American Institute of Certified Public Accountants, the Hong Kong Institute of Certified Public Accountants and the State Board of Accountancy of Washington State.

* *For identification purpose only*

Mr. Chi Fung Leo CHAN (陳志峰), aged 42, was appointed as an independent non-executive Director on August 30, 2017.

Mr. Chan has been appointed as an independent non-executive director and chairman of audit committee of Jinke Smart Services Group Co., Ltd. (stock code: 9666. HK) since October 2020. Besides, Mr. Chan has been appointed as an independent non-executive director, chairman of audit committee, a member of nomination committee and remuneration committee of Ziyuanyuan Holdings Group Limited (stock code: 8223. HK) since June 2018. He also has been the managing director of Red Solar Capital Limited since October 2017. Previously, he served as the managing director of LY Capital Limited from May 2016 to October 2017. He also served as deputy managing director of V Baron Global Financial Services Limited from May 2015 to April 2016, director of the corporate finance team of CITIC Securities International in Hong Kong from December 2011 to April 2015, manager of the consumer team and corporate financing team of BNP Paribas in Hong Kong from August 2007 to December 2011, associate of the corporate financing team of CCB International Capital Limited in Hong Kong from July 2006 to July 2007, the officer of corporate financing team of Kingsway Group in Hong Kong from January 2005 to June 2006 and staff accountant of the audit group of Ernst & Young Hong Kong from September 2001 to March 2004, respectively.

Mr. Chan obtained a bachelor of Business Administration with a major in Accounting from the Hong Kong University of Science and Technology in Hong Kong in November 2001. Mr. Chan was admitted as a member of the Hong Kong Institute of Certified Public Accountants in October 2005.

Ms. Jenny CHEN (陳怡芳), aged 41, was appointed as an independent non-executive Director on August 30, 2017.

Ms. Chen has more than 17 years' experience in the legal profession. She co-founded CFN Lawyers, a Hong Kong law firm in association with Broad & Bright in January 2013 and is currently a partner of the firm. Prior to that, she worked as a corporate associate in Maples and Calder (Hong Kong) LLP from January 2012 to January 2013, an associate general counsel of American International Assurance Company Limited from September 2009 to May 2011, and a corporate associate in DLA Piper Hong Kong from July 2006 to September 2009. She also worked at Woo Kwan Lee & Lo from July 2002 to June 2006 with her last position as an assistant solicitor.

Ms. Chen obtained her LLB degree from the Law School of the University of Hong Kong in November 2001 and completed her Postgraduate Certificate in Laws (PCLL) at the same university in June 2002.

Ms. Chen was admitted to practice as a solicitor in Hong Kong in September 2004 and a solicitor in England and Wales in September 2005, respectively.

Mr. Kai Yu Kenneth LIU (廖啟宇), aged 51, was appointed as an independent non-executive Director on August 30, 2017.

Mr. Liu has been appointed as an independent non-executive director of Fourace Industries Group Holdings Limited (stock code: 1455.HK) since August 2020, Hangzhou Tigermed Consulting Co., Ltd. (stock code: 300347.SZ and 3347.HK) since April 2020, and Tianli Education International Holdings Limited (stock code: 1773.HK) since June 2018, respectively. Besides, Mr. Liu worked with Hong Kong Exchanges and Clearing Limited (stock code: 388.HK) from June 2004 to October 2016, in his last position as assistant vice president in IPO Transactions, Listing & Regulatory Affairs Division. Prior to that, he worked with VC CEF Capital Limited (now known as VC Capital Limited) from September 2000 to May 2003, in his last position as an assistant manager in the corporate finance department. He also worked as an audit officer in the internal audit department of Kowloon-Canton Railway Corporation from January 2000 to September 2000, an assistant manager of the audit and control division of the Hong Kong branch of Banque Nationale de Paris from August 1996 to September 1997, an accountant of Ernst & Young from August 1994 to May 1996 and a junior accountant in the audit department of Kwan Wong Tan & Fong (merged with Deloitte Touche Tohmatsu in 1997) from May 1994 to August 1994.

Mr. Liu obtained a Bachelor of Engineering degree in Mechanical Engineering from the Imperial College of Science, Technology and Medicine of the University of London in August 1991 and a master of business administration degree in International Banking and Finance from the University of Birmingham in December 1998. Mr. Liu has been a member of the HKICPA since July 1999 and a fellow of the Association of Chartered Certified Accountants since April 2004.

Senior Management of the Group

Mr. Ran EZIONI, aged 54, was appointed as the chief operating officer of the Group on April 1, 2018.

Mr. Ezioni has over 25 years of multi-dimensional experience in the fields of global operations, supply chain management, information technology, outsourcing and service and maintenance in various industries, including the medical aesthetic industry. Prior to joining the Company, Mr. Ezioni served as a vice president of global supply chain, purchasing and information technology at Arkal Automotive, a global developer and worldwide manufacturer of solutions for the global automotive industry. Mr. Ezioni holds a bachelor of science degree in Industrial Engineering from the Technion, the Israeli Institute of Technology, with honors, and is Certified Six Sigma Black Belt (CSSBB) by the American Society for Quality.

Mr. Avraham FARBSTEIN, aged 66, has been the chief executive officer of the Group's North America operations since March 2013 and the chief strategy officer of the Company with effect from March 19, 2018.

Mr. Farbstein joined the Group in January 2007 and served as executive vice president of operations from January 2007 to October 2010 and as the general manager of North America operations from November 2010 to March 2013. Mr. Farbstein has more than 37 years' experience in the medical and aesthetic devices industry, beginning with his involvement in researching and developing one of the first lasers introduced into the surgical devices field. He has served in various leadership roles relating to aesthetic laser and light based products. Prior to joining the Group, Mr. Farbstein served as the vice president of operations at Sharplan/ESC Inc. from February 1988 to June 2011, and vice president of operations at Lumenis Ltd. from July 2004 to December 2006.

Mr. Farbstein attended the electrical engineering program at Tel Aviv University in Israel and subsequently obtained a bachelor of science degree in Electric Engineering from Tel Aviv University in Israel in May 1981.

Mr. Doron YANNAI, aged 60, has been the vice president in charge of financial matters of the Group since February 2014.

Mr. Yannai joined the Group in March 2007 and served as director in charge of financial matters of the Group and Human Resources of Alma Lasers from March 2007 to February 2014. He is currently responsible for financial operations of the Group.

Mr. Yannai has more than 23 years' experience of financial management in private and public companies in various industries such as software, communications and construction. Prior to joining the Group, he was controller at Tecnomatix/Oshap from January 1991 to May 1995, the chief financial officer at Shaked Group from June 1995 to December 1996, the chief financial officer at NetFormx Ltd. from January 1997 to June 2001, the director of finance at SAP Portals from July 2001 to December 2002, and chief financial officer at WiNetworks from January 2004 to February 2007.

Mr. Yannai obtained a bachelor's degree in Economics & Labor Science from Tel Aviv University in Israel in May 1985 and a bachelor's degree in Accounting from Tel Aviv University in Israel in June 1988. He has also been a Certified Public Accountant in Israel since December 1990.

COMPANY SECRETARY

Ms. Mei Ha Wendy KAM (甘美霞), aged 53, was appointed as the company secretary of the Company on December 18, 2019.

Ms. Kam is an executive director of Corporate Services of Tricor Services Limited. She has over 21 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Kam is currently the company secretary/joint company secretaries of six listed companies on the Stock Exchange. Ms. Kam is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Institute of Chartered Secretaries ("**HKICS**") and The Chartered Governance Institute (formerly "The Institute of Chartered Secretaries and Administrators"). She is a holder of the Practitioner's Endorsement from HKICS and is also a member of the Companies Registry Customer Liaison Group.

Ms. Kam graduated from the City Polytechnic of Hong Kong (now known as the City University of Hong Kong).

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To the shareholders of Sisram Medical Ltd
(Incorporated in Israel with limited liability)

Opinion

We have audited the consolidated financial statements of Sisram Medical Ltd (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 56 to 134, which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
The carrying value of goodwill in the consolidated financial statements amounted to US$111,183,000 as at December 31, 2020. In accordance with IFRSs, the Company is required to perform impairment test for goodwill at least annually. The impairment test is based on the recoverable amount of the cash-generating unit to which the goodwill is allocated. The recoverable amount of the cash-generating unit is the higher of its fair value less costs of disposal and its value in use using cash flow projections based on a financial budget covering a five-year period. This matter is significant to our audit because the impairment test process is complex and involved significant management's judgements. The disclosures about the impairment of goodwill are included in note 2.4 "Summary of significant accounting policies", note 3 "Significant accounting judgements and estimates" and note 15 "Goodwill" to the consolidated financial statements, which specifically explain the key assumptions management used for the calculation of the recoverable amount.	We updated our understanding of the internal control over the impairment test of goodwill process, performed walkthroughs and test of controls, and assessed the design and operating effectiveness of the relevant internal controls. Our substantive audit procedures included, among others, involving internal valuation specialists to assist us in evaluating the assumptions and methodologies used by the management, in particular, the discount rate and the long-term growth rate. We paid specific attention to the forecasts used with respect to future revenues and operating results by comparing the forecasts with the historical performance and the business development plan of the cash-generating unit after consideration of the impact of COVID-19. We also assessed the relevant disclosures included in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of indefinite-life intangible asset	
The carrying value of indefinite-life intangible asset (trademarks) in the consolidated financial statements amounted to US$24,493,000 as at December 31, 2020. In accordance with IFRSs, the Group is required to perform impairment test for indefinite-life intangible assets at least on an annual basis. The impairment test is based on the recoverable amount of the individual asset, which is its fair value less costs of disposal using the relief from royalty method. This matter was significant to our audit because the impairment test process was complex and involved significant judgements and estimates. The disclosures about the impairment of indefinite-life intangible asset are included in note 2.4 "Summary of significant accounting policies", note 3 "Significant accounting judgements and estimates" and note 16 "Other intangible assets" to the consolidated financial statements, which specifically explain the key assumptions management used for the calculation of the recoverable amount.	We updated our understanding of the internal control over the impairment test of indefinite-life intangible asset process, performed walkthroughs and test of controls, and assessed the design and operating effectiveness of the relevant internal controls. Our substantive audit procedures included, among others, involving internal valuation specialists to assist us in evaluating the assumptions and methodologies used by the management, in particular, the discount rate and the royalty rate of the individual asset. We paid specific attention to the forecasts with respect to future revenues which are used to determine the royalty saved by comparing the forecasts with the historical performance and the product revenue plan of the individual asset after consideration of the impact of COVID-19. We also assessed the relevant disclosures included in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Provision for impairment of trade receivables	
As at December 31, 2020, the balance of trade receivables amounted to US$57,117,000 and the related provision for impairment amounted to US$1,670,000. The management recognized an impairment provision based on the expected credit loss (ECL) model under IFRS 9 Financial Instruments. The measurement of ECLs requires the application of significant management's judgement and estimation, such as the existence of disputes, historical payment record, forward-looking factors and any other available information. We focused on this area due to the magnitude of the trade receivables and the estimation and judgement involved in determining the provision for impairment of the trade receivables. Related disclosures are included in note 2.4 "Summary of significant accounting policies, note 3 "Significant accounting judgements and estimates" and note 21 "Trade receivables" to the consolidated financial statements.	We updated our understanding on the process of provision for impairment of trade receivables by performing walkthroughs and test of controls. We reviewed and assessed the application of the Group's policy for calculating the ECL. We evaluated techniques and methodology in the expected credit losses model against the requirements of IFRS 9. We further verified the historical loss rates used in calculating the ECL through inspecting the existence of disputes, historical payment record and the historical default experience. In addition, we assessed the forward-looking factors based on the current economic conditions. We also assessed the relevant disclosures included in the financial statements.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lawrence K.W. Lau.

Ernst & Young
Certified Public Accountants
Hong Kong
March 18, 2021

Year ended December 31, 2020

	Notes	2020 US$'000	2019 US$'000
REVENUE	5	**162,095**	173,520
Cost of sales		**(71,794)**	(77,646)
Gross profit		**90,301**	95,874
Other income and gains	5	**1,124**	2,395
Selling and distribution expenses		**(43,085)**	(43,496)
Administrative expenses		**(15,874)**	(15,833)
Research and development expenses		**(10,957)**	(10,470)
Other expenses		**(3,783)**	(2,902)
Finance costs	7	**(1,064)**	(729)
PROFIT BEFORE TAX	6	**16,662**	24,839
Income tax expense	10	**(1,982)**	(2,904)
PROFIT FOR THE YEAR		**14,680**	21,935
Attributable to:			
Owners of the parent		**13,344**	20,785
Non-controlling interests		**1,336**	1,150
		14,680	21,935
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For profit for the year (US cents)	12	**3.02**	4.70

Year ended December 31, 2020

	Note	2020 US$'000	2019 US$'000
PROFIT FOR THE YEAR		**14,680**	21,935
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**1,818**	56
Effective portion of changes in fair value of hedging instruments arising during the year		**417**	84
Reclassification adjustments for gains included in the consolidated statement of profit or loss		**(304)**	(6)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**1,931**	134
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Actuarial reserve relating to a defined benefit plan	30	**74**	(625)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**74**	(625)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**2,005**	(491)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**16,685**	21,444
Attributable to:			
Owners of the parent		**15,349**	20,294
Non-controlling interests		**1,336**	1,150
		16,685	21,444

December 31, 2020

	Notes	2020 US$'000	2019 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	12,813	5,328
Right-of-use assets	14 (a)	33,348	8,921
Goodwill	15	111,183	111,183
Other intangible assets	16	53,281	58,630
Deferred tax assets	18	5,047	4,791
Trade receivables	21	10,616	7,053
Investments in associates	17	173	–
Other non-current assets	19	195	211
Total non-current assets		226,656	196,117
CURRENT ASSETS			
Inventories	20	37,191	33,018
Trade receivables	21	46,501	49,474
Prepayments, other receivables and other assets	22	3,955	4,195
Tax recoverable		976	2,204
Derivative financial instruments	23	–	32
Cash and bank balances	24	116,527	107,792
Total current assets		205,150	196,715
CURRENT LIABILITIES			
Contract liabilities	25	8,178	5,480
Trade payables	26	9,444	11,992
Other payables and accruals	27	32,357	16,615
Interest-bearing bank and other borrowings	28	1,518	2,410
Lease liabilities	14 (b)	2,817	2,921
Derivative financial instruments	23	479	–
Total current liabilities		54,793	39,418
NET CURRENT ASSETS		150,357	157,297
TOTAL ASSETS LESS CURRENT LIABILITIES		377,013	353,414
NON-CURRENT LIABILITIES			
Contract liabilities	25	218	684
Interest-bearing bank and other borrowings	28	180	402
Lease liabilities	14 (b)	32,548	6,469
Deferred tax liabilities	18	9,910	10,645
Other long-term liabilities	29	2,268	9,644
Total non-current liabilities		45,124	27,844
NET ASSETS		331,889	325,570
EQUITY			
Equity attributable to owners of the parent			
Share capital	31	1,254	1,254
Reserves	32	330,635	324,316
Total equity		331,889	325,570

Yi LIU	Lior Moshe DAYAN
Director	*Director*

Year ended December 31, 2020

	Attributable to owners of the parent								
	Share capital US$'000 (note 31)	Share premium* US$'000	Other reserve* US$'000 (note 32)	Cash flow hedge reserve* US$'000	Exchange fluctuation reserve* US$'000	Retained earnings* US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At January 1, 2020	1,254	240,766	14,389	–	(515)	69,676	325,570	–	325,570
Profit for the year	–	–	–	–	–	13,344	13,344	1,336	14,680
Other comprehensive income for the year:									
Effective portion of changes in fair value of hedging instruments arising during the year, net of tax	–	–	–	417	–	–	417	–	417
Reclassification adjustments for gains included in the consolidated statement of profit or loss	–	–	–	(304)	–	–	(304)	–	(304)
Exchange differences on translation of foreign operations	–	–	–	–	1,818	–	1,818	–	1,818
Actuarial reserve relating to a defined benefit plan, net of tax	–	–	–	–	–	74	74	–	74
Total comprehensive income for the year	–	–	–	113	1,818	13,418	15,349	1,336	16,685
Final 2019 dividend declared	–	–	–	–	–	(6,274)	(6,274)	–	(6,274)
Dividend paid to the non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	(296)	(296)
Reclassification of non-controlling interests of a subsidiary embedded with put options	–	–	(2,756)	–	–	–	(2,756)	(1,040)	(3,796)
At December 31, 2020	1,254	240,766	11,633	113	1,303	76,820	331,889	–	331,889

* These reserve accounts comprise the consolidated reserves of US$330,635,000 (2019: US$324,316,000) in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

	Attributable to owners of the parent								
	Share capital US$'000 (note 31)	Share premium* US$'000	Other reserve* US$'000 (note 32)	Cash flow hedge reserve* US$'000	Exchange fluctuation reserve* US$'000	Retained earnings* US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At January 1, 2019	1,254	240,766	17,580	(78)	(571)	55,149	314,100	–	314,100
Profit for the year	–	–	–	–	–	20,785	20,785	1,150	21,935
Other comprehensive income/(loss) for the year:									
Effective portion of changes in fair value of hedging instruments arising during the year, net of tax	–	–	–	84	–	–	84	–	84
Reclassification adjustments for gains included in the consolidated statement of profit or loss	–	–	–	(6)	–	–	(6)	–	(6)
Exchange differences on translation of foreign operations	–	–	–	–	56	–	56	–	56
Actuarial reserve relating to defined benefit plan, net of tax	–	–	–	–	–	(625)	(625)	–	(625)
Total comprehensive income for the year	–	–	–	78	56	20,160	20,294	1,150	21,444
Final 2018 dividend declared	–	–	–	–	–	(5,633)	(5,633)	–	(5,633)
Acquisition of a subsidiary	–	–	–	–	–	–	–	3,368	3,368
Reclassification of non-controlling interests of a subsidiary embedded with put options	–	–	(3,191)	–	–	–	(3,191)	(4,518)	(7,709)
At December 31, 2019	1,254	240,766	14,389	–	(515)	69,676	325,570	–	325,570

