sisram medical

(Incorporated in Israel with limited liability)

Enhancing Quality of Life

2024 Annual Report

Sisram Med
Stock Code: 1696.HK

ENHANCING QUALITY OF LIFE | ENHANCING QUALITY OF LIFE |

Contents

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,				
	2024	2023	2022	2021	2020
	US$'000	US$'000	US$'000	US$'000	US$'000
Operating results					
Revenue	**349,112**	359,292	354,480	294,294	162,095
Gross profit	**216,680**	219,525	202,226	166,861	90,301
Profit before tax	**32,541**	37,130	44,242	41,672	16,662
Profit for the year	**28,766**	32,898	40,080	32,520	14,680
Profit attributable to owners of the parent	**25,126**	31,499	40,170	31,245	13,344
Profitability					
Gross margin	**62.1%**	61.1%	57.0%	56.7%	55.7%
Net profit margin	**8.2%**	9.2%	11.3%	11.1%	9.1%

ASSETS AND LIABILITIES

	As at December 31,				
	2024	2023	2022	2021	2020
	US$'000	US$'000	US$'000	US$'000	US$'000
Assets and liabilities					
Total assets	**627,262**	613,502	555,601	530,132	431,806
Total liabilities	**142,470**	143,977	123,376	126,507	99,917
Net assets	**484,792**	469,525	432,225	403,625	331,889
Cash and bank balances	**70,234**	70,601	81,548	153,062	116,527

Note:

The consolidated results of the Group for the five years ended December 31, 2020, 2021, 2022, 2023 and 2024 and the consolidated assets and liabilities of the Group as at December 31, 2020, 2021, 2022, 2023 and 2024 have been extracted from the published audited consolidated financial statements.

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

Shaping the Future of Medical Aesthetics through Innovation and Strategic Leadership

As we reflect on another year of significant progress, Sisram remains steadfast in its mission to drive innovation and redefine the medical aesthetics landscape. Our achievements not only demonstrate our continued growth but also highlight our ability to anticipate and adapt to evolving market dynamics. In recent years, rapid industry expansion and intensified competition driven by the entry of diverse professionals have reshaped the landscape, creating a multi-layered environment where differentiation through exceptional technology and comprehensive wellness experiences is essential. The medical aesthetics market continues to expand rapidly, attracting a growing number of practitioners. While this field was once dominated by plastic surgeons and dermatologists, it has now evolved to include professionals from various medical backgrounds. This shift has created a highly competitive landscape, making differentiation essential. To stay ahead, providers must deliver exceptional patient experiences, and build long-term patient relationships based on trust and results.

At the same time beauty standards are shifting., Influenced by an aging population, rising disposable incomes, and the powerful impact of social media and celebrity culture, consumers now seek treatments that enhance their natural beauty with minimal downtime while seamlessly integrating into their lifestyles. This shift requires providers to move beyond traditional treatment methods and adopt data-driven, patient-centric approaches that combine diagnostics, multi-modal treatments, and personalized skincare solutions.

From Single Product to Comprehensive Solutions

This industry shift makes Sisram's approach stronger than ever, reinforcing our leadership and our transition from a single-product provider to a diversified solutions partner. Our approach is built on delivering cutting-edge, integrative solutions that merge different technologies and personalize treatments to elevate clinical results and redefine the patient experience. This strategy not only enhances treatment efficacy but also redefines the patient experience.

In the core energy-based device segment, we continuously innovate to lay a solid product foundation for multi-dimensional and comprehensive solutions. At the same time, we actively develop a diversified and differentiated product matrix. In the highly focused injectables line, the much-anticipated injectable Daxibotulinumtoxin A botulinum toxin product, DAXXIFY® (达希斐®), made significant progress during the Reporting Period. The drug registration was officially approved by China's National Medical Products Administration and is expected to launch in 2025, adding momentum to the Company's core engine of business development. In addition, the Company actively embraces emerging medical aesthetics technologies such as AI and has launched the new intelligent skin analysis and consultation solution Alma IQ™, achieving technical integration across multiple products and fields to provide consumers with more comprehensive wellness solutions.

