Sisram Medical Ltd
復銳醫療科技有限公司*

(Incorporated in Israel with limited liability)

(Stock Code: 1696)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2023 was US$359.3 million, increased by 1.4% as compared to the revenue for the previous year.
- Revenue portion derived from direct sales for the year ended December 31, 2023 was 78% of total revenue, as compared to 66% for the corresponding period in 2022.
- Gross profit margin increased to 61.1% for the reporting period from 57.0% for the corresponding period in 2022.
- Net cash flows from operating activities for the year ended December 31, 2023 was US$43.9 million, increased by 99.4% as compared to that for the previous year.
- Revenues in North America and in Asia Pacific for the year ended December 31, 2023 were US$156.9 million and US$109.7 million, respectively (increased by 9.2% and 11.8%, respectively, as compared to that for the previous year).

FINAL DIVIDEND

- The Board has resolved to declare a final dividend of HK$0.158 (inclusive of tax) per Share for the year ended December 31, 2023.

RESULTS HIGHLIGHTS

The board of directors (the "**Board**") of Sisram Medical Ltd (the "**Company**" or "**Sisram**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**we**") for the year ended December 31, 2023 (the "**Reporting Period**"), prepared under International Financial Reporting Standards ("**IFRSs**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2023

	Notes	2023 *US$'000*	2022 *US$'000*
REVENUE	4	359,292	354,480
Cost of sales		(139,767)	(152,254)
Gross profit		219,525	202,226
Other income and gains	4	1,970	1,326
Selling and distribution expenses		(125,345)	(99,684)
Administrative expenses		(34,092)	(29,075)
Research and development expenses		(18,029)	(18,023)
Other expenses		(4,033)	(10,035)
Finance costs	6	(2,445)	(1,972)
Share of profits and losses of associates		(421)	(521)
PROFIT BEFORE TAX	5	37,130	44,242
Income tax expense	7	(4,232)	(4,162)
PROFIT FOR THE YEAR		32,898	40,080
Attributable to:			
Owners of the parent		31,499	40,170
Non-controlling interests		1,399	(90)
		32,898	40,080
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
– For profit for the year (US cents)		6.74	8.62
Diluted			
– For profit for the year (US cents)		6.73	8.61

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended December 31, 2023

	2023 *US$'000*	2022 *US$'000*
PROFIT FOR THE YEAR	32,898	40,080
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	(749)	(1,667)
Reclassification adjustments for gains included in the consolidated statement of profit or loss	1,310	1,171
	561	(496)
Exchange differences:		
Exchange differences on translation of foreign operations	(316)	(5,363)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	245	(5,859)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to a defined benefit plan	(287)	538
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(287)	538
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(42)	(5,321)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	32,856	34,759
Attributable to:		
Owners of the parent	31,457	34,849
Non-controlling interests	1,399	(90)
	32,856	34,759

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2023

	Notes	December 31, 2023 *US$'000*	December 31, 2022 *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		22,811	16,847
Right-of-use assets		40,098	35,355
Goodwill		126,915	111,183
Other intangible assets		136,069	45,288
Deferred tax assets		9,935	7,246
Trade receivables	10	12,909	13,047
Investments in associates		6,156	6,176
Other non-current assets		1,260	69,894
Total non-current assets		356,153	305,036
CURRENT ASSETS			
Inventories		80,550	74,720
Trade receivables	10	83,456	80,378
Prepayments, other receivables and other assets		22,131	13,919
Derivative financial instruments		611	–
Cash and bank balances		70,601	81,548
Total current assets		257,349	250,565
CURRENT LIABILITIES			
Contract liabilities		15,904	14,375
Trade payables	11	7,998	13,335
Other payables and accruals		50,287	41,377
Interest-bearing bank and other borrowings		4,421	5,743
Lease liabilities		4,717	2,880
Derivative financial instruments		–	586
Tax payables		4,923	1,829
Total current liabilities		88,250	80,125
NET CURRENT ASSETS		169,099	170,440
TOTAL ASSETS LESS CURRENT LIABILITIES		525,252	475,476

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
December 31, 2023

	December 31, 2023 *US$'000*	December 31, 2022 *US$'000*
NON-CURRENT LIABILITIES		
Contract liabilities	849	592
Lease liabilities	35,544	32,718
Deferred tax liabilities	14,355	8,646
Other long-term liabilities	4,979	1,295
Total non-current liabilities	55,727	43,251
NET ASSETS	469,525	432,225
EQUITY		
Equity attributable to owners of the parent		
Share capital	1,334	1,331
Reserves	450,977	429,541
Non-controlling interests	17,214	1,353
Total equity	469,525	432,225

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP 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 Ofek Building 15, HaHarash Street 18, Industrial Park, Caesarea, 3079895, Israel.

The Company is involved in research, development, design, manufacture, sales and marketing of medical aesthetics and dental equipment, home use devices, injectables and cosmeceuticals products.

A major shareholder 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.

2. ACCOUNTING POLICIES

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 ("**IASs**") and interpretations) 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, 2023. 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).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and 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 following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

    Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the major entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted, the amendments did not have any significant impact to the Group. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

3. 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-energy-based devices and cosmeceuticals. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	2023	2022
	US$'000	*US$'000*
North America	156,891	143,664
Asia Pacific	109,685	98,069
Europe	50,181	58,323
Middle East and Africa	27,235	36,582
Latin America	15,300	17,842
Total revenue	359,292	354,480

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

(b) Non-current assets

	2023	2022
	US$'000	*US$'000*
Israel	208,535	221,417
China	124,634	70,048
United States	6,919	4,986
Other countries	5,583	1,339
Total non-current assets	345,671	297,790

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

Information about a major customer

There were no revenues from transactions with a single external customer amounting to 10% or more of total revenue for the reporting period (2022: Nil).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 *US$'000*	**2022** *US$'000*
Revenue from contracts with customers	359,292	354,480

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended December 31, 2023

	2023 *US$'000*	**2022** *US$'000*
Types of goods or services		
Sale of products	336,089	334,653
Services provided	23,203	19,827
Total revenue from contracts with customers	359,292	354,480
Timing of revenue recognition		
Goods transferred at a point in time	336,089	334,653
Services transferred over time	23,203	19,827
Total revenue from contracts with customers	359,292	354,480

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:

	2023 *US$'000*	**2022** *US$'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	5,953	8,925
Services provided	8,422	6,113
Total	14,375	15,038

(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 and 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.