Year ended December 31, 2020

	Notes	2020 US$'000	2019 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**16,662**	24,839
Adjustments for:			
Finance costs	7	**1,064**	729
Interest income	5	**(773)**	(1,830)
Loss on disposal of property, plant and equipment		**–**	247
Fair value loss/(gain) from foreign exchange forward contracts not qualifying as hedges	6	**645**	(565)
Gain on the termination of leases		**(339)**	–
Depreciation	6	**1,848**	1,197
Depreciation of right-of-use assets	6	**3,265**	3,078
Amortization of other intangible assets	6	**5,349**	5,450
Provision for impairment of trade receivables	6	**1,453**	696
Provision for impairment of inventories	6	**1,398**	1,243
		30,572	35,084
Increase in inventories		**(5,571)**	(4,966)
Increase in trade receivables		**(2,043)**	(14,719)
Decrease/(increase) in prepayments, other receivables and other assets		**159**	(752)
Decrease/(increase) in other non-current assets		**16**	(150)
(Decrease)/increase in trade payables		**(2,548)**	2,943
Increase in other payables and accruals		**4,112**	3,996
Increase in contract liabilities		**2,232**	1,901
Increase in other long-term liabilities		**277**	144
Cash generated from operations		**27,206**	23,481
Income tax paid		**(1,469)**	(2,444)
Net cash flows from operating activities		**25,737**	21,037
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**757**	1,887
Purchases of items of property, plant and equipment		**(9,274)**	(3,172)
Proceeds from disposal of property, plant and equipment		**181**	–
Investments in associates	17	**(173)**	(7,648)
(Increase)/decrease in term deposits with original maturity of more than three months		**(25,000)**	62,620
Net cash flows (used in)/from investing activities		**(33,509)**	53,687

	Notes	2020 US$'000	2019 US$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**95**	1,002
Repayment of bank loans		**(1,452)**	(1,527)
Lease payments	14 (b)	**(3,831)**	(3,467)
Dividends paid to shareholders		**(6,274)**	(5,633)
Dividends paid to the non-controlling shareholder of a subsidiary		**(296)**	(130)
Interest paid		**(432)**	(333)
Proceeds (payment to)/from settlement of foreign currency forward contracts		**(22)**	730
Net cash flows used in financing activities		**(12,212)**	(9,358)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(19,984)**	65,366
Cash and cash equivalents at beginning of year		**99,735**	33,840
Effect of foreign exchange rate changes, net		**3,622**	529
CASH AND CASH EQUIVALENTS AT END OF YEAR		**83,373**	99,735
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of cash flows		**83,373**	99,735
Pledged bank balances for bank loans	24	**154**	57
Term deposits with original maturity of more than three months	24	**33,000**	8,000
Cash and bank balances as stated in the consolidated statement of financial position	24	**116,527**	107,792

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated under the laws of the State of Israel on April 25, 2013. The registered office of the Company is located at 14 Halamish Street, Caesarea Industrial Park, Caesarea 38900, Israel.

The Company is an investment holding company. The Group was mainly involved in the design, development, manufacture and sale of energy-based aesthetic medical, minimally invasive treatment systems, non-EBD devices and cosmeceuticals.

The shares of the Company were listed on the Main Board of the Stock Exchange on September 19, 2017.

The holding company of the Company is Ample Up Limited and the ultimate holding company of the Company is Fosun International Holdings Limited. The ultimate controlling shareholder of the Company is Mr. Guo Guangchang.

1. CORPORATE INFORMATION *(Continued)*

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Alma Lasers Ltd.	Israel October 5, 1999	New Israeli Shekels ("NIS") 14,000,000	100%	–	Manufacture and sale of medical equipment
Alma Lasers Inc.	United States August 1, 2005	US$10	–	100%	Distribution of medical equipment
Alma Lasers GmbH	Germany July 31, 2012	EUR25,000	–	100%	Distribution of medical equipment
Alma Lasers AT GmbH	Austria March 22, 2010	EUR35,000	–	100%	Distribution of medical equipment
Alma Medical Private Limited	India December 3, 2014	Indian Rupee ("INR")7,500,000	–	100%	Distribution of medical equipment
Alma Medical HK Limited	Hong Kong June 6, 2018	Hong Kong Dollar ("HK$")100	–	100%	Distribution of medical equipment
Nova Medical Israel Ltd. ("Nova")	Israel January 7, 2007	NIS2,750,000	–	60%	Distribution of medical equipment
Alma Lasers Australia Pty Ltd	Australia May 17, 2019	Australian Dollar ("AUD")100	–	100%	Distribution of medical equipment
Alma Korea Limited	Republic of Korea June 25, 2019	Korean Won 100,000,000	–	100%	Distribution of medical equipment
Sisram Medical (Tianjin) Ltd.*	People's Republic of China April 10, 2020	US$ 50,000,000	–	100%	Distribution of medical equipment

* During the year, the Group established a new subsidiary called "Sisram Medical (Tianjin) Ltd".

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting standards, International Accounting Standards and interpretations ("IASs")) approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and a defined benefit plan which have been measured at fair value. The financial statements are presented in United States dollars ("US$") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended December 31, 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting* 2018 (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after January 1, 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after June 1, 2020 with earlier application permitted and shall be applied retrospectively. The amendments did not have any significant impact on the financial position and performance of the Group.

(e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[3]
Amendments to IFRS 17	*Insurance Contracts*[3,5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IAS 1	*Disclosure of Accounting Policies*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[3]
Amendments to IAS 16	*Property, Plant and Equipment:Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[2]

1 Effective for annual periods beginning on or after January 1, 2021

2 Effective for annual periods beginning on or after January 1, 2022

3 Effective for annual periods beginning on or after January 1, 2023

4 No mandatory effective date yet determined but available for adoption

5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2023

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from January 1, 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognize hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after January 1, 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group did not have certain interest-bearing bank borrowings based on the Interbank Offered Rates as at December 31, 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognized in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after January 1, 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments replace the requirement to disclose significant accounting policies with a requirement to disclose material accounting policies. In assessing the materiality of accounting policy information, both quantitative and qualitative aspects need to be considered. Entity-specific accounting policy information is more useful for users of financial statements than the standardised information. The amendments also add guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 8 are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments explain how entities use measurement techniques and inputs to develop accounting estimates and state that these can include estimation and valuation techniques. The amendments clarify that not all estimates will meet the definition of an accounting estimate, but rather may refer to inputs used in developing accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after January 1, 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognized as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of the reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant and machinery	10% to 33%
Furniture and fixtures	6% to 20%
Leasehold improvements	Over the shorter of the lease terms and 5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Customer relationships

Customer relationships are stated at cost less any impairment losses and are amortized on the straight-line basis over the estimated useful lives of 12 to 14.5 years.

Trademarks

Trademarks with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful lives of trademarks are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Patents and technology

Patents and technology are stated at cost less any impairment losses and are amortized on the straight-line basis over the estimated useful lives of 5 to 10 years.

License agreement

Purchased license agreement is stated at cost less any impairment losses and is amortized on the straight-line basis over the estimated useful life of 6 to 10 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Expenditure which does not meet these criteria is expensed when incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Plant	3.5-20 years
Motor vehicles	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases that are considered to be of low value.

Lease payments on short-term and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognized as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets at fair value through profit or loss (Continued)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when:

(a) the rights to receive cash flows from the asset have expired; or

(b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates, if and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

General approach (Continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

Normally when contractual payments are 90 days past due, the Group performs analytical review and investigates the reason for the overdue to evaluate if it's in default or not. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and loans and borrowings, payables, or as derivatives designated as hedge instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Initial recognition and measurement (Continued)

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank borrowings, derivative financial instruments and other long-term liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.

- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

Initial recognition and subsequent measurement (Continued)

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognized based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

(a) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of products

Revenue from the sale of products is recognized at the point in time when control of the asset is transferred to the customer.

(b) Services provided

The Group provides services that are bundled together with the sale of products to customers. The services can be obtained from other providers and do not significantly customize or modify the products. Contracts for bundled sales of products and services are separate performance obligations because the promises to transfer the products and provide services are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative standalone selling prices of the products and services. The revenue is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Defined benefit plan

The Group's liability for severance pay for its employees is pursuant to the Israel's Severance Pay Law and is based on the most recent salary of the employees multiplied by the number of years of employment. Employees are entitled to severance pay equal to one month's salary for each year of employment, or a portion thereof. The Group's liability for its employees is provided for by monthly deposits with severance pay funds, insurance policies and by an accrual.

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

The cost of providing severance pay is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under "cost of sales", "selling and distribution expenses", "administrative expenses" and "research and development expenses" in the consolidated statement of profit or loss by function:

(a) service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements

(b) net interest expense or income

Dividends

Final Dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

These financial statements are presented in US$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and associate are currencies other than the US$. As at the end of the reporting period, the assets and liabilities of these entities are translated into US$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into US$ at the weighted average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Identifying performance obligations in a bundled sale of industrial products and extended warranty option

The Group provides services that are either sold separately or bundled together with the sale of products to a customer. The services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that both products and services are each capable of being distinct. The fact that the Group regularly sells both products and services on a standalone basis indicates that the customer can benefit from both products on their own. The Group also determined that the promises to transfer the products and to provide services are distinct within the context of the contract. The products and services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the products and services together in the contract does not result in any additional or combined functionality and neither the products nor the services modifies or customizes the other. In addition, the products and services are not highly inter-dependent or highly interrelated, because the Group would be able to transfer the products even if the customer declined it and would be able to provide services in relation to products sold by other distributors. Consequently, the Group has allocated a portion of the transaction price to the industrial products and extended warranty option based on relative standalone selling prices.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at December 31, 2020 was US$111,183,000. Further details are given in note 15 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of the reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. For trademarks with indefinite useful life, the fair value less cost of disposal is determined using the relief from royalty method. Further details are given in note 16 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and sale. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customers' needs or competitors' actions in response to the product industry cycle. Management reassesses these estimates at the end of the reporting period.

Useful lives and residual value of plant and equipment

The Group determines the estimated useful lives, residual value and related depreciation charges for its plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual value of plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating activities are related to a single operating segment, which is the design, development, manufacture and sale of energy-based aesthetic medical, minimally invasive treatment systems, non-EBD devices and cosmeceuticals. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	2020 **US$'000**	2019 US$'000
Europe	**34,653**	48,334
North America*	**54,443**	47,479
Asia-Pacific	**43,641**	43,762
Latin America	**8,134**	12,209
Middle East and Africa	**21,224**	21,736
	162,095	173,520

* *North America includes Canada and the United States (excluding Mexico).*

The revenue information above is based on the locations of the customers.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(b) Non-current assets

	2020 US$'000	2019 US$'000
Israel	**215,776**	187,090
United States	**1,610**	1,571
Other countries	**4,223**	2,665
	221,609	191,326

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue from sales to one single customer accounted for about 13.64% of the total revenue for the reporting period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 US$'000	2019 US$'000
Revenue from contracts with customers	**162,095**	173,520

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended December 31, 2020

	2020 US$'000	2019 US$'000
Types of goods or services		
Sale of products	**153,362**	162,811
Services provided	**8,733**	10,709
Total revenue from contracts with customers	**162,095**	173,520
Timing of revenue recognition		
Goods transferred at a point in time	**153,362**	162,811
Services transferred over time	**8,733**	10,709
Total revenue from contracts with customers	**162,095**	173,520

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information *(Continued)*

The following table shows the amounts of revenue recognized in the reporting period that were included in the contract liabilities at the beginning of the reporting period and recognized from performance obligations satisfied in previous periods:

	2020 **US$'000**	2019 US$'000
Revenue recognized that was included in contract liabilities at the beginning of the reporting periods:		
Sale of products	**3,118**	824
Services provided	**2,362**	1,392
	5,480	2,216

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied when control of goods is transferred to the customers and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return ad the related revenue is recognized until the period of return expires.

Services provided

The performance obligation is satisfied over time as services are rendered and advances are normally required before rendering the services.

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

Services provided (Continued)

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

	2020 US$'000	2019 US$'000
Amounts expected to be recognized as revenue:		
Within one year	8,178	5,480
After one year	218	684
	8,396	6,164

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year relate to services provided. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognized as revenue within one year.

Other income and gains

	2020 US$'000	2019 US$'000
Bank interest income	773	1,830
Gain on the early termination of leases	339	–
Fair value gains from foreign exchange forward contracts not qualifying as hedges	–	565
Others	12	–
	1,124	2,395

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2020 US$'000	2019 US$'000
Cost of inventories sold	**49,077**	52,648
Cost of services and others	**22,717**	24,998
	71,794	77,646
Employee benefit expense (including directors' and senior management's remuneration (note 8):		
Wages and salaries	**32,330**	36,982
Defined benefit scheme	**841**	812
	33,171	37,794
Research and development costs:		
Current year expenditure	**10,957**	10,470
Auditors' remuneration	**315**	287
Lease payments not included in the measurement of lease liabilities	**862**	940
Depreciation of property, plant and equipment (note 13)	**1,848**	1,197
Depreciation of right-of-use assets (note 14 (a))	**3,265**	3,078
Amortization of other intangible assets (note 16)	**5,349**	5,450
Provision for impairment of inventories	**1,398**	1,243
Provision for impairment of trade receivables (note 21)	**1,453**	696
Fair value loss/(gain) from foreign exchange forward contracts not qualifying as hedges	**645**	(565)
Foreign exchange differences, net	**223**	963

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 US$'000	2019 US$'000
Interest on loans and borrowings	**297**	371
Interest on lease liabilities (note 14 (b))	**767**	358
	1,064	729

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2020 **US$'000**	2019 US$'000
Fees	**100**	100
Other emoluments:		
Salaries, allowances and benefits in kind	**596**	606
Performance related bonuses	**173**	153
	769	759
	869	859

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2020 **US$'000**	2019 US$'000
Mr. Heung Sang Addy FONG	**25**	25
Mr. Chi Fung Leo CHAN	**25**	25
Ms. Jenny CHEN	**25**	25
Mr. Kai Yu Kenneth LIU	**25**	25
	100	100

There were no other emoluments payable to the independent non-executive directors during the year (2019: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors and the chief executive

	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Performance related bonuses US$'000	Listing bonuses US$'000	Total remuneration US$'000
Year ended December 31, 2020					
Director:					
Mr. Yao WANG	–	–	–	–	–
Mr. Yi LIU	–	–	–	–	–
Mr. Yifang WU	–	–	–	–	–
Mr. Guojun BU (i)	–	–	–	–	–
Ms. Kun DAI (ii) (iii)	–	–	–	–	–
Ms. Rongli FENG (iii)	–	–	–	–	–
	–	–	–	–	–
Chief executive:					
Mr. Lior Moshe DAYAN	–	596	173	–	769
	–	596	173	–	769
Year ended December 31, 2019					
Director:					
Mr. Yao WANG	–	–	–	–	–
Mr. Yi LIU	–	–	–	–	–
Mr. Yifang WU	–	–	–	–	–
Mr. Jianping HUA (i)	–	–	–	–	–
Ms. Yang YANG (ii)	–	–	–	–	–
Mr. Guojun BU (i)	–	–	–	–	–
Ms. Kun DAI (ii)	–	–	–	–	–
	–	–	–	–	–
Chief executive:					
Mr. Lior Moshe DAYAN	–	606	153	–	759
	–	606	153	–	759

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors and the chief executive *(Continued)*

(i) Mr. Jianping HUA resigned as a director of the Company and Mr. Guojun BU was appointed as a director of the Company on January 17, 2019.

(ii) Ms. Yang YANG resigned as a director of the Company and Ms. Kun DAI was appointed as a director of the Company on August 20, 2019.

(iii) Ms. Kun DAI resigned as a director of the Company and Ms.Rongli FENG was appointed as a director of the Company on August 20, 2020.

There was no arrangement under which a director or chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the reporting period included one director who is also the chief executive (2019: one director who is also the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the reporting period of the remaining four (2019: four) highest paid employees who are neither directors nor the chief executive of the Company are as follows:

	2020 US$'000	2019 US$'000
Salaries, allowances and benefits in kind	**1,288**	1,238
Performance related bonuses	**2,114**	2,260
	3,402	3,498

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2020	2019
US$500,001 to US$550,000	**1**	1
US$550,001 to US$600,000	**–**	–
US$650,001 to US$700,000	**1**	–
US$700,001 to US$750,000	**–**	1
US$800,001 to US$850,000	**1**	1
US$1,350,001 to US$1,400,000	**1**	–
US$1,450,001 to US$1,500,000	**–**	1
	4	4

10. INCOME TAX

The Israeli corporate tax rate applicable to the Company was 23% for the reporting period (2019: 23%). Each entity in the Group is taxable based on its standalone results as measured by the local tax system.

No income tax has been provided for the Company itself as there was no assessable profit earned by the Company for the year. Taxes on taxable income assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Nova Medical Israel Ltd. is taxed based upon the tax law in Israel, the country of residence. Income was taxed at the corporate income tax rate of 23% for the reporting period (2019: 23%).

Alma Lasers Ltd., the major operating subsidiary of the Company, was granted the status of “Preferred Enterprise” under the Law for the Encouragement of Capital Investments, 1959 (as amended in 2011, the “2011 Amendment of the Investment Law”) and therefore enjoyed a preferential corporate tax rate of 16% during the reporting period.

In December 2016, the Israeli Knesset passed Amendment 73 to the Investment Law, which included a number of changes to the Investments Law regime. Certain changes were scheduled to come into effect beginning January 1, 2017, provided that regulations are promulgated by the Finance Ministry to implement the “Nexus Principles” based on The Organisation for Economic Co-operation and Development’s guidelines recently published as part of the Base Erosion and Profit Shifting (BEPS) project. The regulations were approved in May 2017 and accordingly, have come into effect.