By deeply integrating advanced medical aesthetics technologies, the company has broken the boundaries of traditional treatment models, creating more possibilities for combined treatments. Together, these innovations represent a fundamental shift in how medical aesthetics is approached — bridging the gap between in-clinic treatments and long-term patient care.

Foundation Built for Global Growth

Sisram's sustained success is rooted in our unwavering commitment to both strategic global expansion and tailored local execution. In the past, guided by a "needs first" philosophy and a direct sales expansion strategy, we rapidly entered global markets while continuously aligning our initiatives with end-user demands. Today, building on our established global presence, we have evolved our approach into an integrated model that combines production, research, and sales as part of our localization strategy. This new model fosters technology sharing and the exchange of expertise across regional markets, enabling us to deliver more precise, locally tailored products and services to consumers worldwide.

Beyond pioneering product innovation, we remain dedicated to expanding our global reach and bringing our solutions closer to customers. With a strong presence in key markets, we continue to grow our footprint by ensuring greater accessibility, education, and support for our partners. As we scale our operations, our focus is on maintaining efficiency and agility, allowing us to swiftly adapt to market shifts while delivering best-in-class solutions and exceptional service. Moreover, we are continuously strengthening our brand equity and engagement, reinforcing Sisram's reputation as a trusted leader in medical aesthetics.

Our commitment is to build on the strong foundation we've established, ensuring that we not only keep pace with but also lead the evolution of the medical aesthetics industry for years to come. In 2024, the medical aesthetics industry became increasingly dynamic and competitive. With industry consolidation and brand concentration accelerating, the market presented both challenges and significant opportunities.

Guided by steady progress, we will leverage our core strengths, prioritize consumer needs, and enhance profitability by accelerating key product commercialization and expanding our injectables line. Through ecosystem integration and innovative combined treatment solutions, we aim to transform our offerings from mere tools into comprehensive solutions, delivering precise and holistic wellness experiences to global consumers.

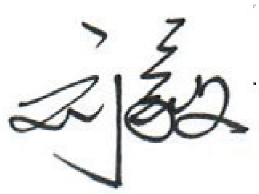
Sisram's success is made possible by the dedication and passion of our global team. I extend my deepest gratitude to our employees, whose expertise and commitment drive our vision forward.

To our valued shareholders, thank you for your trust and confidence in our long-term strategy. We remain committed to delivering sustainable growth and creating value.

Finally, I would like to express my sincere appreciation to the Board of Directors. Your leadership, insight, and guidance have been invaluable in navigating the evolving market landscape and ensuring Sisram's continued resilience and success.

With a solid foundation, innovative solutions, and an unwavering dedication to excellence, I am confident that Sisram will continue to lead the evolution of medical aesthetics, establishing new standards for innovation, quality, and patient-focused care.

Liu Yi
Chairman



Sisram Presents Exceptional Resilience Amid Economic Challenges

The year 2024 brought economic and geopolitical challenges, including rising interest rates, inflationary pressures, and global uncertainty. These factors led to market volatility, particularly affecting industries like durable goods and premium consumer products.

Despite these headwinds, I am proud to report that Sisram has demonstrated exceptional resilience within the field and notable performance during the reporting period. These results are a testament to our strategic resilience, strengthened by our diversified geographic presence, versatile product portfolio, and strong brand equity.

Sisram's growth in 2024 was fueled by consistent expansion in international markets, with many of our key direct markets achieving double-digit growth. Notably, our performance in the APAC and EMEA regions stood out, delivering impressive results despite global economic headwinds. Revenues in APAC, Europe, and Middle East and Africa for the year ended December 31, 2024 were US$116.2 million, US$50.5 million and US$34.6 million, respectively (increased by 6%, 0.7% and 27.1%, respectively, as compared to that for the previous year).