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

	2023	**2022**
	US$'000	*US$'000*
Amounts expected to be recognized as revenue:		
Within one year	15,904	14,375
After one year	849	592
Total	16,753	14,967

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

	2023	**2022**
	US$'000	*US$'000*
Bank interest income	603	613
Fair value gain on revenue commitment	547	–
Others	820	713
Total other income and gains	1,970	1,326

5. PROFIT BEFORE TAX

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

	2023	**2022**
	US$' 000	*US$' 000*
Amounts expected to be recognized as revenue:		
Cost of inventories sold	103,947	106,234
Cost of services provided	35,820	46,020
Total	139,767	152,254
Employee benefit expense (including directors' and senior management's remuneration):		
Wages and salaries	112,771	92,831
Equity-settled share base payments	492	3,166
Defined benefit scheme	675	721
Total	113,938	96,718
Research and development costs:		
Current year expenditure	18,029	18,023
Auditors' remuneration	530	524
Lease payments not included in the measurement of lease liabilities	1,258	1,155
Depreciation of property, plant and equipment	2,955	2,335
Depreciation of right-of-use assets	4,763	3,817
Amortization of other intangible assets	6,517	6,250
Provision for impairment of inventories	1,909	6,621
Provision for impairment of trade receivables	1,138	560
Fair value loss from foreign exchange forward contracts not qualifying as hedges	2,114	2,812
Fair value gain on revenue commitment	(547)	–
Share of profits and losses of associates	421	521
Foreign exchange differences, net	795	(31)

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	**2022**
	US$' 000	*US$' 000*
Interest on loans and borrowings	218	272
Interest on lease liabilities	1,846	1,463
Bank charges	381	237
Total	2,445	1,972

7. INCOME TAX

Israel

The Israeli corporate tax rate applicable to the Company was 23% for the reporting period (2022: 23%). Each entity in the Group is taxable based on its standalone results as measured by the local tax system.

Taxes on taxable income assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Alma Lasers Ltd. ("**Alma**"), a 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 recently published the guideline of 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", where tax rates of 12% and 7.5% were applicable for income derived from central Israel and special areas in Israel, respectively, 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. Preferred Technology Enterprises is defined as an enterprise which meets the aforementioned conditions with the 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.

For a Special Preferred Technological Enterprise ("**SPTE**") where the parent company's total revenues are more than NIS10 billion in the tax year, its preferred technological income will be subject to a tax rate of 6%, regardless of its geographical location.

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.

As of December 31, 2023, Alma enjoyed a preferential effective tax rate of 6%, for being a SPTE for the year ended December 31, 2023 (2022: 6%).

On November 15, 2021, the Economic Efficiency Law in Israel was published ("**Economic Efficiency Law**"), in which a temporary provision was set regarding the realization of profits accumulated until December 31, 2021, in the years in which the same profits were exempt from corporate income tax ("**Clawback Profits**") taking into account the mechanism established for the payment of reduced tax ("**Temporary Provisions**").

The subsidiaries released their Clawback Profits and chose to pay reduced corporate income tax. The Company has released all their Clawback Profits in 2022. No additional tax provision was made for the year ended December 31, 2023 (US$0.9 million was made for the year ended December 31, 2022) in accordance with the Temporary Provisions.

In order to streamline the Alma's distribution system and maximize the existing synergy between the group companies, Alma and Nova Medical Israel Ltd. ("**Nova**") carried out a structural change in order to concentrate and consolidate their business activities within a single legal entity that is Alma.

On February 26, 2022 Alma and Nova received the approval from the Israeli Income Tax Authority effective as of December 31, 2022 for the merger of Nova into Alma under section 103 to the Israeli Tax Ordinance. The merger for taxation purpose is effective as of January 1, 2022.

U.S.

The U.S. Tax Cuts and Jobs Act of 2017 ("**TCJA**") was approved by the United States Congress on December 20, 2017 and signed into law by the United States President Donald J. Trump on December 22, 2017. This legislation has brought complex and significant changes to the United States 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 change includes, but is 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.

Germany

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 15.83% during the reporting period and was also subject to additional trade income taxes of 16.47% as applicable.

Austria

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.

India

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 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.

Hong Kong S.A.R.

The income of Alma Medical HK Limited, Sisram Medical HK Limited, and Alma Hong Kong 2023, subsidiaries incorporated in Hong Kong S.A.R., are taxed at the rate of 16.5% on its estimated assessable profits arising in Hong Kong S.A.R..

Chinese Mainland

The income of Sisram Medical (Tianjin) Ltd., Shanghai Foshion Medical System Co., Ltd., Xingyuanda Medical Technology Huaian Co., Ltd. and Alma Feidun Technology (Chengdu) Co., Ltd., subsidiaries established in PRC, are taxed at the rate of 25%.

Other major oversea subsidiaries

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

The income of Alma Lasers UAE Ltd., a subsidiary incorporated in United Arab Emirates ("**UAE**"), is taxed at the rate of 0%.

The income of Alma Korea Limited, a subsidiary incorporated in Korea, is taxed at the rate of 20.9%.

The income of Alma Lasers UK Ltd., a subsidiary incorporated in the United Kingdom of Great Britain and Northern Ireland ("**UK**"), is taxed at the rates of 19%-25% (changing according to the profit range).

	2023	**2022**
	US$' 000	*US$' 000*
Current	7,664	7,473
Deferred	(3,432)	(3,311)
Total tax charge for the year	4,232	4,162

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:

	2023	**2022**
	US$' 000	*US$' 000*
Profit before tax	37,130	44,242
Statutory tax rate	23%	23%
Tax at the statutory tax rate	8,540	10,176
Different tax rates for certain entities	(4,507)	(7,737)
Effect on opening deferred tax from changes in tax rates	(20)	67
Tax losses utilized from previous periods	(729)	(545)
Expenses not deductible for tax	472	521
Taxes in respect of previous years*	183	940
Deductible temporary differences not recognised	6	5
Tax losses not recognized	–	85
Others	287	650
Total tax charge for the year	4,232	4,162

* Tax in respect of previous year in 2022 includes the tax provision amounted to US$0.9 million on the Clawback Profits to be realized in accordance with the Economic Efficiency Law.

8. DIVIDEND

On March 20, 2024, the Board resolved to declare a final dividend of HK$0.158 (inclusive of tax) per share for the year ended December 31, 2023 (for the year ended December 31, 2022: HK$0.173).

9. 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 of 467,361,682 (2022: 466,245,938) in issue during the reporting period.

The calculation of the diluted earnings per share amount is based on the profit for the reporting period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed vesting of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2023	2022
	US$'000	*US$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	31,499	40,170

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	467,361,682	466,245,938
Effect of dilution – weighted average number of ordinary shares:		
– 2021 Restricted Share Units Scheme ("**2021 RSU Scheme**")	981,410	528,394
Total	468,343,092	466,774,332

On December 8, 2023, 1,050,483 (2022: 1,137,009) ordinary shares have been issued to certain RSU holders upon the vesting of these RSUs.