Applicable benefits under the new regime include:

Introduction of a benefit regime for “Preferred Technology Enterprises”, granting a 12% tax rate in central Israel and a 7.5% tax rate in special areas – on income deriving from Intellectual Property, subject to a number of conditions being fulfilled, including a minimal amount or ratio of annual research and development (“**R&D**”) expenditure and R&D employees, as well as having at least 25% of annual income derived from exports. Technological Preferred Enterprise is defined as an enterprise which meets the aforementioned conditions and for which total consolidated revenues of its parent company and all subsidiaries are less than NIS10 billion. In cases where the parent company and all subsidiaries have more than NIS10 billion of consolidated revenues, the tax rate will be 6% in all Israel regions.

A Special Preferred Technological Enterprise (“**SPTE**”) – where the parent company’s total revenues are more than NIS10 billion in the tax year, its preferred income will be subject to a tax rate of 6%, regardless of the geographical location of the enterprise. On December 4, 2018, the Company received a ruling from the Israeli Income Tax Authority, which grants the Company the SPTE status, in accordance with the criteria in the law mentioned above and the conditions mentioned in the ruling, effective from January 1, 2017.

The following applies to SPTE:

- A 6% capital gains tax rate on the sale of a preferred intangible asset to a foreign affiliated enterprise, in accordance with the criteria mentioned in the law.

- A withholding tax rate of 20% for the dividends paid from a Preferred Technology Enterprise’s income (with an exemption from such withholding tax applying to dividends paid to an Israeli company). Such rate may be reduced to 4% on the dividends paid to a foreign resident company, subject to certain conditions regarding the percentage of foreign ownership of the distributing entity.

10. INCOME TAX *(Continued)*

As of December 31, 2020, Alma enjoyed a preferential effective tax rate of 6%, for being a SPTE for the year ended December 31, 2020 (2019: 9%).

The U.S. Tax Cuts and Jobs Act of 2017 ("**TCJA**") was approved by the U.S. Congress on December 20, 2017 and signed into law by the U.S. President Donald J. Trump on December 22, 2017. This legislation has made complex and significant changes to the U.S. Internal Revenue Code. Such changes include a reduction in the corporate tax rate and limitations on certain corporate deductions and credits, among other changes. The changes include, but are not limited to:

Rate reduction

The TCJA reduces the U.S. federal corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017. In addition, the TCJA has made certain changes to the depreciation rules and implemented new limits on the deductibility of certain expenses and deduction.

The income of Alma Lasers GmbH, a subsidiary incorporated in Germany, is taxed based upon the tax law in Germany, the country of residence. Income was taxed at a flat corporate income tax rate of 15% during the reporting period and was also subject to additional trade income taxes of 16.47% as applicable.

The income of Alma Lasers AT GmbH, a subsidiary incorporated in Austria, is taxed based upon the tax law in Austria, the country of residence. Income was taxed at a flat corporate income tax rate of 25% during the reporting period and was also subject to additional trade income taxes as applicable.

The income of Alma Medical Private Limited, a subsidiary incorporated in India, is taxed based upon the tax law in India, the country of residence. Income was taxed at a corporate income tax rate of 26% during the reporting period (which was not a flat rate but included many deductions/exemptions/rebates as per the Income Tax Act 1961) and the Company was also subject to withholding taxes as per the provisions of the said Income Tax Act 1961.

The income of Alma Medical HK Limited, a subsidiary incorporated in Hong Kong, is taxed at the rate of 16.5% on its estimated assessable profits arising in Hong Kong.

The income of Alma Medical Australia Pty Ltd, a subsidiary incorporated in Australia, is taxed at the rate of 30%.

The income of Alma Korea Limited, a subsidiary incorporated in Korea, is taxed at the rate of 17%.

	2020 **US$'000**	2019 US$'000
Current	**2,973**	3,935
Deferred (note 18)	**(991)**	(1,031)
Total tax charge for the year	**1,982**	2,904

10. INCOME TAX *(Continued)*

Rate reduction *(Continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country in which the Company and its major operating subsidiary are domiciled to the tax expense at the effective tax rates is as follows:

	2020 US$'000	2019 US$'000
Profit before tax	**16,662**	24,839
Statutory tax rate	**23%**	23%
Tax at the statutory tax rate	**3,832**	5,713
Different tax rates for certain entities	**(2,493)**	(2,764)
Effect on opening deferred tax from changes in tax rates	**235**	(389)
Expenses/(income) not deductible/(recognized) for tax	**49**	(7)
Taxes in respect of previous years	**(79)**	182
Tax losses not recognized	**319**	–
Others	**119**	169
Total tax charge for the year	**1,982**	2,904

11. DIVIDEND

On March 18, 2021, the proposed final dividend of HK$0.07 (inclusive of tax, equivalent to approximately US$0.01) per share for the year ended December 31, 2020 (for the year ended December 31, 2019: HK$0.11) is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the reporting period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares ("**Shares**") of 442,155,600 (2019: 442,155,600) in issue during the reporting period.

The calculation of basic earnings per share is based on:

	2020 US$'000	2019 US$'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**13,344**	20,785

	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**442,155,600**	442,155,600

No adjustment has been made to the basic earnings per share presented for the years ended December 31, 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during the years.

13. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery US$'000	Furniture and fixtures US$'000	Leasehold improvements US$'000	Total US$'000
December 31, 2020				
At January 1, 2020				
Cost	**6,579**	**1,199**	**2,448**	**10,226**
Accumulated depreciation and impairment	**(4,065)**	**(415)**	**(418)**	**(4,898)**
Net carrying amount	**2,514**	**784**	**2,030**	**5,328**
At January 1, 2020 net of accumulated depreciation and impairment	**2,514**	**784**	**2,030**	**5,328**
Additions	**1,637**	**721**	**7,156**	**9,514**
Disposal	**–**	**(181)**	**–**	**(181)**
Depreciation provided during the year	**(848)**	**(411)**	**(589)**	**(1,848)**
At December 31, 2020, net of accumulated depreciation and impairment	**3,303**	**913**	**8,597**	**12,813**
At December 31, 2020				
Cost	**8,216**	**1,133**	**9,604**	**18,953**
Accumulated depreciation and impairment	**(4,913)**	**(220)**	**(1,007)**	**(6,140)**
Net carrying amount	**3,303**	**913**	**8,597**	**12,813**

	Plant and machinery US$'000	Furniture and fixtures US$'000	Leasehold improvements US$'000	Total US$'000
December 31, 2019				
At January 1, 2019				
Cost	5,132	587	831	6,550
Accumulated depreciation and impairment	(3,244)	(292)	(298)	(3,834)
Net carrying amount	1,888	295	533	2,716
At January 1, 2019, net of accumulated depreciation and impairment	1,888	295	533	2,716
Additions	1,431	422	1,520	3,373
Disposal	(247)	–	–	(247)
Acquisition of a subsidiary	358	228	97	683
Depreciation provided during the year	(916)	(161)	(120)	(1,197)
At December 31, 2019, net of accumulated depreciation and impairment	2,514	784	2,030	5,328
At December 31, 2019				
Cost	6,579	1,199	2,448	10,226
Accumulated depreciation and impairment	(4,065)	(415)	(418)	(4,898)
Net carrying amount	2,514	784	2,030	5,328

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

At December 31, 2020, certain of the Group's assets with a net carrying amount of approximately US$426,000 (2019: US$446,000) were pledged to secure general banking facilities granted to the Group.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant, motor vehicles and other equipment used in its operations. Leases of plant generally have lease terms between 3.5 and 20 years, while motor vehicles generally have lease terms of 3 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Plant US$'000	Motor vehicles US$'000	Total US$'000
As at January 1, 2019	7,425	1,660	9,085
Additions	1,977	876	2,853
Depreciation charge	(2,320)	(758)	(3,078)
Effect of foreign exchange rate changes, net	29	32	61
As at December 31, 2019 and January 1, 2020	**7,111**	**1,810**	**8,921**
Additions	**29,005**	**813**	**29,818**
Termination of leases	**(2,293)**	**–**	**(2,293)**
Depreciation charge	**(2,513)**	**(752)**	**(3,265)**
Exchange realignment	**150**	**17**	**167**
As at December 31, 2020	**31,460**	**1,888**	**33,348**

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2020 US$'000	2019 US$'000
Carrying amount at January 1	**9,390**	9,085
New leases	**29,818**	2,853
Termination of leases	**(2,632)**	–
Accretion of interest recognized during the year (note 7)	**767**	358
Payments	**(3,831)**	(3,467)
Exchange realignment	**1,853**	561
Carrying amount at December 31	**35,365**	9,390
Analysed into:		
Current portion	**2,817**	2,921
Non-current portion	**32,548**	6,469

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	2020 US$'000	2019 US$'000
Interest on lease liabilities	**767**	358
Depreciation charge of right-of-use assets	**3,265**	3,078
Expense relating to short-term leases and other leases (included in cost of sales)	**234**	566
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales and other expense)	**628**	374
Gain recognized on the early termination of leases (included in other income)	**339**	–
Total amount recognized in profit or loss	**5,233**	4,376

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in note 38 to the financial statements.

15. GOODWILL

	US$'000
Cost and net carrying amount at December 31, 2020 and 2019	111,183

Impairment testing of goodwill

The Group's goodwill acquired through business combination arose mainly from the acquisition of Alma in 2013. The goodwill has been allocated to the cash-generating unit of Alma for impairment testing.

The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on a financial budget covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 14.3% (2019: 15.6%). The long-term growth rate used to extrapolate the cash flows of the above cash-generating unit is 3% (2019: 3%), which is also an estimate of the long-term rate of raw materials price inflation.

Key assumptions used for the value in use calculation

Assumptions were used in the value in use calculation of the cash-generating unit for the reporting period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant unit.

Long-term growth rate – The basis used to determine the value assigned to long-term growth rate is the forecast price indices during the budget year from where the raw materials are sourced.

The values assigned to the key assumptions on market development of the medical equipment industry, discount rates and long-term growth rate are consistent with external information sources.

With regard to the assessment of value in use, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amount of the cash-generating unit for which goodwill is allocated to be materially lower than its carrying amount.

16. OTHER INTANGIBLE ASSETS

	Customer relationships US$'000	Trademarks US$'000	Patents and technology US$'000	Licence agreement and others US$'000	Total US$'000
December 31, 2020					
Cost at January 1, 2020, net of accumulated amortization	**25,437**	**24,493**	**6,381**	**2,319**	**58,630**
Amortization provided during the year (note 6)	**(3,085)**	**–**	**(1,859)**	**(405)**	**(5,349)**
At December 31, 2020	**22,352**	**24,493**	**4,522**	**1,914**	**53,281**
At December 31, 2020:					
Cost	**43,867**	**24,493**	**19,676**	**3,403**	**91,439**
Accumulated amortization	**(21,515)**	**–**	**(15,154)**	**(1,489)**	**(38,158)**
Net carrying amount	**22,352**	**24,493**	**4,522**	**1,914**	**53,281**
December 31, 2019					
At January 1, 2019:	39,896	24,493	19,676	2,383	86,448
Cost					
Accumulated amortization	(15,362)	–	(11,435)	(562)	(27,359)
Net carrying amount	24,534	24,493	8,241	1,821	59,089
Cost at January 1, 2019, net of accumulated amortization	24,534	24,493	8,241	1,821	59,089
Amortization provided during the year (note 6)	(3,068)	–	(1,860)	(522)	(5,450)
Acquisition of a subsidiary	3,971	–	–	1,020	4,991
At December 31, 2019	25,437	24,493	6,381	2,319	58,630
At December 31, 2019 and at January 1, 2020:					
Cost	43,867	24,493	19,676	3,403	91,439
Accumulated amortization	(18,430)	–	(13,295)	(1,084)	(32,809)
Net carrying amount	25,437	24,493	6,381	2,319	58,630

The useful life of trademarks was determined as indefinite in accordance with IAS 38 *Intangible Assets*. The trademarks are capable of being renewed indefinitely at insignificant cost according to their legal rights and therefore are perpetual in duration, and based on future financial performance of the Group, they are expected to generate positive cash flows indefinitely.

16. OTHER INTANGIBLE ASSETS *(Continued)*

Impairment test of trademark

The intangible asset with indefinite life of the Group are the trademark generated from the acquisition of Alma Group which amounted to US$24,493,000 as at December 31, 2020 (December 31, 2019: US$24,493,000). The trademark has indefinite life because the extension cost is low and they can be used indefinitely. The impairment test is based on the recoverable amount of the intangible assets, which is the fair value less costs of disposal.

The fair value calculation of the trademark used the relief from royalty method based on the royalty rate 2.5% (2019: 2.5%) of forecasted revenues. The revenues are forecasted based on an operational plan covering a five-year period as approved by senior management. The long-term growth rate of revenues is 3% (2019: 3%), which is also an estimate of the long-term rate of inflation. The discount rate applied to the royalty income was 16.4% for 2020 (2019: 17.5%).

Key assumptions used for the value in use calculation

Assumptions were used in the value-in-use calculation for the reporting period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of indefinite life intangible assets:

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

Royalty rates – The royalty rates are determined based on comparable or similar transactions.

Long-term growth rate – The basis used to determine the value assigned to long-term growth rate is the forecast price indices during the budget year from where the raw materials are sourced.

The values assigned to the key assumptions on market development of the medical equipment industry, discount rates, royalty rates and long-term growth rate are consistent with external information sources.

With regard to the assessment of fair value, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amount of the trademark to be materially lower than its carrying amount.

17. INVESTMENTS IN ASSOCIATES

	2020 US$'000	2019 US$'000
Share of net assets	**173**	–

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
BELKIN Laser Ltd.*	Ordinary shares	Israel	3.56	Development of laser treatment for glaucoma
Tianjin JuveStar Bio-technology Company Ltd.*	Ordinary shares	Tianjin, China	4	Development of biotechnology products

* The Group's investments in the associates are accounted for under the equity method of accounting because the Group has significant influence over the entities by way of representation on their boards of directors and participation in the policy-making process, despite the fact that the Group's equity interests in the associates were lower than 20% during the reporting period.

The Group's shareholdings in the associates all comprise equity shares held through Alma, a subsidiary of the Company.

The Group has discontinued the recognition of its share of losses of BELKIN Laser Ltd. because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amount of the Group's unrecognized share of losses of this associate was US$134,000 for the year of 2020 (2019: US$128,000). As at December 31, 2020, the accumulated unrecognized share of losses of this associate was US$300,000 (2019: US$312,000).

18. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Warranties US$'000	Reserves and allowances US$'000	Research and development US$'000	Intangible assets US$'000	Contract liabilities US$'000	Unrealized intercompany profit and others US$'000	Total US$'000
Gross deferred tax assets at January 1, 2019	109	1,056	961	98	171	2,190	4,585
Acquisition of a subsidiary	–	24	–	–	–	–	24
Deferred tax credited/ (charged) to the statement of profit or loss during the year (note 10)	37	(185)	8	(26)	(21)	573	386
Gross deferred tax assets at December 31, 2019	146	895	969	72	150	2,763	4,995
Deferred tax credited/ (charged) to the statement of profit or loss during the year (note 10)	1	136	(211)	(72)	64	384	302
Gross deferred tax assets at December 31, 2020	**147**	**1,031**	**758**	**–**	**214**	**3,147**	**5,297**

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries US$'000	Others US$'000	Total US$'000
Gross deferred tax liabilities at January 1, 2019	9,880	336	10,216
Acquisition of a subsidiary	1,278	–	1,278
Deferred tax (credited)/charged to the statement of profit or loss during the year (note 10)	(678)	33	(645)
Gross deferred tax liabilities at December 31, 2019	10,480	369	10,849
Deferred tax (credited)/charged to the statement of profit or loss during the year (note 10)	(695)	6	(689)
Gross deferred tax liabilities at December 31, 2020	**9,785**	**375**	**10,160**

18. DEFERRED TAX *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2020 **US$'000**	2019 US$'000
Gross deferred tax assets	**5,297**	4,995
Offsetting with deferred tax liabilities	**(250)**	(204)
Net deferred tax assets recognized in the consolidated statement of financial position	**5,047**	4,791
Gross deferred tax liabilities	**10,160**	10,849
Offsetting with deferred tax assets	**(250)**	(204)
Net deferred tax liabilities recognized in the consolidated statement of financial position	**9,910**	10,645

19. OTHER NON-CURRENT ASSETS

	2020 **US$'000**	2019 US$'000
Long-term deposits	**195**	211

At December 31, 2020, the Group did not have any long-term deposits (2019: Nil) that have been pledged.

20. INVENTORIES

	2020 **US$'000**	2019 US$'000
Raw materials	**16,447**	15,520
Work in progress	**1,531**	1,654
Finished goods	**22,987**	17,350
Provision	**(3,774)**	(1,506)
	37,191	33,018

At December 31, 2020, the Group did not have any inventories (2019: Nil) that have been pledged as security for the Group's bank loans.

21. TRADE RECEIVABLES

	2020 US$'000	2019 US$'000
Trade receivables	**58,787**	57,256
Current	**48,087**	50,158
Non-current	**10,700**	7,098
Impairment	**(1,670)**	(729)
Current	**(1,586)**	(684)
Non-current	**(84)**	(45)
	57,117	56,527

The Group's trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

Details of the concentration of credit risk arising from the customers are set out in note 38 to the financial statements.