In the Americas (North America and LATAM), where macroeconomic pressures were more pronounced, Sisram achieved double-digit growth in our core medical products. A key driver of this success was the launch of Alma Harmony™ in the U.S. market — an innovative, multi-modal platform designed to treat a wide range of skin conditions across diverse demographics. Introduced in the first half of the year, it experienced immediate market adoption and record-breaking demand. Additionally, Alma Hybrid™—our award wining platform designed for elite medical aesthetics practitioners — sustained its strong momentum, delivering double-digit growth for the second consecutive year.

This year, we made significant strides in expanding our direct-sales presence in key markets — a cornerstone of Sisram's profitable growth strategy. As part of our commitment to strengthening APAC leadership, we established a new subsidiary in Thailand, Alma Thailand, which saw a strong launch and impressive performance in a short period. As our seventh subsidiary in the Asia-Pacific region, Alma Thailand will serve as a strategic hub, supporting our expanding footprint in Southeast Asia — a region rapidly emerging as a global leader in aesthetics. Thailand, in particular, presents immense potential as one of the region's most dynamic economies and a thriving market for aesthetic treatments.

In addition to significant advancements in our direct-sales presence, we have strengthened our operational excellence and commercial efficiency during this reporting period, resulting in improved profitability across most offices and a stronger overall gross margin. Our direct-sales offices in key markets — including Australia, Korea, Japan, the UAE, the UK, and Germany — have reached new levels of maturity, driving greater efficiency, higher profitability, and enhanced commercial success.

The setup of our direct operation offices allows Sisram to navigate macroeconomic trends effectively. Combined with the expertise of our seasoned team in the aesthetics industry, this strategy enables us to swiftly adapt to market changes and drive efficiency across all areas of our business. By aligning expenses with revenue, we have successfully enhanced gross profitability. In the current reporting period, direct sales accounted for 87% of total revenue, with distributor sales contributing the remaining 13%, underscoring the profitability and success of our strategy, particularly in the challenging macroeconomic environment.

Once Again, Confidence in Sisram's Core Platform Reaches an All-Time High

As we reflect on the reporting period, it is clear that the market's confidence in Sisram's performance continues to surpass expectations. We have once again broken all-time order records, a clear demonstration of the trust placed in our offerings. This success is not only a testament to the market's confidence in our products but also highlights the strength of our global footprint and brand equity.

Sisram continued its momentum with three successful product launches, each achieving immediate market adoption and surpassing expectations: Alma Harmony, following its record-breaking performance in the U.S. (2024 H1), was launched globally with unprecedented demand and exceptional market adoption, making it the most successful product launch in Sisram's history. In an incredibly short time, the award-winning platform has become Alma's most popular, driving unprecedented demand for the entire Harmony product family.

Continuing our leadership in the hair removal segment, we launched the Special Edition of Soprano Titanium globally, supported by cross-territorial B2B and B2C campaigns. This advanced version of Alma's flagship platform delivers 20% more energy while remaining virtually painless, solidifying its position as a top-tier solution for hair removal. According to 'Sapio Research', an independent global research agency, the new Soprano is the fastest hair removal treatment in the market when compared with leading global laser hair removal brands.

Key Advancements in Our Integrative Solutions

In the reporting period, Sisram made significant strides in advancing its integrative solutions meeting the unmet needs of our provides, which have become key drivers of the company's profitable growth.

After several years of dedicated development, we are excited to introduce a groundbreaking diagnostic concept: Alma IQ™, a revolutionary skin analysis system that has been rapidly adopted in the U.S. market. Alma IQ™ transforms the consultation process by offering a visually engaging and interactive experience that directly addresses patients' skin health concerns. This innovative platform is a key component of Sisram's integrative approach, designed to bridge the gap between clinics and patients. By enhancing the personalization of patient sessions, Alma IQ™ delivers a one-of-a-kind patient experience, increases patient retention, and maximizes clinic business opportunities.