10. TRADE RECEIVABLES

	2023 *US$'000*	2022 *US$'000*
Trade receivables		
Current	85,080	81,856
Non-current	13,631	13,777
Subtotal	98,711	95,633
Impairment		
Current	(1,624)	(1,478)
Non-current	(722)	(730)
Subtotal	(2,346)	(2,208)
Net carrying amount		
Current	83,456	80,378
Non-current	12,909	13,047
Total	96,365	93,425

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 minimize credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

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

	2023 *US$'000*	2022 *US$'000*
Within one month	51,522	49,586
1 to 2 months	3,738	6,162
2 to 3 months	5,158	5,111
Over 3 months	35,947	32,566
Total	96,365	93,425

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

	2023	2022
	US$'000	*US$'000*
At beginning of year	2,208	2,294
Impairment losses	1,138	560
Amount written off as uncollectible	(1,030)	(546)
Effect of foreign exchange rate changes, net	30	(100)
At end of year	2,346	2,208

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. 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.

11. TRADE PAYABLES

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

	2023	2022
	US$'000	*US$'000*
Within 1 month	5,365	8,524
1 to 2 months	569	3,642
2 to 3 months	61	93
Over 3 months	2,003	1,076
Total	7,998	13,335

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

12. EVENT 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.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

Sisram is emerging as a distinguished global wellness group, with a firm foundation in the medical aesthetics industry spanning over two decades. With a pioneering spirit, Sisram has devoted to cultivating a unique synergetic ecosystem of business building blocks and consumer-focused branding. Our diverse range includes Energy-Based Devices, injectables, aesthetics and digital dentistry, personal care, and more.

Driven by a relentless pursuit of excellence, Sisram has specialized in researching, developing, and applying technologies harnessed from natural energy sources. This expertise empowers us to provide innovative solutions for medical aesthetics and related clinical indications, setting new standards in the industry both in terms of clinical excellence and innovative breakthrough.

With a vision to create an entire ecosystem for wellness for its partners and consumers, Sisram continues to increase and expand its offering, covering wide range of wellness indications, such as hair removal and hair growth, skin rejuvenation, acne and acne scars, body & face contouring, pigmentation & skin resurfacing, fat grafting, dermal facial fillers, skin tissue remodelling injectables, personal care and aesthetic dentistry.

Recognized for our achievements, Sisram's award-winning products and services are prominently featured in leading surgical, medical, and beauty clinics worldwide. We bring beauty and health to millions of consumers every year, solidifying our position as a global leader.

Sisram's Group includes leading global brands such as Alma – a world leader and innovator in energy-based medical aesthetics solutions, Copulla – a new, innovative digital dentistry service and LMNT – groundbreaking and consumer-choice home-use brand, which brings professional-grade technology into consumers' homes.

Through Alma, the Company's core subsidiary, the Company also established its presence in the injectables sector with a distribution agreement from IBSA Derma, a Swiss cosmeceutical company and a leading subsidiary of IBSA Pharma Corporation, for the exclusive distribution rights in APAC markets such as Mainland China, Hong Kong S.A.R. and India as well as Israel. In addition, the Company has entered into an agreement with Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. to obtain the exclusive right to use, import, distribute and commercialize Daxxify® in mainland China, Hong Kong S.A.R. and Macao S.A.R.. Expanding its dermal injectable line offering, the Company has entered into a strategic partnership with Prollenium®, a Canadian premium FDA-approved dermal filler manufacturer, to distribute renowned Revanesse® dermal fillers collection in several key markets including Germany, Austria, Switzerland, Australia, and New Zealand.

2. BUSINESS REVIEW OF 2023

In 2023, Sisram's global sales and distribution network recorded a total revenue of US$359.3 million for the Reporting Period, representing an increase of 1.4% compared to 2022. The main regions where revenue has increased during the Reporting Period were Asia Pacific with an increase of 11.8% and North America with an increase of 9.2%.

The gross profit increased from US$202.2 million in 2022 to US$219.5 million in 2023, representing an increase of US$17.3 million. The gross profit margin in 2023 amounted to 61.1%, representing an increase of 4.1 percentage points compared to 57.0% in 2022. The increase in gross profit and gross profit margin was primarily driven by the successful execution of our expanded direct presence strategy, led by our acquisition and new establishment of direct operation office in P.R.C territory. This initiative enabled the Company to increase the average selling prices while leveraging growth in other APAC offices, culminating in expanded gross profit margins in 2023. The portion of revenue derived from direct sales has reached 78% vs. 22% attributed to distributors, compared to 66% direct sales and 34% attributed to distributors for the corresponding period in 2022.

For the Reporting Period, the Group recorded profit before tax of US$37.1 million and profit for the year of US$32.9 million, representing a decrease of 16.1% and 17.9% respectively, when compared to the year ended December 31, 2022. The decrease in profit before tax and profit for the year was mostly due to an increase in selling and distribution expenses (US$25.6 million), an increase in administrative expenses (US$5.0 million) and an increase in finance costs (US$0.4 million), mostly due to establishment of new direct offices and cost related to brand ambassador project.

For the Reporting Period, the Group recorded an adjusted net profit of US$37.5 million representing a decrease of 22.9% when compared with the corresponding period of 2022. The adjusted net profit margin for the Reporting Period was 10.4%. 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$43.9 million, representing an increase of 99.4% when compared to 2022. The increase in 2023 was primarily attributable to better payment terms as a result of mixed direct customers.

The Company's business fundamentals are healthy. The Company has sufficient funds to meet its future business needs and sustain its operational resilience, while addressing the following leading goals:

1. **Supporting Stakeholders:**

   - Providing support to employees and business partners during challenging times.

2. **Adapting Operations:**

   - Adjusting the ongoing operational scope based on market dynamics, while maintaining a balance across essential elements such as sales, production, distribution, and service.

3. **Strategic Investments:**

   - Continuing investments in strategic projects, including:

     - Upgrading IT infrastructures;
     - Funding R&D projects;
     - Conducting clinical studies; and
     - Driving business development initiatives such as injectables division.

4. **Financial Protection:**

   - Protecting the Company's cash reserves.

5. **Ecosystem Growth:**

   - Expanding the ecosystem with diverse business lines and consumer brands, aligning with the Group's long-term strategic vision. The expansion includes business in injectables, personal care (home-use device and skincare) and aesthetic dentistry.

R&D

- R&D expenses amounted to US$18.0 million.

- During the Reporting Period, the Company launched three products into new territories:

  - Soprano Titanium™ – Alma's flagship equipment platform for hair removal was introduced to North America market following regulatory FDA clearance.