An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020 US$'000	2019 US$'000
Within 1 month	**14,973**	15,855
1 to 2 months	**8,872**	7,575
2 to 3 months	**4,109**	3,918
Over 3 months	**29,163**	29,179
	57,117	56,527

The movements in loss allowance for impairment of trade receivables are as follows:

	2020 US$'000	2019 US$'000
At beginning of year	**729**	1,387
Impairment losses (note 6)	**1,453**	696
Amount written off as uncollectible	**(512)**	(1,354)
At end of year	**1,670**	729

21. TRADE RECEIVABLES *(Continued)*

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at December 31, 2020

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.8%	1.3%	2.9%	5.2%	2.9%
Gross carrying amount (US$'000)	19,925	8,781	7,764	22,317	58,787
Expected credit losses (US$'000)	160	118	222	1,170	1,670

As at December 31, 2019

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.3%	0.1%	0.3%	3.8%	1.3%
Gross carrying amount (US$'000)	24,384	9,382	6,990	16,500	57,256
Expected credit losses (US$'000)	78	10	20	621	729

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2020 US$'000	2019 US$'000
Advances to suppliers	**1,464**	1,632
Deposits and other receivables	**2,555**	2,563
Expected credit loss from other receivables	**(64)**	–
	3,955	4,195

The financial assets included in the above balances relate to receivables for which there was no recent history of default or past due amounts. As at December 31, 2020 and 2019, the loss allowance was assessed to be minimal.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	2020 US$'000	2019 US$'000
Foreign exchange forward contracts	**(479)**	32

24. CASH AND BANK BALANCES

	2020 US$'000	2019 US$'000
Cash and cash equivalents as stated in the consolidated statement of cash flows	**83,373**	99,735
Pledged bank balances	**154**	57
Term deposits with original maturity of more than three months	**33,000**	8,000
Cash and bank balances as stated in the consolidated statement of financial position	**116,527**	107,792

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of less than three months, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to 19,774 (2019: Nil). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

25. CONTRACT LIABILITIES

Details of contract liabilities as at December 31, 2020 and 2019 are as follows:

	2020 US$'000	2019 US$'000
Short-term advances received from customers		
Sale of goods and related services	**5,129**	3,118
Warranty services	**3,049**	2,362
	8,178	5,480
Long-term advances received from customers		
Warranty services	**218**	684
Total contract liabilities	**8,396**	6,164

Contract liabilities include short-term advances received to deliver products and render warranty services.

26. TRADE PAYABLES

An ageing analysis of the trade payables at the end of the reporting periods, based on the invoice date, is as follows:

	2020 US$'000	2019 US$'000
Within 1 month	**4,100**	8,982
1 to 2 months	**3,358**	2,596
2 to 3 months	**1,865**	266
Over 3 months	**121**	148
	9,444	11,992

The trade payables are non-interest-bearing and are normally settled on net 60-day terms.

27. OTHER PAYABLES AND ACCRUALS

	2020 US$'000	2019 US$'000
Payroll	**11,774**	9,018
Accrued expenses	**7,523**	6,274
Sales tax	**1,096**	657
Share redemption option granted to non-controlling shareholders of a subsidiary	**11,265**	–
Others	**699**	666
	32,357	16,615

Other payables are non-interest-bearing.

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2020			2019		
	Effective interest rate (%)	**Maturity**	**US$'000**	Effective interest rate (%)	Maturity	US$'000
Current						
Bank Overdraft	**3.25-3.65**	**2021**	**1,134**	3.25-3.65	2020	958
Current portion of long-term bank loans, secured	**3.1-3.8**	**2021**	**384**	6-month LIBOR+ 3.75	2020	1,452
Bank loan, secured			**1,518**			2,410
Non-current						
Bank loan, secured	**3.1-3.8**	**2022**	**180**	6-month LIBOR+ 3.25-3.65	2021–2022	402
			1,698			2,812

Note: LIBOR stands for the London Interbank Offered Rate.

28. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	2020 US$'000	2019 US$'000
Loan balance	1,698	2,812
Analyzed into:		
Within one year	1,518	2,410
In the second year	180	297
In the third to fifth years, inclusive	–	105
	1,698	2,812

Note:

Nova, Alma's subsidiary, entered into loan agreement, pursuant to which Nova pledged to the banks all of the issued and outstanding shares of Nova and a floating charge over all of the present and future assets of Nova as they may be from time to time. The remaining balance of such loan amounted to US$0.6 million as at December 31, 2020.

29. OTHER LONG-TERM LIABILITIES

	2020 US$'000	2019 US$'000
Share redemption option granted to non-controlling shareholders of a subsidiary	–	7,579
Employee benefit liabilities, net (note 30)	1,812	1,754
Others	456	311
	2,268	9,644

30. DEFINED BENEFIT OBLIGATIONS

The Group operates a defined benefit plan in respect of severance pay pursuant to Israel's Severance Pay Law. According to the law, employees are entitled to severance pay upon dismissal or retirement. The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on high quality corporate bonds that are linked to the Consumer Price Index of Israel with a term that is consistent with the estimated term of the severance pay obligation.

In respect of its severance pay obligation to certain of its employees, the Group makes current deposits in pension funds and insurance companies (the "**Plan Assets**"). The Plan Assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. The Plan Assets are not available to the Group's own creditors and cannot be returned directly to the Group.

The liability for employee benefits shown in the consolidated statement of financial position reflects the present value of the defined benefit obligation less the fair value of the plan assets. Remeasurement of the net liability is recognized in other comprehensive income in the reporting period in which it occurs.

30. DEFINED BENEFIT OBLIGATIONS *(Continued)*

The most recent actuarial valuations of the Plan Assets and the present value of the defined benefit obligations were carried out on December 31, 2020 by Ogen, an Israeli actuarial company, using the projected unit credit actuarial valuation method.

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2020	2019
Discount rate		
Employees	2.30%-2.50%	2.15%-2.30%
Officers	2.30%-2.50%	2.15%-2.28%

	2020	2019
Expected rate of salary increase		
Employees	1.5%-5.00%	1.5%-5.00%
Officers	1.5%-5.00%	1.5%-5.00%

The actuarial valuation showed that the market value of the Plan Assets was US$6,286,000 as at December 31, 2020 (December 31, 2019: US$5,998,000), and that the actuarial value of these assets represented 77.6% (December 31, 2019: 77.4%) of the benefits that had accrued to qualifying employees.

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

Employees

	2020 US$'000	2019 US$'000
Recorded liability	6,775	6,569
Discount rate changed to	3.30%-3.50%	3.15%-3.30%
Adjusted liability	6,208	5,999
Discount rate changed to	1.30%-1.50%	1.15%-1.30%
Adjusted liability	7,442	7,242
Expected rate of salary increase changed to	2.50%-6.00%	2.50%-6.00%
Adjusted liability	7,205	6,998
Expected rate of salary increase changed to	0.5%-4.00%	0.5%-4.00%
Adjusted liability	6,409	6,206

30. DEFINED BENEFIT OBLIGATIONS *(Continued)*

Employees *(Continued)*

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below (continued):

Officers

	2020 US$'000	2019 US$'000
Recorded liability	**1,323**	1,183
Discount rate changed to	**3.30%-3.50%**	3.15%-3.28%
Adjusted liability	**1,203**	1,066
Discount rate changed to	**1.30%-1.50%**	1.15%-1.28%
Adjusted liability	**1,464**	1,322
Expected rate of salary increase changed to	**2.50%-6.00%**	2.50%-6.00%
Adjusted liability	**1,451**	1,310
Expected rate of salary increase changed to	**0.5%-4.00%**	0.5%-4.00%
Adjusted liability	**1,212**	1,074

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The total expenses recognized in the consolidated statement of profit or loss in respect of the plan are as follows:

	2020 US$'000	2019 US$'000
Current service cost	**798**	775
Net interest expense	**41**	37
Net benefit expenses	**839**	812
Recognized in cost of sales	**394**	364
Recognized in selling and distribution expenses	**149**	257
Recognized in administrative expenses	**103**	64
Recognized in research and development expenses	**193**	127
Net benefit expenses	**839**	812

30. DEFINED BENEFIT OBLIGATIONS *(Continued)*

The movements in the present value of the defined benefit obligations are as follows:

	2020 US$'000	2019 US$'000
At beginning of year	**7,752**	5,755
Current service cost	**798**	775
Net interest expense	**41**	37
Benefits paid	**(687)**	(926)
Return on plan assets	**138**	207
(Gain)/loss from actuarial changes in other comprehensive income	**(411)**	880
Effect of changes in foreign exchange rate	**467**	511
Acquisition of a subsidiary	**–**	513
At end of year	**8,098**	7,752

The movements in the defined benefit obligations and the fair value of the Plan Assets are as follows:

For the year ended December 31, 2020

		Expenses recognized in profit or loss				Gain/(loss) from measurement in other comprehensive income						
	Balance at January 1, 2020 US$'000	Current service cost US$'000	Net interest expense US$'000	Total expense recognized in profit or loss for the year US$'000	Payments from the plan US$'000	Return on plan assets (excluding amounts included in net interest expenses) US$'000	Actuarial loss/(gain) arising from changes in financial assumptions US$'000	Actuarial loss/(gain) arising from experience adjustments US$'000	Total effect on other comprehensive income for the year US$'000	Effect of changes in foreign exchange rates US$'000	Acquisition and contributions by employer US$'000	Balance at December 31, 2020 US$'000
Defined benefit obligations	7,752	798	41	839	(687)	138	(128)	(283)	(411)	467	–	8,098
Fair value of plan assets	5,998	–	–	–	(586)	138	–	(337)	(337)	461	612	6,286
Net defined benefit liability	1,754	798	41	839	(101)	–	(128)	54	(74)	6	(612)	1,812

30. DEFINED BENEFIT OBLIGATIONS *(Continued)*

The movements in the defined benefit obligations and the fair value of the Plan Assets are as follows: *(Continued)*

For the year ended December 31, 2019

		Expenses recognized in profit or loss				Gain/(loss) from measurement in other comprehensive income						
	Balance at January 1, 2020 US$'000	Current service cost US$'000	Net interest expense US$'000	Total expense recognized in profit or loss for the year US$'000	Payments from the plan US$'000	Return on plan assets (excluding amounts included in net interest expenses) US$'000	Actuarial loss/(gain) arising from changes in financial assumptions US$'000	Actuarial loss/(gain) arising from experience adjustments US$'000	Total effect on other comprehensive loss for the year US$'000	Effect of changes in foreign exchange rates US$'000	Acquisition and contributions by employer US$'000	Balance at December 31, 2019 US$'000
Defined benefit obligations	5,755	775	37	812	(926)	207	745	135	880	511	513	7,752
Fair value of plan assets	4,742	–	–	–	(810)	207	–	255	255	452	1,152	5,998
Net defined benefit liability	1,013	775	37	812	(116)	–	745	(120)	625	59	(639)	1,754

Expected contributions to the defined benefit plan in future years are as follows:

	2020 US$'000	2019 US$'000
Within the next 12 months	**669**	697

A maturity analysis of the expected payments for terminated employees is as follows:

	2020 US$'000	2019 US$'000
Within the next 12 months	**888**	667
Between 1 and 2 years	**1,214**	1,317
Between 2 and 5 years	**1,299**	1,099
Between 5 and 10 years	**2,016**	3,340
Over 10 years	**4,994**	4,827
Total expected payments	**10,411**	11,250

31. SHARE CAPITAL

Shares

	2020 US$'000	2019 US$'000
Authorised:		
1,000,000,000 (2019: 1,000,000,000) ordinary shares of NIS0.01 each	**2,835**	2,835
Issued and fully paid:		
442,155,600 (2019: 442,155,600) ordinary shares of NIS0.01 each	**1,254**	1,254

On August 30, 2017, in preparation for the Listing, the then shareholders of the Company passed a resolution to increase the authorized share capital of the Company from NIS10,000 comprising 1,000,000 shares of NIS0.01 each to NIS10,000,000 comprising 1,000,000,000 shares of NIS0.01 each.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity in the financial statements.

Other reserves

(i) The Company has granted a share redemption option to the non-controlling shareholders of Nova. The share redemption option provides the holders the option to require the Company to purchase the shares held by the non-controlling shareholders at a determinable price after three years from the date of issuance of the option. As at December 31, 2020, although the share redemption option remained unexercised, the Company derecognized the non-controlling interests as if they were acquired at that date, and recognized as a financial liability, which is measured on the basis of the estimated present value of the consideration to be transferred upon the exercise of the share redemption option. The difference between the amount of non-controlling interests and the financial liability was recognized in other reserves. The Group recognized a debit amount of US$2,756,000 in other reserves during the reporting period (2019: debit amount of US$3,191,000).

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of US$29,818,000 and US$29,818,000, respectively, in respect of lease arrangements for plant and motor vehicles (2019: US$2,853,000 and US$2,853,000).

(b) Changes in liabilities arising from financing activities

2020

	Interest-bearing bank borrowings US$'000	Lease liabilities US$'000
At January 1, 2020	2,812	9,390
Changes from financing cash flows	(1,789)	(3,831)
Finance costs	297	767
New leases	–	29,818
Early Termination of leases	–	(2,632)
Effect of foreign exchange rate changes, net	123	1,853
Others	255	–
At December 31, 2020	1,698	35,365

2019

	Interest-bearing bank borrowings US$'000	Lease liabilities US$'000
At December 31, 2018	2,171	–
Effect of adoption of IFRS 16	–	9,085
At January 1, 2019 (restated)	2,171	9,085
Changes from financing cash flows	(858)	(3,467)
Finance costs	371	358
Increase arising from acquisition of a subsidiary	1,095	–
New leases	–	2,853
Effect of foreign exchange rate changes, net	–	561
Others	33	–
At December 31, 2019	2,812	9,390

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2020 US$'000	2019 US$'000
Within operating activities	862	940
Within financing activities	3,831	3,467
	4,693	4,407

34. COMMITMENTS

(a) The Group did not have any significant capital commitments as at the end of the reporting period.

(b) On December 22, 2020, Sisram Tianjin, a subsidiary of the Company, entered into the series A investment agreement as an original shareholder and a series A investor with, among others, Fosun Health Fund (Suzhou) and Fosun Health Fund (Tianjin) (the general partners of which are subsidiaries of Fosun Pharma) and Tianjin JuveStar in relation to an aggregate capital injection of US$16,705,000 (equivalent to RMB109,000,000) into Tianjin JuveStar, to which, Sisram Tianjin agreed to contribute US$1,533,000 (equivalent to RMB10,000,000).

(c) The Group had no lease contract that has not yet commenced as at December 31, 2020.

35. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group had no transaction with its related parties during the reporting period.

(b) Compensation of key management personnel of the Group:

	2020 US$'000	2019 US$'000
Salaries, allowances and benefits in kind	1,340	1,330
Performance related bonuses	530	514
Total compensation paid to key management personnel	1,870	1,844

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

(c) In December 2019, Alma signed contracts with Chindex (Beijing) International Trade Co. Ltd ("Chindex") in which Chindex will provide Alma with regulation services for registration in China. Alma paid US$409,747 to Chindex for the year ended December 31, 2020.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2020

Financial assets

	Financial assets at fair value through profit or loss			
	Designated as such upon initial recognition US$'000	Held for trading US$'000	Financial assets at amortized cost US$'000	Total US$'000
Derivative financial instruments	–	–	–	–
Other non-current assets	–	–	195	195
Trade receivables	–	–	57,117	57,117
Financial assets included in prepayments, deposits and other receivables	–	–	1,204	1,204
Cash and bank balances	–	–	116,527	116,527
	–	–	175,043	175,043

Financial liabilities

	Financial liabilities at fair value through profit or loss			
	Designated as such upon initial recognition US$'000	Held for trading US$'000	Financial assets at amortized cost US$'000	Total US$'000
Derivative financial instruments	–	479	–	479
Trade payables	–	–	9,444	9,444
Financial liabilities included in other payables and accruals	11,265	–	8,222	19,487
Interest-bearing bank borrowings	–	–	1,698	1,698
Lease liabilities	–	–	35,365	35,365
	11,265	479	54,729	66,473

36. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2019

Financial assets

	Financial assets at fair value through profit or loss			
	Designated as such upon initial recognition US$'000	Held for trading US$'000	Financial assets at amortized cost US$'000	Total US$'000
Derivative financial instruments	–	32	–	32
Other non-current assets	–	–	211	211
Trade receivables	–	–	56,527	56,527
Financial assets included in prepayments, deposits and other receivables	–	–	1,491	1,491
Cash and bank balances	–	–	107,792	107,792
	–	32	166,021	166,053

Financial liabilities

	Financial liabilities at fair value through profit or loss			
	Designated as such upon initial recognition US$'000	Held for trading US$'000	Financial assets at amortized cost US$'000	Total US$'000
Derivative financial instruments	–	–	–	–
Trade payables	–	–	11,992	11,992
Financial liabilities included in other payables and accruals	–	–	9,491	9,491
Financial liabilities included in other long-term liabilities	7,579	–	–	7,579
Interest-bearing bank borrowings	–	–	2,812	2,812
Lease liabilities	–	–	9,390	9,390
	7,579	-	33,685	41,264

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at December 31, 2020 and 2019, the fair values of the Group's financial assets and financial liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the reporting period, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank borrowings as at the end of the reporting period was assessed to be insignificant.

The Group enters into derivative financial instruments with The HongKong and Shanghai Banking Corporation Limited. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

Significant unobservable valuation input for the share redemption option granted to non-controlling shareholders of a subsidiary included in other payables and accruals of US$11,265,000 (December 31, 2019: included in other long-term liabilities, US$7,579,000) is EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of a subsidiary for 2020. The increase in EBITDA of the subsidiary will lead to an increase in the liability of share redemption option granted to non-controlling shareholders of a subsidiary.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at December 31, 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Derivative financial instruments	–	32	–	32

Liabilities measured at fair value:

As at December 31, 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	**Significant observable inputs (Level 2) US$'000**	**Significant unobservable inputs (Level 3) US$'000**	**Total US$'000**
Derivative financial instruments	**–**	**479**	**–**	**479**
Amounts included in other payable and accruals	**–**	**–**	**11,265**	**11,265**
	–	**479**	**11,265**	**11,744**

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value: (Continued)

As at December 31, 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Amounts included in other long-term liabilities	–	–	7,579	7,579

The movements in fair value measurements within Level 3 during the year are as follows:

	2020 US$'000	2019 US$'000
Amounts included in other long-term liabilities:		
At January 1	**7,579**	–
Acquisition of a subsidiary	**–**	3,368
Addition	**3,686**	4,211
At December 31	**11,265**	7,579

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2019: Nil).

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the reporting period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Interest rate risk

The Group's exposure to interest rate risk relates principally to the Group's interest-bearing bank borrowings with floating interest rates. The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly. The Group has not used any interest rate swap to hedge its exposure to interest rate risk.

All of the Group's interest-bearing bank and other borrowings bore interest at fixed rates as at December 31, 2020.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate borrowings.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax US$'000
For the year ended December 31, 2019	100	(122)
	(100)	122

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity as at the end of the reporting period to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax US$'000
For the year ended December 31, 2020		
If US$ strengthens against NIS	**5**	**1,471**
If US$ weakens against NIS	**(5)**	**(1,471)**
If US$ strengthens against EUR	**5**	**(457)**
If US$ weakens against EUR	**(5)**	**457**
If US$ strengthens against CAD	**5**	**(155)**
If US$ weakens against CAD	**(5)**	**155**
For the year ended December 31, 2019		
If US$ strengthens against NIS	5	589
If US$ weakens against NIS	(5)	(589)
If US$ strengthens against EUR	5	(1,528)
If US$ weakens against EUR	(5)	1,528
If US$ strengthens against CAD	5	(148)
If US$ weakens against CAD	(5)	148

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group applied the simplified approach in assessing ECLs for trade receivable.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at December 31, 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 US$'000	Stage 2 US$'000	Stage 3 US$'000	Simplified approach US$'000	Total US$'000
Trade and receivables*	–	–	–	58,787	58,787
Other non-current assets					
– Not yet past due	195	–	–	–	195
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,204	–	–	–	1,204
Cash and cash equivalents					
– Not yet past due	116,527	–	–	–	116,527
	117,926	–	–	58,787	176,713

As at December 31, 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 US$'000	Stage 2 US$'000	Stage 3 US$'000	Simplified approach US$'000	Total US$'000
Trade and receivables*	–	–	–	57,256	57,256
Other non-current assets					
– Not yet past due	211	–	–	–	211
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,491	–	–	–	1,491
Derivative financial instruments					
– Not yet past due	32	–	–	–	32
Cash and cash equivalents					
– Not yet past due	107,792	–	–	–	107,792
	109,526	–	–	57,256	166,782

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. As at December 31, 2020, the Group had certain concentrations of credit risk as 4.81% of the Group's trade receivables were due from the Group's largest customer (2019: 8.96%), and 11.7% of the Group's trade receivables were due from the five largest customers (2019: 37%).

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and finance from shareholders. As at December 31, 2020, 89.4% of all the Group's borrowings would mature in less than one year (2019: 86% of all the Group's borrowings would mature in less than one year), based on the carrying value of borrowings reflected in the financial statements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

December 31, 2020

	On demand US$'000	**Less than 3 months US$'000**	**3 to less than 12 months US$'000**	**1 to 5 years US$'000**	**Over 5 years US$'000**	**Total US$'000**
Trade payables	**9,444**	**–**	**–**	**–**	**–**	**9,444**
Financial liabilities included in other payables and accruals	**19,487**	**–**	**–**	**–**	**–**	**19,487**
Interest-bearing bank borrowings	**–**	**24**	**1,494**	**180**	**–**	**1,698**
Lease liabilities	**–**	**1,078**	**3,195**	**12,763**	**32,951**	**49,987**
	28,931	**1,102**	**4,689**	**12,943**	**32,951**	**80,616**

December 31, 2019

	On demand US$'000	Less than 3 months US$'000	3 to less than 12 months US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
Trade payables	11,992	–	–	–	–	11,992
Financial liabilities included in other payables and accruals	9,491	–	–	–	–	9,491
Interest-bearing bank borrowings	–	195	2,215	402	–	2,812
Lease liabilities	–	755	2,361	6,440	–	9,556
	21,483	950	4,576	6,842	–	33,851

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes interest-bearing bank borrowings, less cash and cash equivalents. Total equity includes equity attributable to owners of the parent and non-controlling interests.

As at December 31, 2020 and 2019, the Group's cash and cash equivalents exceeded the total debt. As such, no gearing ratio as at December 31, 2020 and 2019 was presented.

39. EVENTS AFTER THE REPORTING PERIOD

There was no significant event that took place after the reporting period and up to the date of approval of the financial statements.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2020 US$'000	2019 US$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**231,133**	229,233
CURRENT ASSETS		
Due from subsidiaries	**21,729**	13,329
Prepayments, other receivables and other assets	**80**	115
Cash and bank balances	**46,692**	58,870
Total current assets	**68,501**	72,314
CURRENT LIABILITIES		
Other payables and accruals	**202**	696
Interest-bearing bank borrowings	**–**	764
Total current liabilities	**202**	1,460
NET CURRENT ASSETS	**68,299**	70,854
TOTAL ASSETS LESS CURRENT LIABILITIES	**299,432**	300,087
NET ASSETS	**299,432**	300,087
EQUITY		
Share capital	**1,254**	1,254
Reserves	**298,178**	298,833
Total equity	**299,432**	300,087

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account US$'000	Other reserve US$'000	Retained earnings US$'000	Total US$'000
Balance at January 1, 2019	240,766	20,474	32,528	293,768
Total comprehensive income for the year	–	–	10,698	10,698
Final 2018 dividend declared	–	–	(5,633)	(5,633)
At December 31, 2019 and January 1, 2020	240,766	20,474	37,593	298,833
Total comprehensive income for the year	–	–	5,619	5,619
Final 2019 dividend declared	–	–	(6,274)	(6,274)
At December 31, 2020	240,766	20,474	36,938	298,178

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on March 18, 2021.

1. ABOUT THIS REPORT

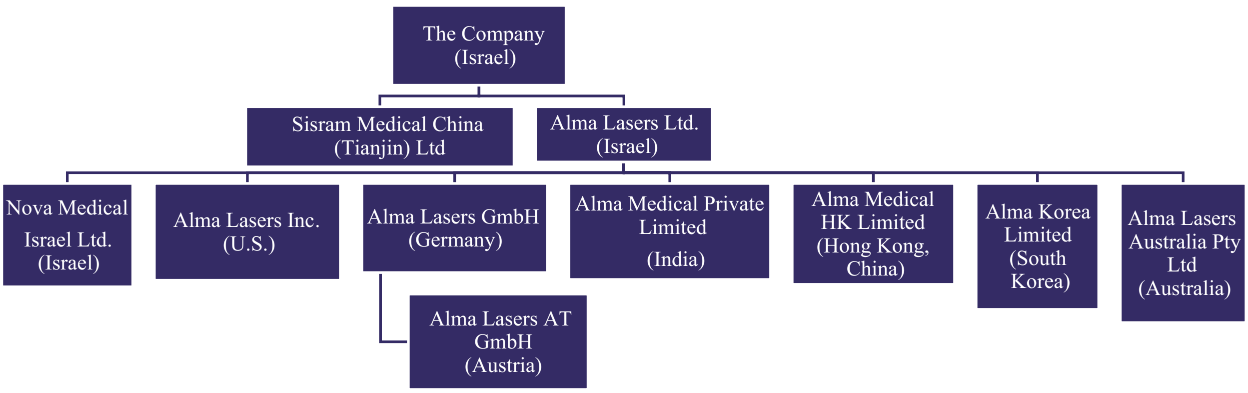
This report covers the environmental and social impacts of Sisram Medical Ltd (the "Company") in 2020 and highlights its efforts to inspire health and well-being among people and the community at large.

Report Content and Topic Boundaries

This report documents January 1, 2020, through December 31, 2020, unless otherwise noted.

The data and information in the Report are referenced from the archived questionnaires, records and statistics of Sisram Medical Ltd. The Report covers the information of the Company and all its subsidiaries (the "Group").

This simplified corporate structure of the Group which shows all subsidiaries of the Company and the locations of its subsidiaries is as follows:



Report Framework

The Group prepared this report in compliance with the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hongkong Limited. This is the Group's fourth Environmental, Social and Governance (hereinafter referred to as "ESG") report, with the most recent ESG report being the 2019 ESG Report that was published in May 2020.

2. PROMOTING SOUND ESG GOVERNANCE

2.1 Board Statement on ESG

ESG APPROACH

The Group is a leading global provider of energy-based medical aesthetic treatment systems, with a straight-forward purpose: we strive to "Enhance Quality of Life" through our business. Our ability to do this ultimately depends upon how we manage our performance in ESG.

We focus our ESG strategy on three main pillars of people, planet and practices, in which we are well-positioned to make meaningful impact on environmental, social and governance issues that matter the most to our stakeholders both in the short-term and the long-term.

2. PROMOTING SOUND ESG GOVERNANCE *(Continued)*

2.1 Board Statement on ESG *(Continued)*

ESG APPROACH *(Continued)*

Our ESG Strategy			
Three pillars		Short-term perspective (3-5 years)	Long-term perspective (5-10 years)
Planet	Environment	• Strive to improve our operational efficiencies and reduce environmental footprint • Work to mitigate our products' life-cycle environmental impact	• Support domestic and international advocacy of environmental protection and climate change mitigation and encourage our business partners to do the same
People	Employees	• Promote workforce diversity, inclusion and engagement • Invest in our employees' career development • Achieve a zero-harm workplace and improve employee well-being	• Satisfy the Group's future demand for talent by continuing to invest in talent recruitment and development and provide competitive compensation and benefit packages
	Community	• Carry out community engagement initiatives focusing on health and social well-being	• Enable people from all corners of the world to enjoy accessible and affordable healthcare services
Practices	Products & Services	• Continue improve our product stewardship to the full satisfaction of domestic and global customers	• Provide the best-quality products to help people live younger and better
	Supply-chain	• Via supply-chain management system to effectively mitigate our environmental and social risks from our suppliers	• Conduct audits on supplier environmental and social performance such as carbon footprint, labor management, etc.
	Business ethics	• Ensure that our employees conduct business with integrity and in compliance with relevant laws and regulations	• Drive a culture of integrity and the highest ethical behavior

The Group's ESG working group conducts materiality analysis annually, which is integral to ensure the effectiveness of the Group's ESG strategy. The board shall oversee the materiality analysis process and determine which ESG topics are sufficiently important to investors and other stakeholders that they should be disclosed in the ESG report.

2. PROMOTING SOUND ESG GOVERNANCE *(Continued)*

2.1 Board Statement on ESG *(Continued)*

ESG APPROACH *(Continued)*

The materiality analysis process shall apply the following principles:

☐ Understand the Group's key stakeholders' expectations and interests, and identify ESG topics most concerning our key stakeholders;

☐ Integrate feedback from the senior management team to identify ESG topics significantly affecting the Group's business;

☐ The board shall review and decide which topics are material to the Group's business and key stakeholders.

ESG GOVERNANCE STRUCTURE

The Group has developed an ESG governance structure both at the board and management level to ensure that our ESG strategy and commitment are embedded in the organization and throughout the business.

Board of Directors

The board oversees the execution of the Group's ESG strategy. Specific duties shall include:

a) Review and monitor ESG risks and opportunities relevant to the Group's operation.
b) Discuss the ESG risk management and internal control matters with Management to ensure that Management has performed its duty to have effective systems.
c) Review and approve the Group's overall ESG strategy, prioritized ESG topics and ESG goals.
d) Oversee the Group's work progress on ESG goals on a regular basis.
e) Review the Group's annual ESG reports, etc.

ESG Working Group

The ESG working group reports to the board, comprising senior management who have sufficient knowledge of current and emerging ESG matters as well as the Group's operations. Its duties shall include:

a) Formulate ESG goals and provide the strategic direction for the Group's ESG practices.
b) Conduct materiality analysis to prioritize ESG topics.
c) Prepare annual ESG reports to be reviewed by the board.
d) Identify and evaluate ESG risks relevant to the Group's operation on an annual basis, and regularly update the board on such risks as well as recommendations and follow-up measures.
e) Other duties delegated to it by the board.

2. PROMOTING SOUND ESG GOVERNANCE *(Continued)*

2.1 Board Statement on ESG *(Continued)*

PROSPECT

2020 is truly an extraordinary year, as the COVID-19 pandemic caught the global society off guard, putting new pressures on our global public health systems. Being in the business of life, we recognize that it is our indispensable responsibility to safeguard the lives and livelihood for our employees and the communities where we operate. The pandemic, affecting all sectors and industries, is also changing everything we knew and were used to. As a result, immediate response to changing conditions is becoming a must, rather than a competitive advantage – making immediacy and digital synonyms. This accelerated our strategic plans for digital transformation.

In addition, as a global provider of medical treatment systems, we fully understand that our planet is facing challenges that affect the well-being of patients, customers, employees, and other stakeholders. The Global Risks Report, published annually by the World Economic Forum, in 2020 ranked environmental issues such as "failure of climate change mitigation and adaption" as the top risks in both the short and long terms. Not only would these risks affect our own operation, but they would also affect the resiliency of our supply chains.

To address these challenges and opportunities moving forward, we are currently in the process of setting up our ESG 2025 goals and targets. The Group's board will continue playing an active role in reviewing and monitoring progress made against ESG related goals and targets on a regular basis, ensuring that we continue making great strides in shaping a better future for the planet.

[1] The Global Risks Report is an annual study published by the World Economic Forum ahead of the Forum's Annual Meeting in Davos, Switzerland. Based on the work of the Global Risk Network, the report describes changes occurring

2.2 Stakeholders Analysis and Materiality Assessment

The Group holds its stakeholders' opinions of its business in high regard, and continuously make efforts to connect with its stakeholders and better understand their expectations. The Group defines its stakeholders to be individuals and organizations who can impact or be impacted by its operations. The Group's stakeholders include shareholders, governments and regulatory bodies, employees, suppliers, communities, etc.

The Group conducts assessments to identify ESG issues that are most relevant to its business operation via Macro-policy and industry trends research, as well as peer benchmarking. Material issues identified include environmental management, product quality and recall management, marketing practices, talent attraction and retention, etc.

In this report, the Group has addressed all ESG issues that it determined are material to its business.

Methods for Engagement

Shareholders
- Shareholder meetings
- Information disclosure, etc.

Governments and regulatory bodies
- Anti-corruption management
- Information disclosure, etc.

Customers
- Annual satisfaction surveys
- Communication with customer service representatives, etc.

Employees
- Communicate company strategy through presentations, videos and articles
- Training activities, etc.

Suppliers & distributors
- Supplier management policy
- Annual supplier audit, etc.

Communities
- Corporate charitable activities
- Employee volunteerism, etc.

3. SAFEGUARDING PLANETARY HEALTH

Safeguarding Planetary Health at a Glance			
Why is this important?	☐ As natural resources are depleted, sustainability becomes essential throughout the entire process of purchasing, developing, manufacturing, distributing, using and disposing of products. ☐ The latest report from the Intergovernmental Panel on Climate Change highlights that climate change will amplify existing risks and create new risks for natural and human systems.		
The Group's Approach	☐ Integrate sustainability management into the entire product life-cycle. ☐ Assess climate-related risks and opportunities, and work to mitigate impact on the climate. ☐ Reduce operational environmental footprint via a wide variety of initiatives such as waste management, sustainable use of resources, etc.		
Performance Highlights	0 Environmental non-compliance	27% Total office paper recycled[1]	39% Total product packing materials recycled[2]

Note：

1. Total office paper recycled/total office paper consumed * 100%

2. Total product packing materials recycled/total product packing materials consumed * 100%

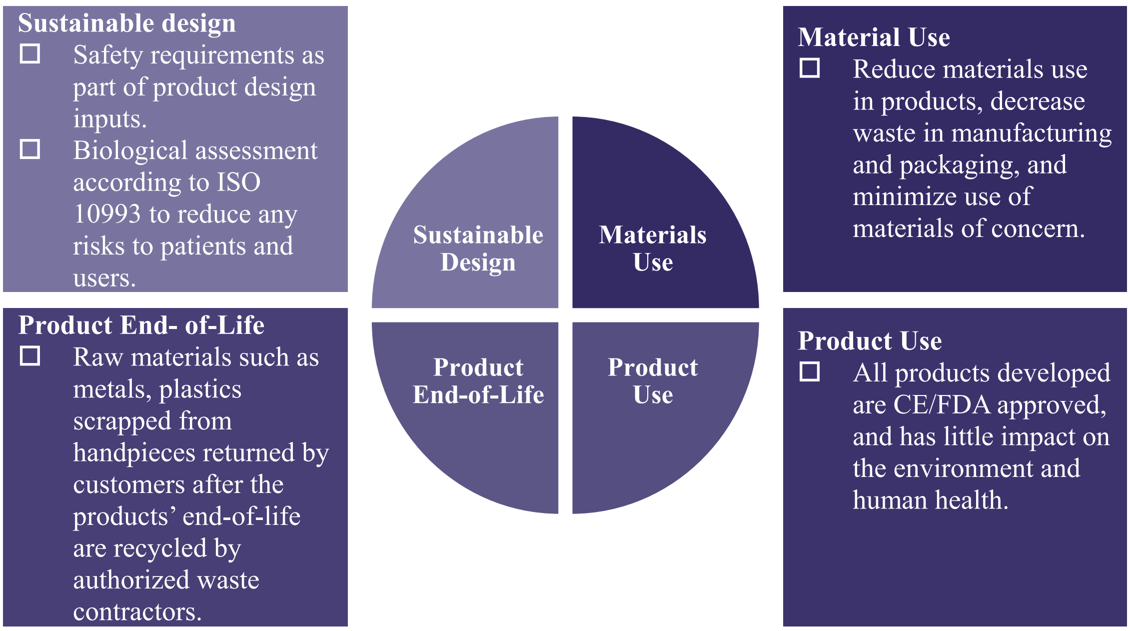
3. SAFEGUARDING PLANETARY HEALTH *(Continued)*

3.1 Eco-Conscious Products

The Group's process consists of product design, research and development, raw materials procurement, assembly of semi-finished products, as well as calibration, integration, customization, and testing. For a substantial majority of the main consoles of our treatment systems and almost all applicators for our treatment systems, the production process of the semi-finished product is conducted in-house at the production facilities in Caesarea, Israel. For a very small portion of certain products, the final steps of production and assembly products are conducted in Germany.