  - Opus was introduced to international markets outside US. Opus is a non-invasive RF equipment platform for skin resurfacing and face tightening, featuring fractional RF technology and the unique Opus plasma applicator.

  - Alma Veil™ was launched in North America further expanding the targeted range of customers and areas of treatment. The workstation effectively targets a wide range of common dermatological and vascular conditions including vascular lesions with 532 nm, deeper vascular lesions with 1,064 nm, and skin quality concerns without downtime using MicroPulse™, seamlessly integrated into a single handpiece.

- On the clinical research front, the Group has conducted 20 clinical and preclinical studies (including sponsored & investigator sponsored trials) during the Reporting Period, in the aesthetics, dermatology, plastic surgery, and gynaecology fields.

- On the intellectual property front, the Company has made significant progress, including applying for several new patents in the field of lasers, RF and ultrasound, securing granted patents in the field of ultrasound, registering new designs, and obtaining a considerable number of trademarks.

- On June 12, 2023, the Company received the clearance from the U.S. Food and Drug Administration ("**FDA**") for marketing VorFat System ("**Device**"), which adopts a new technique of micronized fraction of the adipose tissue independently developed by the Company, in the United States. The Company believes that FDA's clearance of the Device will further strengthen the Company's product portfolio and product competitiveness and will also solidifies the Company's position as one of the technology and market leaders in the global aesthetic market. Please refer to the announcement of the Company dated June 16, 2023 for further information.

- In addition, the Company obtained 2 additional FDA clearances with respect to Soprano and Harmony product family and 1 CE clearance for Opus.

- LMNT (medical-grade home beauty device) launched the 2nd generation product LMNT O_2.

Sales and Marketing

Sisram has dedicated significant efforts to implementing a corporate strategy tailored to the unique characteristics of local countries and states, while also providing close support to its subsidiaries in reaching regional growth milestones. Sisram is making substantial investments in enhancing brand recognition among both professionals and end-consumers, while maintaining its leadership position as a high-end global brand.

During the Reporting Period, the following milestones have been accomplished:

- As part of the effort to build robust infrastructure for following years, in 2023 Sisram has established new offices, Japan and China and significantly advanced its UK and UAE subsidiaries, in full alignment with its growing direct sales strategy. The Company has straightened its distribution infrastructure in Latin America by betterment of business partner in leading territory.

- The Company is investing efforts in shifting the business mindset from product approach to clinic-centric approach (from B2B to modern B2B and B2C) and expanding its offering of high-value and high-demand advanced products, such as one-of-a-kind skincare product line and high-end injectables portfolio. The Company invested in resources to train dedicated sales team for powerful execution of this sales approach.

- Sisram has launched a new global website for its flagship energy-based device company, Alma. The website is designed with a strong emphasis on personalization for patients and a unique and innovative customer journey.

- Alma Academy events were successfully conducted, including Alma Academy Italy and two Alma Academies in US, which brought together thousands of physicians, global Key Opinion Leaders (KOLs), and business partners from around the world.

- Focusing on enhancing business relationships through participation in leading international industry congresses worldwide, such as IMCAS and WCD tradeshows.

- Launching of the first Sisram Wellness Center. The center is a unique physical center located in downtown Chicago, enabling the Company to interact daily with professionals and patients, better understand their pain points, and help professionals integrate quickly and efficiently into the industry.

- Continued development of social media strategies, focusing on market education, brand awareness, and business growth.

Mergers & Acquisition ("M&A")

References are made to the announcements of the Company dated March 30, 2023 and June 29, 2023.

On March 30, 2023, Alma Hong Kong 2023 Limited ("**Alma HK**"), an indirect wholly-owned subsidiary of the Company, entered into (i) the asset purchase agreement (the "**Asset Purchase Agreement**") with PhotonMed International Limited ("**PhotonMed HK**") and Ms. Zhou Mei (the "**Owner**"), and (ii) the shareholders agreement with PhotonMed HK, the Owner and Alma Lasers Ltd. ("**Alma Lasers**"), pursuant to which Alma HK has agreed to purchase and PhotonMed HK, the Owner and their associates (collectively the "**Sellers**") have agreed to sell all business activities related to the distribution of products of Alma Lasers in China carried on by the Sellers or other related entities thereof as of the date of the Asset Purchase Agreement and at the effective date set out thereof (comprising the assets, property or rights of the Sellers or the leased properties relating to such business activities) (the "**Acquisition**"). The Acquisition was completed on June 28, 2023. Upon completion, Alma Lasers and PhotonMed HK each holds 60% and 40% of the total issued shares of Alma HK, respectively.

The Acquisition strengthens the Company's direct-to-consumer strategy and will improve the Group's leadership position and brand awareness in Asia Pacific market.

Business Development

New Products

During the Reporting Period, the National Medical Products Administration (the "**NMPA**") has accepted registration application of multiple new products, including Profhilo®, an injectable product exclusively distributed by the Company in Mainland China, and RT002 (DaxibotulinumtoxinA), product sublicensed by Shanghai Fosun Pharmaceutical Industrial Development Company Limited* (上海復星醫藥產業發展有限公司). Please refer to the announcements of the Company dated November 29, 2023 and 11 April, 2023 for further information.

In January, 2024, the Company has entered into a strategic partnership with Prollenium®, a Canadian premium FDA-approved dermal filler manufacturer, to expand its injectables product portfolio and offer a unique combination of high-quality dermal filler with energy-based devices to enhance the effectiveness and longevity of various common aesthetic treatments. Please refer to the announcement of the Company dated January 8th, 2024.

New Direct Offices

During the Reporting Period, the Company established a new direct office in Japan. The new direct office starts with the business of energy-based devices and gradually expand into the Company's wellness ecosystem business units such as personal care, injectables and aesthetic dentistry. The Company considers Japan market, with significant demand for wellness products and services, is an important strategic market to further improve the Company's market recognition and business growth in Asia. The Company believes that the establishment of new direct office in Japan will promote Sisram's full portfolio as wellness ecosystem and enhance the Company's overall customer experience and product competitiveness in Asia, which would benefit the Company and its shareholders as a whole. Please refer to the announcement of the Company dated November 13, 2023 for further information.

During the Reporting Period, the Company has established a new direct business office in Dubai, the United Arab Emirates (the "**UAE**"). The new direct business office will serve as the trading hub in the Middle East market and will start with the business of energy-based devices and gradually expand into the Company's wellness ecosystem business units such as personal care, injectables and aesthetic dentistry. The UAE is an important economy in the Gulf Cooperation Council. Alma Lasers Ltd., a wholly owned subsidiary of the Company has been offering wellness solutions in the UAE and other countries in the Middle East through distribution channels since 2008. The Company believes that the establishment of new direct business channel in Dubai will promote the Company's full portfolio as wellbeing ecosystem and enhance overall UAE customers' experiences and promote product competitiveness in the UAE, which would maximise the return to its shareholders and benefit the Company and its shareholders as a whole. Please refer to the announcement of the Company dated February 21, 2023 for further information.