Through the innovative, sustainable design of our products, the Group minimizes its environmental impacts and capture the most value possible from the natural resources needed to manufacture, use and dispose its products.

Sustainability Spanning the Entire Product Life-cycle



3. SAFEGUARDING PLANETARY HEALTH *(Continued)*

3.2 Climate Risk and Resiliency

Climate change is one of the most pressing issues the global society is facing in the 21st century. The Group recognizes the impact climate-related risks and opportunities pose on its business operation, and work to mitigate such impact by building business resiliency.

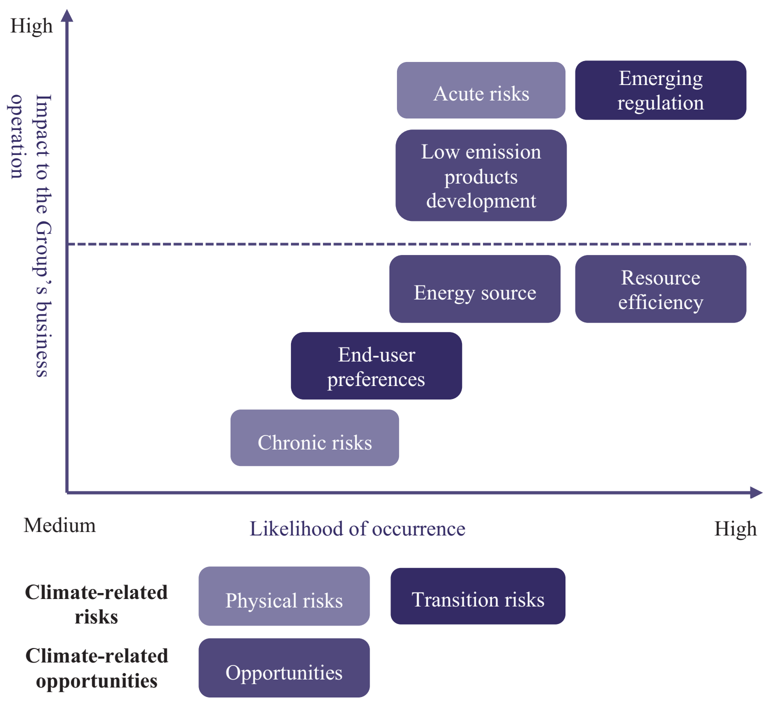
The Group have aligned its disclosure of climate risk and resiliency to the Task Force on Climate-related Financial Disclosures (TCFD) framework.

Governance

At the management level, the ESG Working Group collaborates with functional departments across the organization such as the department of operations to identify material ESG issues and oversees the Group's performance related to those issues.

Strategy and Management Process

The Group identifies and assesses climate-related risks and opportunities against two major criteria – the potential impact to the Group's business operation and the likelihoods of occurrence of such risks and opportunities, and works to mitigate the impact of its operation on the climate accordingly.



3. SAFEGUARDING PLANETARY HEALTH *(Continued)*

3.2 Climate Risk and Resiliency *(Continued)*

Strategy and Management Process *(Continued)*

Types	Climate-related Risks & Opportunities	Potential Financial Impacts	Management practices
Transitional risks	**Emerging regulation** Governments across the globe are establishing eco-design regulations. Not meeting the highest standards will eventually result in decreased sales.	Decreased sales.	Integrate environmental factors into the product design process.
	End-user preferences Growing demand from patients and users of eco-friendly products and services could pose marketing risk to the Group's business.	Decreased revenues due to reduced demand for products and services.	
Physical risks	**Acute physical risks** Increased severity and frequency of extreme weather events such as cyclones & floods could materially harm the Group's business.	Increased indirect (operating) costs.	Identify and assess external safety risk factors and work to mitigate them via a variety of health and safety measures.
	Chronic physical risks Long-term changes such as sea level rises and excessive heat due to climate change.	Increased indirect (operating) costs.	
Opportunities	**Energy source** The opportunity in the transition towards renewable energy sources in operations would help avoid additional operational costs due to the expected implementation of carbon taxes.	Reduced indirect (operating) costs.	Use LED light bulbs in operation. Design products that consume less energy.
	Low emission products development The Group expects an increased demand for energy efficient products and solutions in the coming years. Development of low emission products and services will help the Group grow its business in those markets.	Increased revenues resulting from increased demand for products and services.	

3. SAFEGUARDING PLANETARY HEALTH *(Continued)*

3.3 Managing Our Environmental Footprint

Improving Resources Efficiency

The Group in its operation consumes energy, water and packaging material such as plastics and cartons. To minimize its impact on natural resources, the Group actively implements resources saving measures in its daily operation.

Resource type	Environmental impact	Efforts to mitigate impact
Water	The Group consumes water from municipal sources; the Group has no problem in obtaining appropriate water sources.	• *Fix dripping taps immediately.* • *Determine water requirements for each facility and check usage frequently.*
Energy	The Group consumes electricity in its office and manufacturing activities. In addition, the Group's motor vehicles consumed gasoline and diesel fuels.	**Purchased electricity:** • *Use energy-saving light bulbs.* • *Switch off all electrical appliances or, where appropriate, switch them to the energy-saving mode when not in use.* **Vehicle Maintenance:** • *Avoid sudden acceleration as it increases fuel consumption.* • *Switch off when idling.*
Packaging materials	Packaging materials used for finish products include plastic suitcases, paper boxes, etc.	• *Packaging materials not in use are collected and recycled by an authorized company.*

Reducing Emissions

In the production process, the Group's technicians assemble the semi-finished main consoles and applicators for the treatment systems mainly by using manual tools. Therefore, the Group consumes no natural gas, gas or other fuels of direct combustion and does not produce any hazardous substance or any material environmental pollutants during the production process. The Group's emissions mainly comprise the exhaust of its vehicles, the greenhouse gases (GHGs) indirectly emitted during its operation, and such non-hazardous wastes as plastics, and administration related wastes.

In Israel and Germany, the Company and its subsidiaries mainly generate packaging waste (cartons and plastics) and general office waste. Other subsidiaries mainly generate general office waste as they are responsible for the distribution of medical equipment. Since there is no waste generated during production and the amount of office related waste is not significant, the Group does not track the data of total non-hazardous waste produced.

Emission type	Environmental impact	Efforts to mitigate impact
Wastes	The Groups mainly generates non-hazardous wastes as plastics, and other office wastes.	• *Set duplex printing as the default mode for most network printers and disseminate information by electronic means as far as possible.* • *Printed paper not in use is shredded and collected by an authorised recycling company.*

4. PUTTING PEOPLE FIRST

Putting People First at a Glance	
Why is this important?	☐ Today's socially conscious employees want purposeful, rewarding careers that contribute social, economic, and environmental value. ☐ According to statistics of International Labor Organization (ILO), the human cost of occupational accidents, diseases and industrial disasters is staggering, costing more than 2.78 million lives every year. ☐ Businesses are more likely to succeed when they are part of healthy, prosperous, and dynamic communities.
The Group's Approach	☐ Recruit, retain, and develop the talent required to enable business success. ☐ Ensure that employees experience a caring workplace culture and return home safe and well at the end of every workday. ☐ Engage employees through giving and volunteerism to achieve meaningful outcomes and impacts to the community.
Performance Highlights	**484** Total number of people employed **0** Lost days due to work injury **17,685** Total charitable donations made

4. PUTTING PEOPLE FIRST *(Continued)*

4.1 Global Talent Management

Fairness and Diversity at Workplace

Being a responsible global employer, the Group complies with applicable employment laws and regulations in countries where it has employees. The Group resolutely prohibits the use of child labor and all forms of forced labor. In addition, the Group strives to safeguard the rights of its employees in every aspect covering recruitment and dismissal, compensation and benefits, etc.

Employee Rights and Benefits Overview

Recruitment and dismissal Recruitment and dismissal practices within the Group are conducted according to relevant local laws and articles stipulated into the employment contract, and in mutual agreement between the Group and its employees.
Compensation The Group's employee compensation is structured in alignment with local regulations and minimal wage requirements.
Benefits Employee benefits vary by country and comply with relevant national regulations, which typically include retirement plans, social insurance, legal housing insurance, commercial insurance, and allowances (e.g. transportation, lunch, mobile phone, etc.).
Working time Employee working time varies in jurisdictions where the Group is operating, and employees are entitled to payments or compensatory hours for working overtime.
Holidays The Group offers its employees paid vacations in accordance with local laws and regulations, such as parental leave, bereavement leave for immediate family, etc.
Promotion Each employee undergoes an annual talent review process where they meet with their managers for a performance review

Diversity and inclusion are not only cornerstones of the Group's business, they are essential to create meaningful products and services for people to use around the world. As the Group keeps growing its business, it now has a workforce of 484 people, of whom 33% are female.

The Group recruits new employees based on the evaluation of individuals, without regard to race, religion, color, national origin, age, gender, marital status, disability, or any other legally protected basis.

4. PUTTING PEOPLE FIRST *(Continued)*

4.1 Global Talent Management *(Continued)*

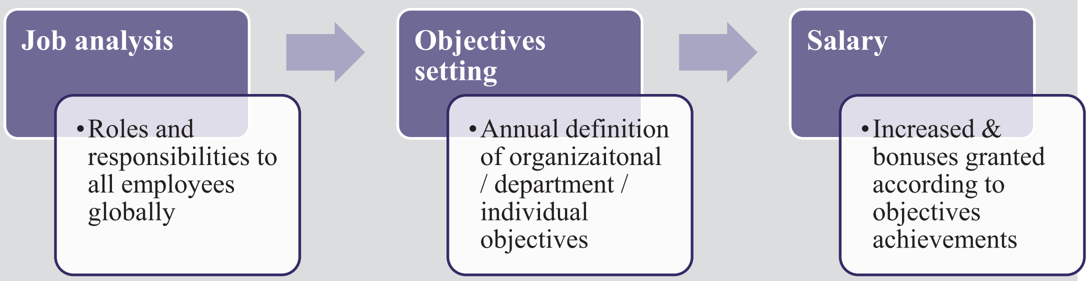
Employee Growth and Talent Development

The Group believes that every employee has their unique talents, competencies, and the potential to become a driving force for change and improvement. That is why the Group's management philosophy has always been to put people first.

The Group has a talent review process in place to help its employees achieve excellence in their respective fields and enable them to prepare for the future and their extended careers.

Sisram Talent Review Process

The talent review process is an employee performance evaluation review implemented both in the Group's headquarters and subsidiaries. It aims to map the Group's talents according to their potential and performance rate.



The Group also provides a range of learning programs to help its employees achieve excellence in their respective fields. What follows are some of the training activities conducted in the year of 2020, which covered all relevant employees.

Training Target	Training Activity	Contents
New employees	New Employee Orientation	Orient new employees to some of the policies, and initial processes, orient them with the office, introduce them to fellow coworkers
All employees	Beginner level English	Basic study of the English language
All employees	Quattro	Standing in front of an audience, delivering public speech in Ted Talk format
All employees	Management Development Program	Provides employees with trainings of managerial skills and other types of soft skills.

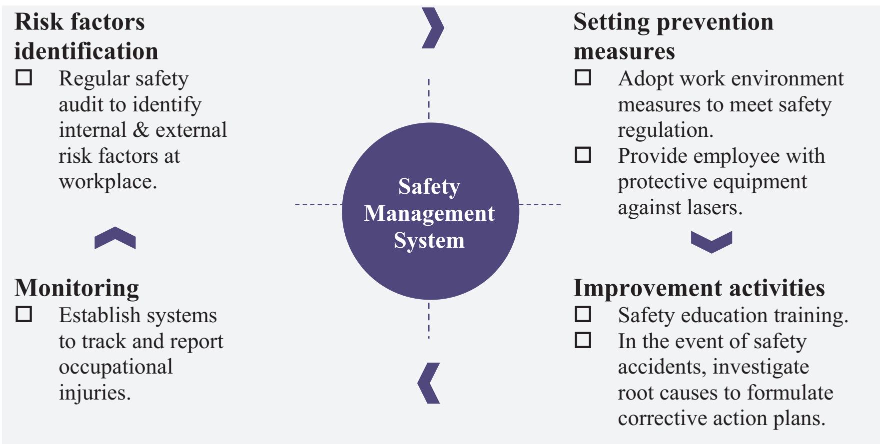
4. PUTTING PEOPLE FIRST *(Continued)*

4.2 Health, Safety and Wellness

An Injury-free Work Environment

The Group applies a highly disciplined approach to ensuring safety of its workplaces – from offices to manufacturing sites.

Alma Lasers Ltd. has set up a safety committee. Compromising of management and employee representatives, and a third-party safety contractor, the committee is responsible for effectively formulating, executing and monitoring the health and safety programs. Committee members meet every year to review hazards identified in the workplace, conducted situation appraisal and formulated response procedures accordingly.



The Group provides regular training to prepare its employees to respond to safety-related issues, which cover topics such as safe equipment operation, workplace hazards identification, etc. The Group also organize yearly experiential courses such as fire evacuation to improve employees' emergency awareness and preparedness.

Safety Training for Employees in 2020

Training Target	Training Activity	Contents
New employees	Mandatory laser-safety training	Explanations about the laser station, safety precautions, tool calibrations and correct use, general explanations about lasers, dangers, and the damage it can cause to the eyes.
All employees	Fire drills	Training on fire escape, evacuation, as well as how to properly operate fire extinguishers, etc.
All employees	CPR & first aid training	Providing knowledge on how to perform first aid and resuscitation.

4. PUTTING PEOPLE FIRST *(Continued)*

4.2 Health, Safety and Wellness *(Continued)*

Inspiring Health and Wellbeing for Our Employees

The Group's strives to safeguard the health and wellbeing of its employees. Through a wide variety of initiatives and programs, the Group is committed to creating a culture that inspires every employee to integrate physical and mental wellbeing into their everyday lives.

Health and Wellbeing Management System

1 Health Promotion	☐ Health check-up for all employees. ☐ Employee Assistance Program (EAP) to provide employees with mental health support. ☐ Activities for health promotion such as corporate sponsored fitness classes, yoga sessions, etc.
2 Work Environment	☐ Identify ergonomics risk factors in the work environment, and work to mitigate such risks by installing standing desks, etc. ☐ Strive to eliminate or remove odor, dust, and noise from worksites.
3 Disease Prevention	☐ Monitoring epidemics: providing information on how to manage and minimize risks during epidemics. ☐ Operation of in-house health clinic: inoculation (e.g. against influenza, etc.).

Response to the COVID-19 Pandemic

Since COVID-19 was first reported, the Group closely monitored the situation with the health, safety and well-being of each of its employees and their families. Some of the response measures the Group adopted global wide included:

☐ Minimize visits to offices from third parties.
☐ Obligation to wear masks and keep social distancing in the office.
☐ Clean and disinfect work areas on a regular basis.
☐ Provide employees necessary resources such as computers and printers to work remotely.

The Group proactively worked to maintain a positive and resourceful culture amidst the COVID-19 pandemic. For instance, to support employees who struggled financially amid the economic fallout from the COVID-19 crisis, the Group in Israel provided them with relief fund via its retention plan. In addition, the Group in Israel organized online training for employees to better navigate the crisis both on a personal and professional level.

Training Target	Training Activity	Contents
All employees	Work-life Balance during the Pandemic	Giving tips for working parents on how to work remotely and how to maintain good relations with their family members during quarantine, etc.
Managers	Remote Leadership	How to manage, train and evaluate a team remotely

4. PUTTING PEOPLE FIRST (Continued)

4.2 Health, Safety and Wellness *(Continued)*

Supporting Work-life Balance

Work-life balance is important part of the Group's corporate culture. In addition to provide employees with paternity/maternity leave and flexible hours for working mothers, the Group organizes team-building activities on a regular basis, which offers its employees an opportunity to better connect with and develop a positive relationship with their colleagues. Such activities include but not limited to:

- Annual company retreat
- Open-day event for employees and their families
- Office holiday parties

4.3 Giving Back to Communities

The Group is committed to supporting and adding value to the communities where its employees live and work around the world.

In 2020, Alma Lasers Inc. participated in a virtual food drive, and donated funds to the United nations COVID-19 Relief Fund to support the cause of pandemic containment. In addition, Nova Medical Israel Ltd. made donations of food baskets and money to those in need during the holiday periods.

5. COMMITTING TO RESPONSIBLE PRACTICES

Committing to Responsible Practices at a Glance	
Why is this important?	☐ Good product quality and services are the prerequisite for an organization to retain and create value to its customers. ☐ Compliance and ethics are the vital to the success of an organization, as well as a prerequisite to sustain long-lasting relationships towards its customers, partners, government regulators, shareholders, employees, and the community at large. ☐ Stakeholders expect businesses to manage their adverse impacts and bring about positive change through their supply chains.
The Group's Approach	☐ Continuously work to deliver world-class quality products and services to its customers. ☐ Ensure that suppliers share the Group's social and environmental standards and to apply these within their own supply chains as well. ☐ Thought robust business ethics and compliance programs, continuously build a culture of integrity within the organization.
Performance Highlights	**0** Corruption-related enforcement actions **0** Total number of products recalled due to safety and health reasons **7%** Research & development spending as a percentage of total sales of goods

5. COMMITTING TO RESPONSIBLE PRACTICES *(Continued)*

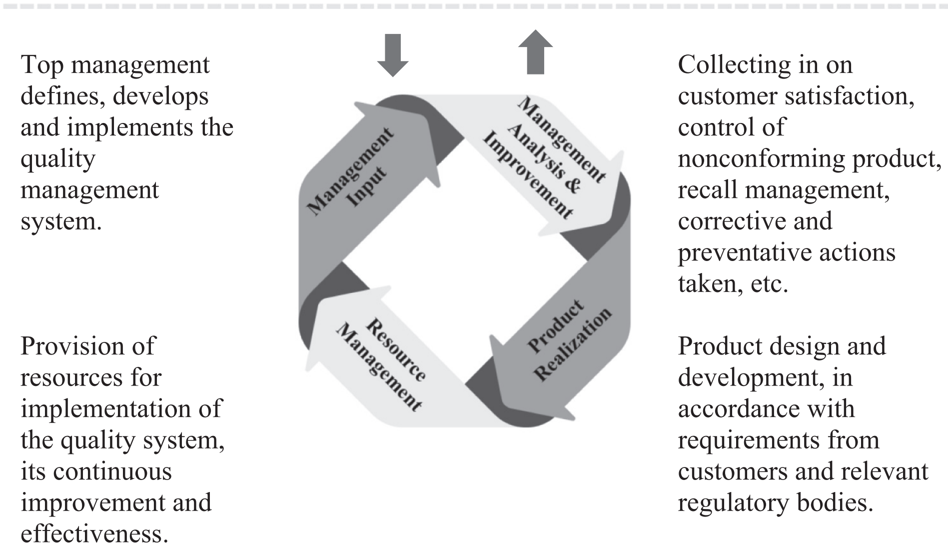
5.1 Product Stewardship

The success of the Group's business depends on its ability to consistently delivering products that are safe, effective and high quality. The Group is committed to developing, producing and marketing safe, effective and reliable top-quality products in full compliance with national and international standards, regulations and directives, to the full satisfaction of domestic and global customers.

Quality Culture

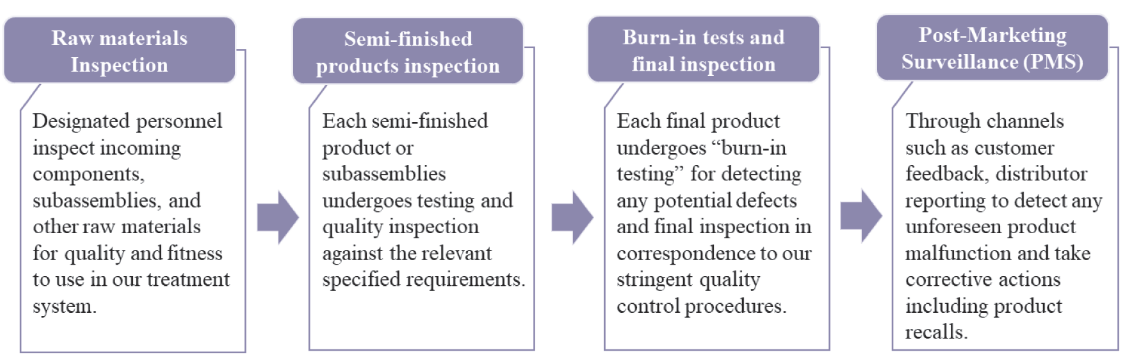
The Group establishes, documents, implements, and maintains a Quality Management System (QMS) in accordance with the requirements of applicable statutory and regulatory requirements.

Continual Improvement of Quality Management System



The Group has a Quality Assurance Process in place spanning the entire life-cycle of its products. With it, the Group is able to ensure that product development performance is consistent with its stringent quality control protocols. Post-marketing surveillance allows the monitoring of the performance of the Group's products in use and gather information necessary to detect any unforeseen malfunction via channels such as customer feedback and distributor reporting.

Product Quality Assurance Process



5. COMMITTING TO RESPONSIBLE PRACTICES *(Continued)*

5.1 Product Stewardship *(Continued)*

Quality Culture *(Continued)*

When failure of its products may compromise the safety of users, the Group will employ Recall and Field Safety Corrective Action and Procedure (FSCA). Depending on the situation and degree of the malfunction, the FSCA typically include return of the device to its supplier, device modification including software upgrades and change to labelling or user instructions, device exchange, device destruction and other necessary measures. For malfunction concerning a series of products, the Group will implement a product identification and traceability procedure to ensure that customers of the faulty devices be notified of any potential hazards, and relevant distributors well aware of their responsibility in tracing the suspected faculty devices for recall. Corrective action will follow the recall procedure to prevent recurrence of the problem. During the reporting period, the Group had not been subject to any product recalls due to safety and health reasons.

Product Quality and Safety Certifications

Certification	Alma Lasers Ltd.	Alma Lasers Inc.	Alma Lasers GmbH
ISO13485:2016	✓	✓	✓
Medical Device Single Audit Program (MDSAP)	✓		✓
EC Certificate of Full Quality Assurance System	✓		✓

Product Labelling and Manuals

Product labelling and operating manuals are critical for the safe and efficient use of the Group's products. To assure compliance with EU regulations, Health Canada, the FDA requirements or any documents specified by national or regional regulations, the Group has a Labelling and Operating Manual Work Instruction in place, which defines the method and information for marking and labelling finished products.

5. COMMITTING TO RESPONSIBLE PRACTICES *(Continued)*

5.1 Product Stewardship *(Continued)*

Product Labelling and Manuals *(Continued)*

What follow are examples of some of the information included in the operating manuals and labelling attached to the Group's products.

Product Labelling	• The use and the purpose for which it is designated. • Indicating the product's expiration date. • Indicating in the event that the product is designated for single use. • Special precautions.
Operating Manual	• Information needed to use it safely and conditions in which it is not recommended or forbidden to use the product. • Side effects that may derive as a result of product usage and the contraindications. • Warnings and precautions that should be taken while operating and using the product. • Precautions that should be taken in the event of exposing the product to exceptional weather conditions, magnetic or electric fields, pressure changes, etc.

Innovation for Growth

Patient safety and quality are fundamental to the Group's ongoing success. The Group continues to innovate new products and services that enhance patient safety and drive improved patient outcomes. In 2020, total investment in Research & Development amounted to 7% of the Group's total sales.

The Group has established relevant policy to protect its proprietary position by, among other methods, filing patent and trademark applications in various jurisdictions such as the U.S., Europe and the PRC related to its proprietary technology, inventions and improvements that are important to the development of its business. In addition, the Group employs a manager of intellectual property ("IP"), who carries out this policy, with assistance from an external counsel.

5. COMMITTING TO RESPONSIBLE PRACTICES *(Continued)*

5.1 Product Stewardship *(Continued)*

Innovation for Growth *(Continued)*

IP Management Procedure

Management responsibility

- The Group employs a manager of intellectual property, who carries out this policy, with assistance from an external counsel.
- Distributors under the supervision of a regional sales manager who coordinates with manager of intellectual property to prevent IP right infringement at the regional level.

Daily monitoring and Management

- Ensure awareness of IP rights protection among R&D, clinical, regulatory, marketing, and sales personnel.
- Clearance search, and freedom to operate and patentability assessment conducted for development of new products.
- Periodic reviews of new patent applications and trademarks across the world to keep employees updated of any changes.

Remedial actions in the event of infringement

- The manager of IP and outside counsel assess the situation and take appropriate action where necessary.
- Actions include further IP registrations, warning letters, or invitations to mediation.

5.2 Cultivating Good Customer Relation

The Group's commitment to customer service is at the core of all it does. The Group complies with relevant laws and regulations and strives to cultivate good customer relation by reducing products and service-related complaints, implementing responsible sales and marketing, and safeguarding data security and customer privacy.

The Group has a well-established management procedure to handle products and service-related complaints from customers. In addition, the Group's customer service system runs on SAP, an enterprise resource planning software, with which it can review each service call status, as well as monitor each case of customer complaints in accordance to their importance from low to high.

5. COMMITTING TO RESPONSIBLE PRACTICES *(Continued)*

5.2 Cultivating Good Customer Relation *(Continued)*

Customer Complaints Management Procedure

Receiving complaints
- A Customer Support Representative available to handle complaints via emails or customer calls.
- Initial response issued no later than 2 working days from the day of complaint/service call reception.

Preliminary assessment
- Customer Support Team handles and assesses each complaint on a case-by-case basis.
- For complaints that do not require further investigation, the Group's Customer Support Team Manager will close the complaint.

Technical analysis and Corrective Actions
- Complaints in need of technical analysis forwarded to designated personnel.
- Corrective Action and Preventive Action (CAPA) initiated to determine and eliminate the root cause of product nonconformities.
- Customer Support Team Manager review the complaints and service call records to ensure no recurring problems are detected.

Responsible Sales and Marketing

The Group adheres to ethical sales and marketing practices in all its business and ensures that its products are marketed and advertised accurately and are in line with local laws and regulations. The Group's clinical team is responsible for reviewing and approving all marketing collateral, websites and videos before they are made public. In addition, the Group's corporate marketing team defines the visual language which distributers and subsidiaries are expected to follow, so as to ensure that marketing materials represent the Group's brand in a way that is truthful, using clear messaging and modest, mirroring the Group's own values.

In countries where the Group sells products through regional distributors, it enters into a distribution agreement with them, and required them to submit their own advertising and promotion materials for approval.

In addition, the Group organizes yearly training sessions relating to responsible sales and marketing, including fair disclosure of product information to customers, responsible use and management of product labelling, etc.

Data Privacy and Security

Protecting the privacy of its customers, clients, staff, and other business partners is an inherent part of the Group's Employee Code of Conduct, which specifies that employees are expected to preserve the confidentiality of information including that of customers, suppliers, etc., unless disclosure is required by law, regulation, or legal or judicial process.

The Group in Israel manages its data security in accordance with the HIPPA regulation (Health Insurance Portability and Accountability Act of 1996), which was created to the protect health information existed in the healthcare industry.

5. COMMITTING TO RESPONSIBLE PRACTICES *(Continued)*

5.2 Cultivating Good Customer Relation *(Continued)*

Data Privacy and Security *(Continued)*

In 2020, the Group upgraded its customer service management system to Oracle NetSuite, which is an ISO 27001 certified system. Alma Lasers Ltd. organized a forum training on cyber security alert for its directors and senior management. In addition, Alma Lasers Inc. conduced employee training on information security awareness.

5.3 Supply Chain Responsibility

The Group works to extend its commitment to sustainable practices across supply chain. The Group classifies its suppliers into five categories (A-E, A- Critical, E-non-critical) based on the service supplied or materials critically as affect to the quality of its finished products, and has a well-established manage system in place to effective mitigate risks from the supply chain.

The Group requires its suppliers to present formal accreditation to ISO 13485 and/or ISO 9001 when entering into business with us. In the absence of such credential, however, a questionnaire evaluating quality capabilities is needed for suppliers' categories A, B, C & D.

Products and Services Purchased

Type	Definition
Category A	Turn-Key & Calibration Subcontractors
Category B	Subcontractors for Material & Services to Company's specifications
Category C	Manufacturers of Components to own specs Contract Laboratories
Category D	Suppliers and Distributors of *Off The Shelf* materials
Category E	Consultants

Management Approach

Establish policies

- Purchasing Procedures
- Terms & Conditions of Supply
- Supplier Quality Standards

Assess risks

- Supplier evaluation on quality capabilities
- Require suppliers to fill in a quality evaluation questionnaire

Monitor & manage performance

- Conduct supplier on-site audits
- Develop and confirm progress on corrective action plan

In addition to traditional considerations of price and quality, the Group integrated social and environmental criteria into its Terms & Condition of Supply, covering environmental and social aspects such as labor standards, health and safety, energy and water consumption, as well as pollution mitigation, etc.

5. COMMITTING TO RESPONSIBLE PRACTICES *(Continued)*

5.3 Supply Chain Responsibility *(Continued)*

Examples of Supplier Environmental and Social Requirements

Environment	- Does the facility review its environmental performances annually? - Does the facility monitor and track energy consumption? - Does the facility regularly test air emissions? - Does the facility have a program and/or procedure to reduce pollution? And waste in its operations?
Social	- Are young workers (above the legal minimum age, but under the age of 18 requiring protective restrictions) employed in accordance with the Law? - Are the workers free to resign from their employment at any time? Without penalty, giving reasonable notice? - Does the facility have a written corporate responsibility policy or statement commitment that defines its approach to labor, health, and Safety standards?

5.4 Ethical Business Conduct

The Group is fully committed to conducting business with the highest integrity and in compliance with relevant laws and regulations. The Group's Employee Code of Conduct outlines expectations of employee conduct relating to each other, its business partners, customers, and corporate resources, which serves as the foundation of the Group's culture of ethics and compliance.

Anti-corruption policy

Anti-corruption is material to the Group because its business is built on trust with customers and its reputation for fair and ethical business dealings. According to the Group's Employee Code of Conduct, all employees are prohibited from offering or accepting bribes, as well as using other means to obtain undue or improper advantage, which may give rise to conflict of interest. In addition, employees are responsible for promptly reporting any actual, attempted or apparent violations. The Group's anti-corruption management policy covers a wide variety of areas including conflict of interest, gifts and entertainment, bribery, etc.

To ensure that all employees are aware of and comply with its ethical conduct policy, the Group requires all new employees to undergo mandatory training on the Employee Code of Conduct.

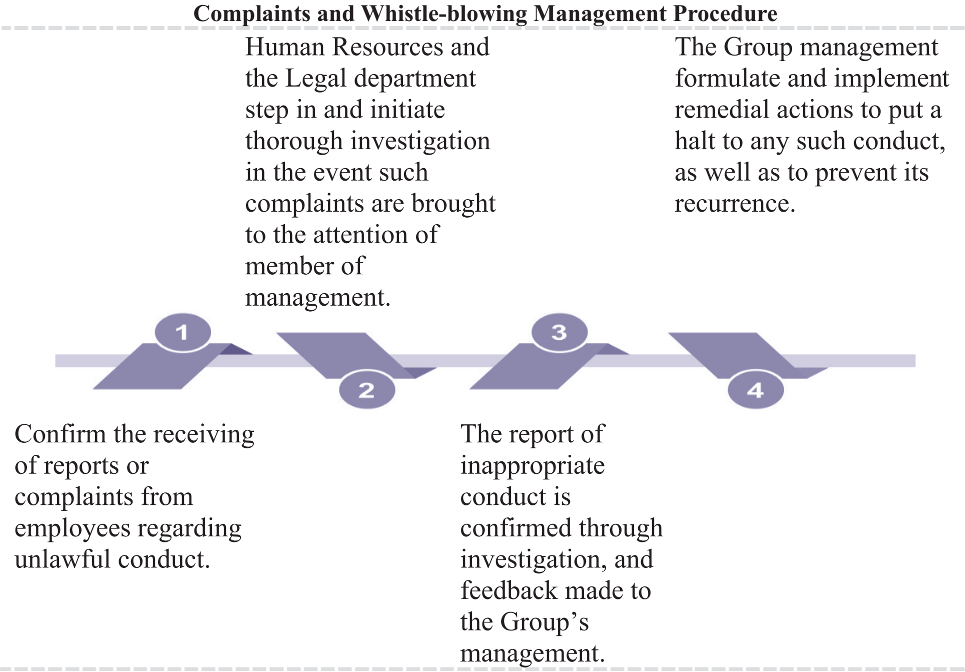
5. COMMITTING TO RESPONSIBLE PRACTICES *(Continued)*

5.4 Ethical Business Conduct *(Continued)*

Whistle-blowing Procedures and No Retaliation Policy

The Group provides employees with well-defined and accessible channels such as a compliant box or intranet webpage for reporting corruption related matters. Anyone reporting in good faith will be protected from reprisal and adverse employment actions and all reports are kept confidential.