New Wellness Center

On June 9, 2023, the Company has opened its first wellness center – Sisram Wellness Center in downtown Chicago. The center offers a comprehensive range of advanced medical aesthetic services in skin health, beauty, and wellness. The Company will also integrate trusted brands such as Alma® within the framework of the center. With a team of highly skilled professionals, licensed practitioners, and skin health specialists, the center is committed to providing exceptional care tailored to everyone's unique needs and concerns. The opening of the center will enable the Company to gather valuable insights from end-users, placing their needs and aspirations at the forefront, so as to strengthen the Company's brand image and solidify its market position, which represents a momentous step towards the Company's strategic goals. Please refer to the announcement of the Company dated June 14, 2023 for further information.

Operations

The Group has taken steps to improve production efficiency by implementing new lean production processes and has utilized a new import methodology, resulting in a decrease in manufacturing overhead expenses, thus contributing to improvement in gross profit margins. Strong emphasize was placed on improving quality performances KPI's such as FPY (First Pass Yield) and new platforms performance. As part of our continued effort to drive operational efficiency, the Company has executed a vertical integration of manufacturing process.

As at the date of this announcement, the Company's production line in Israel is operating normally. The current inventory levels in Israel and globally remain sufficient to meet customer demand.

Information Systems and Digital

Over the recent years, Sisram continuously invested significant resources in standardization, streamlining and digitalization of the Company's processes by implementation of state-of-the-art business applications. In the Reporting Period, the Company has rolled out a global CRM system, integrated with existing applications suite, unifying the sales processes across the Company's subsidiaries, and has digitized the workflow of the sales and marketing in our existing and new direct sites. In addition, the Company has added digital tools to manage the expansion of the global supply chain.

3. OUTLOOK FOR 2024

In 2024, Sisram will continue to execute our strategy by evaluating and implementing near-future technologies and extending the Company's global footprint according to the direct sales approach. The Group's efforts throughout 2024 will strategically focus on corporate leadership in strategic markets (APAC and North America) and further developing its recently launched business in the Middle East. The Company will also continue expanding its offerings through Sisram's unique wellness ecosystem and become the only company offering such a comprehensive and synergetic product line with strategical focus on utilizing the building blocks of injectables, skincare, and personal care. Energy-based device (EBD) innovation remains a key strategic focus in 2024.

Additionally, Sisram will continue to establish a robust human-software infrastructure to enhance customer interactions and maintain partner-patient long-term relationships through supportive operations to the clinics and post-sales teams. Furthermore, the Company will enhance brand awareness among end-consumers to strengthen global brand recognition and create bottom-up demand for the Company's solutions that will eventually drive business to its partners, impacting their growth.

In addition, we plan to:

3.1 Complete the registration application of injectables such as Profhilo® and Daxxify® in China.

3.2 Expand our offerings within the new injectable business unit.

3.3 Reinforce our leadership in strategic markets (APAC & US) by deeper market penetration and stronger engagement with partners and customers.

3.4 Expand Alma's unique ecosystem offering through high-value and high-demand advanced products such as the launch of new concepts in skincare products.

3.5 Research and development efforts are focused on launching our new flagship product, ensuring stable post-launch sales, and continuously exploring combined treatment solutions in the market.

3.6 Follow our ecosystem 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; and

3.7 Leverage Fosun Pharma's resources in China to deepen market penetration and expand offerings tailored to the Asian market segments, including injectables, beauty, and cosmeceuticals. Additionally, Sisram will further invest in expanding the Group's presence and operations in China through Sisram's China office. This office will oversee various strategic initiatives aimed at enhancing market presence, developing focused offerings, and capitalizing on synergies with Fosun Pharma, affirming our commitment to investing and growing in the Chinese market.

4. FINANCIAL REVIEW

Overview

Sisram, a global consumer wellness group, is deeply rooted in the global medical aesthetics industry for over two decades, specializing in harnessing natural energy sources for the treatment of aesthetics as well as medical clinical indications.

Our vast products and treatments portfolio is constantly expanding, ranging from hair removal, skin rejuvenation, acne and acne scars, body & face contouring, pigmentation & skin resurfacing, fat grafting, dermal facial fillers, skin tissue remodelling injectables, personal care, aesthetic dentistry and more.

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

	2023		**2022**		YOY %
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	**Amount**	**% of revenue**	
Revenue	359,292	100.0%	354,480	100.0%	1.4%
Cost of sales	(139,767)	38.9%	(152,254)	43.0%	(8.2)%
Gross profit	219,525	61.1%	202,226	57%	8.6%
Other income and gains	1,970	0.5%	1,326	0.4%	48.6%
Selling and distribution expenses	(125,345)	34.9%	(99,684)	28.1%	25.7%
Administrative expenses	(34,092)	9.5%	(29,075)	8.2%	17.3%
Research and development expenses	(18,029)	5.0%	(18,023)	5.1%	0.0%
Other expenses	(4,033)	1.1%	(10,035)	2.8%	(59.8)%
Finance costs	(2,445)	0.7%	(1,972)	0.6%	24.0%
Share of profits and losses of associates	(421)	0.1%	(521)	0.1%	(19.2)%
Profit before tax	37,130	10.3%	44,242	12.5%	(16.1)%
Income tax expense	(4,232)	1.2%	(4,162)	1.2%	1.7%
Profit for the year	32,898	9.2%	40,080	11.3%	(17.9)%

(a) Revenue

During the Reporting Period, revenue of the Group increased from US$354.5 million to US$359.3 million, representing an increase of 1.4% when compared to 2022. The overall increase was primarily attributable to revenue growth in direct offices, mainly North America and newly established PRC office.

Revenue by main product segments

We generate revenue from the following revenue streams: (i) sale of goods; and (ii) services and others.

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

	2023		**2022**		YOY %
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	**Amount**	**% of revenue**	
Sale of Goods:					
Medical Aesthetics	316,627	88.1%	306,853	86.6%	3.2%
Dental	9,412	2.6%	18,605	5.2%	(49.4)%
Injectables	10,050	2.8%	9,195	2.6%	9.3%
Subtotal	336,089	93.5%	334,653	94.4%	0.4%
Services and Others	23,203	6.5%	19,827	5.6%	17.0%
Total	359,292	100.00%	354,480	100.0%	1.4%

We derived a substantial majority of our revenue from our Medical Aesthetics product line, representing 88.1% of our total revenue for the Reporting Period. This includes our flagship non-invasive medical aesthetics treatment systems: "Soprano", "Harmony" and "Accent" platforms. Revenue from the sale of our Medical Aesthetics product line was US$316.6 million in 2023, representing an increase of 3.2% in comparison with a revenue of US$306.9 million in 2022. The increase was mainly due to expansion of addressable indications into hair restoration segment.