Complaints and Whistle-blowing Management Procedure



6. ESG DATABOOK

6.1 Safeguarding Planetary Health

Emissions Indicators

Indicator		Unit	2018	2019	2020
Energy	Total electricity consumption	kWh	1,127,564	1,551,467	1,581,468
	Electricity consumption intensity	kWh/ US$1,000 of sales	7.33	8.94	9.76
	Total diesel fuel consumed by the Group's motor vehicles	Liters	80,868	108,752	127,422
	Total gasoline consumed by the Group's motor vehicles	Liters	105,162	150,756	118,738
GHG emissions	GHG emissions from motor vehicles gasoline and diesel fuel consumed	tCO2-eq	455.3	633.5	607.2
	GHG emissions from purchased electricity	tCO2-eq	857.2	1,168.3	1,198.0
	Total GHG emissions	tCO2-eq	1,312.5	1,801.8	1,805.2
	GHG emissions intensity	kgCO2-eq/ US$1,000 of sales	8.5	10.4	11.1

Use of Resources Indicators

Indicator		Unit	2018	2019	2020
Water	Total water consumption	Tons	6,145	6,586	7,456
	Water consumption intensity	Kg/US$ 1,000 of sales	39.9	38.0	46.0
Office paper	Total office paper consumption	kg	/	/	1,300.58
	Total office paper recycled	kg	/	/	350.08
Packaging materials	Packaging materials consumed for finish products	Tons	/	22.5	37.6
	Packaging materials recycled	Tons	/	/	14.6

6. ESG DATABOOK *(Continued)*

6.2 Putting People First

Employment Indicators

Indicator		2018	2019	2020
Total number of staff (number of people)		388	433	484
Gender	Male	307	352	324
	Female	126	159	160
Age Group	<30y	41	48	44
	30-50y	297	355	367
	>50y	95	108	73
Employment type	Full-time	407	488	458
	Part-time	26	23	26
Geographical region[1]	Israel	251	303	262
	U.S.	87	101	108
	Germany & Austria	41	46	46
	India	53	51	29
	Australia	/	1	30
	Hong Kong	1	3	3
	South Korea	/	6	6
Total employee turnover rate[2] (%)		12.02	16.09	17.97
Gender	Male	14.96	18.33	17.56
	Female	18.71	19.70	17.98
Age Group	<30y	30.51	32.39	31.33
	30-50y	16.34	18.95	18.03
	>50y	6.86	10	8.7
Geographical region	Israel	8.39	13.43	13.33
	U.S.	38.73	27.86	22.86
	Germany & Austria	0	8	2.13
	India	8.62	32.89	49.12
	Australia	/	50	14.29
	Hong Kong	0	0	0
	South Korea	/	25	0

6. ESG DATABOOK *(Continued)*

6.2 Putting People First *(Continued)*

Health and Safety Indicators

Indicator	Unit	2018	2019	2020
Lost days due to work-related injury	No. of days	152	3	12
Number of work-related fatalities	No. of ppl	0	0	0
Number of employees participating in work safety trainings	No. of ppl	214	345	351
Number of employees participating in fire drills	No. of ppl	275	333	340

Community Investment Indicators

Indicator	Unit	2018	2019	2020
Corporate charitable donations made	USD	51,400	15,312	17,685

6.3 Committing to Responsible Practices

Customer Relation Management Indicators

Indicator	Unit	2018	2019	2020
Number of products and service-related complaints handled	%	100	100	100
Number of reported violations of consumer data and privacy	Number of cases	0	0	0

Product Stewardship Indicators

Indicator	Unit	2018	2019	2020
Percentage of total products recalled due to safety and health reasons	%	0	0	0
Investment in research & development	US dollars in thousands	/	10,470	10,957

Supply Chain Responsibility Indicators

Indicator		2018	2019	2020
Total number of suppliers		553	903	1,045
Geographical region	MENA(Middle East & North Africa)	241	354	403
	North America	81	74	86
	Asia Pacific	70	68	119
	Europe	161	407	437

6. ESG DATABOOK *(Continued)*

6.3 Committing to Responsible Practices *(Continued)*

Compliance

Aspect	Main laws and regulations identified by jurisdictions
Environmental protection	**Israel**: *Packaging Law (Packaging Management Law) 2011, Israeli Dangerous Substances Law 5753-1993, The Pharmacists Regulations (Radioactive Elements and By Products) 1980*, etc. **U.S.**: *Environmental Protection Act, etc.* **India**: *Environment Protection Act 1986, Wildlife (Protection) Act 1972, Forests (Conservation) Act 1980, Water (Prevention and Control of Pollution) Act 1974, etc.* **EU**: *German Environmental Protection Act (Bundes-Immissionsschutzgesetz), Austrian Environmental Protection Act, etc.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*
Employment	**Israel**: *The Israeli Severance Pay Law, The Employment of Women Law, The Sick Pay Law, The Annual Leave Law*, *Minimum Wage Law, etc.* **U.S.**: *Title VII of the Civil Rights Act of 1964, Age Discrimination in Employment Act,* Fair *Labour Standards Act, etc.* **India**: *Employees compensation Act 1923, The Payment of Wages Act 1926, The Maternity Benefit Act 1970, etc.* **EU**: *Buergerliches Gesetzbuch (German Civil Code), Bundesurlaubsgesetz (National Vacation Law), etc.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*
Child labour and forced labour	**Israel**: *Youth Labour Law 1953.* **U.S.**: *Fair Labour Standards Act, and various relevant state laws.* **India**: *Child and Adolescent Labour (Prohibition and Regulation) Act 1986, Juvenile Justice (Care and Protection) of Children Act 2000.* **EU:** *Charter of Fundamental Rights of the European Union, Art. 32: Prohibition of Child Labour and Protection of Young People in the Workplace.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*
Occupational health and safety	**Israel:** *The Israeli Work Safety Ordinance (New Version) 1970, The Labour Inspection (Organization) Law 1954, The Safety at Work Regulations (Safety Glasses) 1947, Regulations of the Labour Supervision Organization (Provision of Information and Employee Training) 1999, Safety at Work (Occupational Hygiene and Safety Dealing with Laser Radiation) Regulations 2005, etc.* **US**: *Occupational Safety and Health Act.* **India**: *The Factories Act, 1948, The Contract Labour (Regulation & Abolition), etc.* **EU**: *Arbeitsschutzgesetz (Labour Protection Law), Unfallverhuetungsvorschift (Accident Prevention Regulation), etc.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*
Product quality assurance	**Israel**: *Medical Device Law 2012, The Medical Device (Medical Device Registration and Renewal) Regulations 2013, The Israeli Public Health Regulations (Clinical Trials in Human Subjects)*, etc. **US:** *501 (K) clearance, Radiation Control Provisions, etc.* **India**: *Grading and Marking Act 1937*, *ISI (Certification Mark) Act 1952*, *The Food Safety and Standards Act (FSS) 2006, Export (Quality Control and Inspection) Act 1963, etc.* **EU:** *CE Marking, German Medical Devices Act (Medizinproduktegesetz), Austrian Trade Law (Gewerberecht), etc.* **PRC:** *Regulations on Supervision and Administration of Medical Devices, Guideline for Clinical Trial of Medical Devices, The Product Quality Law of the PRC, etc.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*

6. ESG DATABOOK *(Continued)*

6.3 Committing to Responsible Practices *(Continued)*

Compliance *(Continued)*

Aspect	Main laws and regulations identified by jurisdictions
Intellectual property	**Israel**: *The Patents Law 1967, The Trade Marks Ordinance 1972, The Copyright Law 2007, The Patents and Designs Ordinance 1924*, etc. **PRC**: *Patent Law of the PRC, The Trademark Law of the PRC, etc.* **India:** *The Copyright Act 1957, The Patents Act 1970, The Designs Act 2000, etc.* **EU:** *German Copyright Law (Urheberrechtsesetz), European Patent Convention, European Union Trade Mark Regulation.* **US:** *Copyright Act, Patent Act, etc.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*
Product labelling	**India:** *The Legal Metrology Act 2009, Legal Metrology (Packaged Commodities) Rules 2011.* **EU:** *EU MDD 93/42/EEC, etc.* **US:** *Federal Trade Commission Act, etc.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*
Product advertising	**Israel**: *Consumer Protection Law 1981.* **U.S.**: *Federal Trade Commission Act.* **India**: *Code for Self-Regulation in Advertising.* **EU:** *Gesetz gegen unlauteren Wettbewerb (Act against Unfair advertising Practices).* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*
Customer data protection and privacy	**Israel**: *Consumer Protection Law 1981.* **U.S.**: *Fair Credit Reporting Act, etc.* **India**: *Information Technology Act 2000, Indian Penal Code 1860.* **EU:** *Bundes-Datenschutzgesetz (German Data Protection Act), European Data Protection Convention, etc.* **PRC:** *The Law of the PRC on the Protection of Rights and Interests of Consumers.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*
Anti-corruption	**U.S.**: *Foreign Corrupt Practices Act.* **India**: *Prevention of Corruption Act 1988, The Benami Transactions (Prohibition) Act 1988, Indian Penal Code 1860, The Prevention of Money Laundering Act 2002.* **EU:** *Bundes Anti Korruptionsgesetz (German Anti-Corruption Law), Anti Korruptions Verordnung (Anti-Corruption Act).* **International conventions**: *UN Convention against Corruption (UNCAC), OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*

During the reporting period, there were no reported violations of laws and regulations with respect to environmental protection; employment; child labor and forced labor; occupational health; health and safety, advertising, labelling, and privacy matters related to products and service; and bribery, extortion, fraud, money laundering and other corruption-related aspects.

ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant chapters in Report
A. Environment		
Aspect A1: Emissions		
General Disclosure A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.2 Climate Risk and Resiliency 3.3 Managing Our Environmental Impact 6 ESG Databook
KPI A1.1	The types of emissions and respective emissions data.	6 ESG Databook
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emission (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	3.2 Climate Risk and Resiliency 3.3 Managing Our Environmental Impact
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	
Aspect A2: Use of Resources		
General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2 Climate Risk and Resiliency 3.3 Managing Our Environmental Impact 6 ESG Databook
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	6 ESG Databook
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3.3 Managing Our Environmental Impact
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	

ESG REPORTING GUIDE CONTENT INDEX *(Continued)*

<table>
<tr><th>Subject Areas, Aspects, General Disclosures and KPIs</th><th>Description</th><th>Relevant chapters in Report</th></tr>
<tr><td colspan="3">Aspect A3: The Environment and Natural Resources</td></tr>
<tr><td>General Disclosure A3</td><td>Policies on minimising the issuer's significant impact on the environment and natural resources.</td><td rowspan="2">3.1 Eco-Conscious Products</td></tr>
<tr><td>KPI A3.1</td><td>Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</td></tr>
<tr><td colspan="3">Aspect A4: Climate Change</td></tr>
<tr><td>General Disclosure A4</td><td>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</td><td rowspan="2">3.2 Climate Risk and Resiliency</td></tr>
<tr><td>KPI A4.1</td><td>Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.</td></tr>
<tr><td colspan="3">B. Social</td></tr>
<tr><td colspan="3">Aspect B1: Employment</td></tr>
<tr><td>General Disclosure B1</td><td>Information on:
(a) the policies; and
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</td><td>4.1 Global Talent Management</td></tr>
<tr><td>KPI B1.1</td><td>Total workforce by gender, employment type, age group and geographical region.</td><td rowspan="2">6 ESG Databook</td></tr>
<tr><td>KPI B1.2</td><td>Employee turnover rate by gender, age group and geographical region</td></tr>
<tr><td colspan="3">Aspect B2: Health and Safety</td></tr>
<tr><td>General Disclosure B2</td><td>Information on:
(a) the policies; and
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards</td><td>4.3 Health, Safety and Wellness</td></tr>
<tr><td>KPI B2.1</td><td>Number and rate of work-related fatalities.</td><td rowspan="3">6 ESG Databook</td></tr>
<tr><td>KPI B2.2</td><td>Lost days due to work injury.</td></tr>
<tr><td>KPI B2.3</td><td>Description of occupational health and safety measures adopted, how they are implemented and monitored.</td></tr>
<tr><td colspan="3">Aspect B3: Development and Training</td></tr>
<tr><td>General Disclosure B3</td><td>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</td><td>4.1 Global Talent Management</td></tr>
</table>

ESG REPORTING GUIDE CONTENT INDEX *(Continued)*

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant chapters in Report
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6 ESG Databook
KPI B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Standards		
General Disclosure B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1 Talent Recruitment and Retention
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
Aspect B5: Supply Chain Management		
General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	5.3 Supply Chain Responsibility
KPI B5.1	Number of suppliers by geographical region.	6 ESG Databook
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.3 Supply Chain Responsibility 3.1 Eco-Conscious Products
KPI 5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
Aspect B6: Product Responsibility		
General Disclosure B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	5.1 Product Stewardship 5.2 Cultivating Good Customer Relation 6 ESG Databook
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.2 Cultivating Good Customer Relation 6 ESG Databook
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.1 Product Stewardship

ESG REPORTING GUIDE CONTENT INDEX *(Continued)*

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant chapters in Report
KPI B6.4	Description of quality assurance process and recall procedures.	5.1 Product Stewardship
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.2 Cultivating Good Customer Relation
Aspect B7: Anti-corruption		
General Disclosure B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5.4 Ethical Business Conduct 6 ESG Databook
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	
Aspect B8: Community Investment		
General Disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	4.4 Giving Back to Communities 6 ESG Databook
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	

Directors

Executive Directors

Mr. Yi LIU (劉毅) *(Chairman)*
Mr. Lior Moshe DAYAN *(Chief Executive Officer)*
Mr. Guojun BU (步國軍) *(Chief Financial Officer)*

Non-executive Directors

Mr. Yifang WU (吳以芳)
Mr. Yao WANG (汪曜)
Ms. Kun DAI (戴昆)[1]
Ms. Rongli FENG (馮蓉麗)[2]

Independent Non-executive Directors

Mr. Heung Sang Addy FONG (方香生)
Mr. Chi Fung Leo CHAN (陳志峰)
Ms. Jenny CHEN (陳怡芳)
Mr. Kai Yu Kenneth LIU (廖啟宇)

Audit Committee

Mr. Heung Sang Addy FONG (方香生) *(Chairman)*
Mr. Chi Fung Leo CHAN (陳志峰)
Ms. Jenny CHEN (陳怡芳)

Nomination Committee

Mr. Yi LIU (劉毅) *(Chairman)*
Mr. Heung Sang Addy FONG (方香生)
Mr. Chi Fung Leo CHAN (陳志峰)

Remuneration Committee

Mr. Chi Fung Leo CHAN (陳志峰) *(Chairman)*
Mr. Yi LIU (劉毅)
Mr. Heung Sang Addy FONG (方香生)

Company Secretary

Ms. Mei Ha Wendy KAM (甘美霞) *(FCG, FCS (PE))*

Authorized Representatives

Mr. Yi LIU (劉毅)
Ms. Mei Ha Wendy KAM (甘美霞)

Headquarters, Registered Office and Principal Place of Business in Israel

14 Halamish Street
Caesarea Industrial Park
Caesarea 38900
Israel

Principal Place of Business in Hong Kong

Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Auditors

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Hong Kong Legal Adviser

Freshfields Bruckhaus Deringer
55/F, One Island East
Taikoo Place, Quarry Bay
Hong Kong

Israeli Legal Adviser

Yigal Arnon & Co.
1 Azrieli Center
Tel Aviv 6702101
Israel

Stock Short Name

SISRAM MED

Stock Code

01696

Company Website

www.sisram-medical.com

Notes:

1. Ms. Kun DAI resigned as a non-executive Director on April 30, 2020.

2. Ms. Rongli FENG was appointed as a non-executive Director on August 20, 2020.

In this annual report, the following expressions have the meanings set out below unless the context requires otherwise.

"AGM" or "Annual General Meeting"	the annual general meeting of the Company
"Alma" or "Alma Lasers"	Alma Lasers Ltd., a company incorporated in Israel with limited liability, a wholly-owned subsidiary of the Company
"Ample Up"	Ample Up Limited (能悦有限公司), a company incorporated in Hong Kong with limited liability, and a wholly owned subsidiary of Fosun Pharma
"Articles of Association"	the articles of association of the Company currently in force
"APAC"	Asia-Pacific
"AUD"	Australian Dollars, the lawful currency of Australia
"Board" or "Board of Directors"	the board of directors of the Company
"CG Code"	the Corporate Governance Code
"CML"	Chindex Medical Limited (美中互利醫療有限公司), a wholly-owned subsidiary of Fosun Pharma
"Company" or "Sisram"	Sisram Medical Ltd (復銳醫療科技有限公司*), a company incorporated in Israel with limited liability, the Shares of which are listed on the Stock Exchange
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules
"COVID-19" or "pandemic"	Coronavirus disease 2019
"CPD"	continuous professional development
"DACH"	Germany, Austria and Switzerland
"Director(s)"	the director(s) of the Company
"FDA"	Food and Drug Administration of the United States
"FHL"	Fosun Holdings Limited (復星控股有限公司), a company incorporated in Hong Kong with limited liability, which is wholly owned by FIHL
"FIHL"	Fosun International Holdings Ltd. (復星國際控股有限公司), a company incorporated in the British Virgin Islands with limited liability
"Fosun Health Fund (Suzhou)"	Suzhou Fujian Xingyi Venture Investment Partnership (Limited Partnership) (蘇州復健星熠創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC whose general partner is a subsidiary of Fosun Pharma

* *For identification purpose only*

"Fosun Health Fund (Tianjin)"	Tianjin Fosun Haihe Healthcare Industry Fund Partnership (Limited Partnership) (天津復星海河醫療健康產業基金合夥企業(有限合夥)), a limited liability partnership established in the PRC whose general partner is a subsidiary of Fosun Pharma
"Fosun High Tech"	Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), a wholly-owned subsidiary of Fosun International
"Fosun Industrial"	Fosun Industrial Co., Limited (復星實業(香港)有限公司), a wholly-owned subsidiary of Fosun Pharma
"Fosun International"	Fosun International Limited (復星國際有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Fosun Pharma"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed and traded on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, respectively
"Fosun Pharma Group"	Fosun Pharma and its subsidiaries (excluding the Group)
"Group", "we", "us" or "our"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"HKSAs"	Hong Kong Standards on Auditing
"Hong Kong"	Hong Kong Special Administration Region of the PRC
"IASB"	the International Accounting Standards Board
"IFRSs"	International Financial Reporting Standards
"INR"	Indian Rupees, the lawful currency of India
"Listing Date"	September 19, 2017
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Listing", "Global Offering" or "IPO"	the initial public offering of the Company's shares
"M&A"	mergers & acquisitions
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers
"NIS"	New Israeli Shekels, the lawful currency of Israel
"Nova"	Nova Medical Israel Ltd., a private company organised under the laws of Israel

"Non-Compete Deed"	a non-compete deed dated August 30, 2017 that the Company entered into with Fosun Pharma to ensure a clear delineation between the respective businesses of the Group and the remaining Fosun Pharma Group with effect from the Listing Date
"Original Shareholders"	the shareholders of Tianjin JuveStar prior to the Series A Investment
"Plan Assets"	assets held by a long-term employee benefit fund or qualifying insurance policies
"PRC" or "China"	the People's Republic of China, which for purpose of this annual report only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"Prospectus"	the prospectus issued by the Company on September 5, 2017 in connection with the Hong Kong public offering and the international offering of the Shares
"R&D"	research and development
"ROI"	Return on investment
"Reporting Period"	the year ended December 31, 2020
"Series A Investment" or "Series A Investment Agreement"	the capital contribution of RMB109 million to Tianjin JuveStar under the Series A Investment Agreement
"Series A Investors"	the parties which will make capital contributions to Tianjin JuveStar under the Series A Investment Agreement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	the share(s) in the capital of the Company
"SPTE"	special preferred technological enterprise
"Sisram Tianjin"	Sisram Medical (Tianjin) Limited* (復銳醫療科技(天津)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjian JuveStar" or "Target"	Tianjin JuveStar Bio-technology Company Limited* (天津星魅生物科技有限公司), a company established in the PRC with limited liability, the target company of capital contribution under the Series A Investment Agreement
"US$"	United States Dollars, the lawful currency of the United States
"YOY"	year over year
"2011 Amendment of the Investment Law"	the Law for the Encouragement of Capital Investments, 1959 (as amended in 2011)

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