Revenue from the Dental business line amounted to US$9.4 million during the Reporting Period, representing a decrease of 49.4% as compared with 2022, mainly due to discontinuation of a less profitable product lines, which contributed to improvement in Group's gross profits. The Company is working on building a new and a more profitable market offering for Dental business line.

Revenue from Injectable line, another major building block in our comprehensive market offering, amounted to US$10.1 million, representing an increase of 9.3% as compared with 2022, mainly related to the growth in the APAC market.

The revenue from service and others amounted to US$23.2 million, representing an increase of 17.0% as compared with 2022.

Revenue by geographic segments

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

	2023		2022		YOY %
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	**Amount**	**% of revenue**	
North America	156,891	43.7%	143,664	40.5%	9.2%
APAC	109,685	30.5%	98,069	27.7%	11.8%
Europe	50,181	14.0%	58,323	16.5%	(14.0)%
Middle East and Africa	27,235	7.6%	36,582	10.3%	(25.6)%
Latin America	15,300	4.2%	17,842	5.0%	(14.2)%
Total	359,292	100.0%	354,480	100.0%	1.4%

During 2023, North America, APAC and Europe were the Company's most important geographic segments by revenue contribution. The Company has a wide distribution network across more than a hundred countries worldwide, including 11 direct channel offices.

The revenue derived from North America increased by 9.2% to US$156.9 million in 2023 from US$143.7 million in 2022. The increase was primarily attributed to continued success of hair restoration segment.

The revenue derived from APAC increased by 11.8% to US$109.7 million in 2023 from US$98.1 million in 2022. The increase was mainly attributed to successful operation of our direct operation offices such as China, India, Korea and Australia.

The revenue derived from the Europe segment decreased by 14.0% to US$50.2 million in 2023 from US$58.3 million in 2022. The decrease was mainly attributed to challenging macroeconomic environment, and high interest rates impacting our customers decision to purchase capital equipment and Russia – Ukraine conflict.

The revenue derived from Middle East and Africa decreased by 25.6% to US$27.2 million in 2023 from US$36.6 million in 2022. The decrease was mainly attributed to New Israeli Shekels exchange rate impact vs. 2022 and the conflict in Israel.

Our Latin America revenue decreased by 14.2% to US$15.3 million in 2023 from US$17.8 million in 2022. The decrease was due to political uncertainty and economic crisis in Argentina.

(b) Cost of sales

Cost of sales primarily comprised from (i) costs of materials used for production; (ii) cost of rendering of services; (iii) remuneration of production and services employees and (iv) overheads and other miscellaneous costs relating to production. During the Reporting Period, total cost of sales of the Group decreased by 8.2% to US$139.8 million from US$152.3 million in 2022, which was mainly caused by growth of direct offices revenue portion, which is expanding our gross profit and enhancing efficiency of cost control and cost reduction processes.

(c) Gross profit and gross profit margin

During the Reporting Period, gross profit of the Group increased by 8.6% to US$219.5 million from US$202.2 million in 2022 for the reasons set out in revenue and cost of sales above.

The gross profit margin increased to 61.1% for the Reporting Period from 57.0% in 2022. The increase was mainly due to expansion of direct offices revenue portion.

(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 social network; and (iv) administrative and other sales and marketing expenses.

During the Reporting Period, selling and distribution expenses of the Group increased by 25.7% to US$125.3 million from US$99.7 million in 2022. The increase was mainly due to cost of newly established direct offices and Brand ambassador project.

(e) Administrative expenses

Administrative expenses mainly related to Finance, IT, HR and facilities, primarily consist of: (i) amortization of intangible assets related to M&A; (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 17.3% to US$34.1 million from US$29.1 million in 2022. The increase was mainly attributed to amortization of intangible assets related to recent M&A transaction and headcount cost attributed to our newly established and acquired direct offices.

(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, the 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 amounted to US$18.0 million which was similar to 2022. The Group continued to invest significant resources in two main areas: clinically and regulatory supported development of new generations of Sisram's leading products and innovative research of new applications, to keep our competitive edge as leading innovator.

(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$2.4 million in 2023 from US$2.0 million in 2022, which was primarily due to increase in interest expense on lease liabilities as a result of new direct offices.

(h) Income tax expense

The Israeli corporate tax rates are both 23% in 2023 and 2022. 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 amounted to US$4.2 million, which was approximately the same as US$4.2 million in 2022.

The Group's effective tax rates for 2023 and 2022 is 11.4% and 9.4%, respectively.

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.

As of December 31, 2023, Alma enjoyed a preferential effective tax rate of 6%, for being a SPTE for the period ended December 31, 2023 (2022: 6%).

In order to streamline the Alma's distribution system and maximize the existing synergy between the group companies, Alma and Nova carried out a structural change in order to concentrate and consolidate their business activities within a single legal entity that is Alma.

On February 26, 2022 Alma and Nova received the approval from the Israeli Income Tax Authority effective as of December 31, 2022 for the merger of Nova into Alma under section 103 to the Israeli Tax Ordinance. The merger for taxation purpose is effective as of January 1, 2022.

(i) Profit for the year

As a result of the foregoing, during the Reporting Period, our profit for the year decreased by 17.9% to US$32.9 million from US$40.1 million for the corresponding period in 2022. The net profit margin of the Group for 2023 and 2022 was 9.2% and 11.3%, 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 relates to M&A transactions; (ii) deferred tax liability arising from other intangible assets, which primarily relates acquisitions; (iii) RSU Expenses; (iv) Previous years taxes (Clawback earnings); and (v) One-off adjustment. 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:

	2023 *US$ '000*	**2022** *US$ '000*	YOY %
PROFIT FOR THE YEAR	32,898	40,080	(17.9)%
Adjusted for:			
Amortization of other intangible assets arising from the Alma acquisition	3,526	4,611	(23.5)%
Amortization of other intangible assets arising from the Nova acquisition	478	478	0.0%
Amortization of other intangible assets arising from the Foshion acquisition	421	438	(3.9)%
Amortization of other intangible assets arising from acquisition of the business of Alma China	2,076	–	–
One-off VAT adjustment	(1,010)	–	–
Previous years taxes (Clawback earnings)	–	920	(100.0)%
RSU expenses	492	3,166	(84.5)%
Deduct: deferred tax arising from other intangible assets	(1,399)	(1,061)	31.9%
Adjusted net profit	37,482	48,632	(22.9)%
Adjusted net profit margin	10.4%	13.7%	

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 Company 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 of December 31, 2023, and December 31, 2022, 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 16.2 times as compared with 24.6 times for the corresponding period in 2022. The interest coverage decreased mainly because decrease in the income before income taxes.

(d) Available Banking Facilities

As of December 31, 2023, Sisram did not have any banking facilities. Sisram is mainly financing its operations through cash generated from operating activities.

(e) Interest Rate

As of December 31, 2023, total interest-bearing bank and other borrowings at a fixed interest rate amounted to US$4.4 million (As of December 31, 2022: US$5.7 million).

(f) Maturity Structure of Outstanding Debts

The following tables sets forth the maturity structure of outstanding debts as of December 31, 2023 and December 31, 2022.

	2023			**2022**		
	Effective interest rate *(%)*	*Maturity*	*US$'000*	**Effective interest rate** *(%)*	*Maturity*	*US$'000*
Current						
Bank and other borrowings*	4.10-4.15	2024	4,421	3.7-4.15	2023	5,743

* Other borrowings are due from the Group's related parties.

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 2023 and 2022.

	2023 *US$'000*	**2022** *US$'000*	YOY %
Net cash flows from operating activities	43,936	22,039	99.4%
Net cash flows used in investing activities	(32,995)	(52,113)	(36.7)%
Net cash flows used in financing activities	(20,966)	(17,847)	17.5%
Net decrease in cash and cash equivalents	(10,025)	(47,921)	(79.1)%
Cash and cash equivalents at beginning of year	74,793	124,920	(40.1)%
Effect of foreign exchange rate changes, net	(4,233)	(2,206)	91.9%
Cash and cash equivalents at the end of the year	60,535	74,793	(19.1)%
Pledged bank balances for bank loans	140	134	4.5%
Term deposits with original maturity of more than three months	9,926	6,621	49.9%
Cash and bank balances as stated in the consolidated statement of financial position	70,601	81,548	(13.4)%

Net cash flows from operating activities

For the Reporting Period, the net cash flows from operating activities were US$43.9 million, which was primarily attributable to better payment terms as a result of mixed direct customers which resulted in decrease in days of sales outstanding from 87 to 79, compared to 2022.

Net cash flows used in investing activities

For the Reporting Period, the net cash flows used in investing activities were US$33.0 million, which was mainly attributable to (i) acquisition of a subsidiary in the amount of US$32.2 million; (ii) US$8.6 million in purchase of plant and equipment; (iii) maturity of short-term bank deposits with the amount of US$6.9 million; and (iv) interest received amount of US$0.9 million.

Net cash flows used in financing activities

For the Reporting Period, the net cash flows used in financing activities was US$21.0 million, which was primarily attributable to (i) dividend paid to shareholders (including tax) of US$10.5 million; (ii) payment of lease payments and interest paid under IFRS 16 of US$6.0 million; (iii) repayment of bank loans, net of US$1.2 million; (iv) payment to settlement of foreign currency forward contracts of US$2.8 million and (v) interest paid of US$0.5 million.

7. CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

During the Reporting Period, capital expenditures of the Group amounted to US$8.6 million, which mainly consisted of leasehold improvements.

As of December 31, 2023, the Group did not have any significant capital commitments.

8. CONTINGENT LIABILITIES

As at December 31, 2023, the Group did not have any contingent liabilities.

9. MATERIAL ACQUISITION AND DISPOSAL

Save as the Acquisition disclosed under the section “2. Business Review of of 2023 – Mergers & Acquisition” above, during the Reporting Period, the Group did not conduct any other material acquisition or disposal.

10. 2021 RSU SCHEME

On November 30, 2021, the Group adopted the 2021 RSU Scheme, pursuant to which it may grant the directors of the Company (including executive directors, and non-executive directors, but excluding independent non-executive directors), the directors of the Company's subsidiaries and the employees of the Group, and any other persons who the Board considers, in its absolute discretion, have contributed or will contribute to the Group ("**Participants**") restricted share units ("**RSUs**"). The purpose of the 2021 RSU Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and motivate personnel to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. There is no maximum entitlement of each Participant under the 2021 RSU Scheme.

The RSUs are to be granted by the Company to the Participants at nil consideration subject to the acceptance of the Participants. The RSUs to the Participants shall be vested in four equal instalments in a period of four years after the date of grant. The 2021 RSU Scheme is valid and effective for the period commencing on November 30, 2021 and expiring on the 5th anniversary (being November 30, 2026) and no RSUs shall be granted thereafter.

The maximum aggregate number of shares that may be issued under the RSU Scheme shall not exceed 22,107,780 Shares, representing 4.7% of the total number of issued Shares on the date of this announcement.

For details, please refer to the announcement of the Company dated September 9, 2021, and the circular of the Company dated October 25, 2021, in relation to the adoption of the 2021 RSU Scheme.

On November 30, 2021, the shareholders of the Company granted a specific mandate to the directors of the Company to issue and allot up to 22,107,780 shares upon vesting of the RSUs to be granted under the 2021 RSU Scheme ("**Scheme Mandate**"). As at January 1, 2023 and December 31, 2023, 17,488,230 RSUs were available for grant under the Scheme Mandate, respectively. The number of shares that may be issued in respect of the RSUs granted under the 2021 RSU Scheme during the year 2023 divided by the weighted average number of shares in issue for the year 2023 is nil.

The aggregate fair value at the grant day of the free shares granted during the year ended December 31, 2021, amounted to approximately US$6,766,802, all of which will be charged to profit or loss and the capital reserve as costs of share-based compensation from the date of grant to the date on which the unlocking conditions are fulfilled. The Group recognized an expense of US$492,000 for the year ended December 31, 2023 (for the year ended December 31, 2022: US$3,165,695).

As at December 31, 2023, the 1,049,352 ordinary shares granted in the form of share units have not been registered as share capital of the Company yet and remained unvested, which represented approximately 0.68% of the Company's shares in issue as at December 31, 2023.

Details of the movements of the RSUs during the Reporting Period are set out below:

Grantees	Unvested as at January 1, 2023[1]		Vested during the Reporting Period		Expired/ lapsed during the Reporting Period	Unvested as at December 31, 2023[1, 2]	
	Number	Date of grant	Number	Weighted average closing price of the shares immediately before the dates on which the awards were vested		Number	Date of grant
Mr. Yi LIU	165,000	December 2, 2021	55,000	5.16	55,000	55,000	December 2, 2021
Mr. Lior Moshe DAYAN	600,000	November 30, 2021	200,000	5.16	200,000	200,000	November 30, 2021
Mr. Doron YANNAI	137,617	November 30, 2021	45,873	5.16	45,873	45,871	November 30, 2021
Five highest paid individuals[3]	600,000	November 30, 2021	200,000	5.16	200,000	200,000	November 30, 2021
	170,456	December 2, 2021	56,819	5.16	56,819	56,818	December 2, 2021
Other grantees by category	2,159,031	December 2, 2021	692,801	5.16	774,569	691,661	December 2, 2021

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

Save for those disclosed in this announcement, there were no other significant investments held as at December 31, 2023. The Group did not have other plans for material investments and capital assets.

1 The RSUs were granted by the Company at nil consideration subject to the acceptance of the Participants, and no consideration is required from the relevant grantees at the time of vesting. The RSUs granted shall be vested in four equal instalments in a period of four years after the date of grant.

2 There were no awards granted or cancelled during the Reporting Period.

3 The information includes the grants to Mr. Lior Moshe DAYAN who is categorised as "five highest paid individuals".

12. 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 Company 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, Australian Dollar and the Chinese RMB. 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.

13. EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the number of our employees by function as at December 31, 2023:

Functions	**Number of Employees**
Operations	287
R&D	97
Sales & Marketing	544
General and Administration	152
Total	1,080

Employees' headcount in 2023 increased by 27.0% with the recruitment of 229 employees. R&D activity is conducted by 97 employees, representing 22.3% of corporate 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.

14. USE OF PROCEEDS FROM THE PLACING

On July 27, 2021, a total of 24,000,000 new Shares (the "**Placing Shares**") were issued by the Company pursuant to a placing agreement dated July 19, 2021 (the "**Placing**"), representing approximately 5.15% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing was approximately NIS240,000. The Placing Shares have been placed to no less than six placees who and whose ultimate beneficial owner shall be a third party independent of the Company and were issued at a placing price of HK$25.90 per Share representing a discount of approximately 12.79% to the closing price of HK$29.70 per Share as quoted on the Stock Exchange on 19 July 2021, being the date on which the terms of the Placing were fixed. The net price (after deducting all applicable costs and expenses, including commissions and legal fees) raised per Share upon completion of the Placing was approximately HK$25.64.

The Directors consider that the Placing represents an opportunity to raise capital for the Company for its business development and to broaden the Shareholder base of the Company.

The Placing had been completed on July 27, 2021 and the net proceeds (after deducting all applicable costs and expenses, including commissions and legal fees) raised from the Placing were approximately HK$615.47 million. Such net proceeds were intended to be used for the (a) development and operation of the Group's injectables businesses (including RT002 (subject to the approval by the independent Shareholders for the sublicense agreement entered into between the Company and Fosun Industrial on 14 July 2021 and the transactions contemplated thereunder) or other injectables business opportunities) and aesthetic dentistry and personal care business units, (b) the expansion of the Group's global sales channels and (c) general working capital purposes. For details, please refer to the announcements of the Company dated July 20, 2021 and July 27, 2021.

As at the end of the Reporting Period, the net proceeds from the Placing have been fully utilised.

An analysis of the application and utilisation of the net proceeds from the Placing as at December 31, 2023 is set out below:

Allocation of the net proceeds		Allocation of the net proceeds (HK$ million)	Unutilised amounts as at December 31, 2022 (HK$ million)	Utilised amounts during the Reporting Period (HK$ million)	Unutilised amounts as at December 31, 2023 (HK$ million)
(a)	Development and operation of the Group's injectables businesses and aesthetic dentistry and personal care business units	546	71	71	–
(b)	Expansion of the Group's global sales channels	61	61	61	–
(c)	General working capital	8	8	8	–
Total		**615**	**140**	**140**	**–**

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Group is committed to creating two-way channels of communication between senior management and investors, maintaining close relations with all its shareholders through a variety of channels and promoting understanding and communication between investors and the Group. The Company has adopted a shareholders' communication policy to formalize and facilitate the effective and healthy communication between the Company and its shareholders and other stakeholders, which is available on the website of the Company (http://www.sisram-medical.com). The main communication channels with the shareholders include investors' meetings, general meetings, annual reports, interim reports, announcements and circulars, prospectuses and the Group's website.

The Group has a dedicated team to maintain contact with investors and handle shareholders' inquiries. Should investors have any inquiries, please contact the Group's investor relationship department (email: info@sisram-medical.com).

FINAL DIVIDEND

The Board has resolved to declare a final dividend of HK$0.158 (inclusive of tax) per Share for the year ended December 31, 2023 (the "**2023 Final Dividend**"). A separate announcement will be made by the Company in relation to the record date for ascertaining shareholders' entitlement to the 2023 Final Dividend in due course.

TAXATION ON DISTRIBUTION OF DIVIDENDS

The withholding tax rate applicable to the Company in the distribution of the dividends to the shareholders depends on the source of the distributed earnings and the requirements under the Israeli Tax Ordinance and tax treaties. A further announcement will be made by the Company after the withholding tax rate applicable to 2023 Final Dividend is confirmed.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Save for those disclosed in this announcement, no major subsequent events have occurred since the end of the Reporting Period and up to the date of this announcement.

ANNUAL GENERAL MEETING AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

The Company will arrange the time of convening the annual general meeting of the Company ("**AGM**") as soon as practicable, and the notice of the AGM will be published and dispatched to the shareholders of the Company in a timely manner in accordance with the requirements of the Rules Governing the Listing of Securities on Stock Exchange (the "**Listing Rules**") and articles of association of the Company. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of the Company in a separate announcement and in the notice of the AGM.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

For the year ended December 31, 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules.

For the Reporting Period, the Company has complied with all applicable principles and code provisions of the CG Code.

COMPLIANCE WITH 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries to all of the directors of the Company, all directors of the Company confirmed that they have fully complied with the relevant requirements set out in its own code of conduct during the Reporting Period.

AUDITORS

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2023 as set out in the preliminary announcement have been compared by the Group's auditors, Ernst & Young, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's 2023 annual results and the financial statements for the year ended December 31, 2023 prepared in accordance with the IFRSs.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at http://www.sisram-medical.com. The 2023 annual report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company who requested printed copy and published on the websites of the Company and the Stock Exchange in due course. For details, please refer to the circular of the Company dated 6 March 2024.

APPRECIATION

The Group would like to express its appreciation to all the staff for their outstanding contribution towards the Group's development. The Board wishes to sincerely thank the management for their dedication and diligence, which are the key factors for the Group to continue its success in future. Also, the Group wishes to extend its gratitude for the continued support from its shareholders, customers, and business partners. The Group will continue to deliver sustainable business development, so as to create more values for all its shareholders.

On behalf of the Board
Sisram Medical Ltd
復銳醫療科技有限公司*
Yi LIU
Chairman

Hong Kong, March 20, 2024

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

* *For identification purpose only*