In addition, expanding its high-value and high-demand advanced integrative solutions offering, the company continued to build the infrastructure for its highly-anticipated innovative skin-care concept, upcoming 2025 launch. The new groundbreaking skincare solution that brings medical-grade personalization to the forefront of patient care. Designed to complement in-clinic treatments, personalize formulations are tailored to each patient's unique skin profile and concerns. By integrating advanced, science-backed ingredients with a customizable approach, the new solution by Alma enhances treatment outcomes and extends the benefits of aesthetic care beyond the clinic.

In the injectables segment, we continued to enhance and expand our commercialization infrastructure. Noteworthy achievements include our recent partnership with IBSA Derma, a leading Italian cosmeceutical company, to exclusively distribute their dermal biostimulator Profhilo® across several APAC markets. Additionally, we established a strategic collaboration with Revance for the commercialization of DAXXIFY®, the world's first long-lasting botulinum toxin, in Mainland China, Hong Kong S.A.R., and Macao S.A.R.

Further strengthening our dermal injectable portfolio, we entered into a partnership with Prollenium, a Canadian, FDA-approved manufacturer of premium dermal fillers. This collaboration enables us to exclusive distribute the Revanesse® collection of hyaluronic acid-based dermal fillers in key markets, including Germany, Austria, Switzerland, Australia, and New Zealand. In the second half of the reporting period, we successfully launched Revanesse® in the U.K. market.

Furthermore, in the second half of the period, we introduced Profhilo® through our newly established direct office in Thailand. As a revolutionary hyaluronic acid-based moisturizing treatment, Profhilo® has quickly gained market acceptance, generating strong demand. This launch highlights Sisram's ability to combine injectables solutions with energy-based treatments (EBD) to offer integrative and synergetic aesthetic solutions. Expanding our injectables portfolio with innovative and high-end products, Sisram partnered with Hallura® for the exclusive distribution of their first-of-its-kind combination of HA and bio-stimulator in strategic markets.

Outlook

Looking ahead to 2025, we are filled with optimism as we begin to commercialize key growth drivers and leverage our unique positioning in the industry. Market conditions are showing signs of stabilization, with recent interest rate reductions and announcements of further cuts providing a positive manner for our business.

I am confident in Sisram's future. Our strong global position, combined with our proven strategic approach, including a diversified demographic mix, versatile product portfolio, and strong brand equity, has positioned us for sustained success.

As we enter 2025, we are poised to further reinforce our global leadership in the EBD segment while capitalizing on emerging opportunities. We will build on the momentum we've already established across our integrative solutions, particularly with recent developments in our portfolio, including Alma IQ™, our high-end injectable offering and the anticipated skincare solutions upcoming launch in H1 2025. We are committed to maintaining our leadership in the industry and continuing to deliver long-term value for our stakeholders.

I would like to express my profound appreciation to our global team for their steadfast commitment and relentless pursuit of our shared goals. To our esteemed shareholders, thank you for your ongoing confidence and support. We remain dedicated to enhancing shareholder value through the execution of our strategic initiatives.

Lastly, I wish to convey my sincere thanks to the Board of Directors. Your long-standing collaboration, wisdom, and leadership have been vital in strengthening Sisram's ability to thrive in the face of evolving market conditions.

Sincerely,
Lior M. Dayan,
Chief Executive Officer

1. BUSINESS REVIEW

Sisram is emerging as a distinguished global wellness group, with a firm foundation in the medical aesthetics industry for more than 25 years. With a pioneering spirit, Sisram has been devoted to cultivating a unique synergetic ecosystem of business building blocks and consumer-focused brands. Our diverse portfolio emphasizes energy-based devices and injectables, alongside complementary offerings.

With a relentless pursuit of excellence, Sisram specializes in researching, developing, and applying energy technologies. This expertise empowers us to provide innovative solutions for medical aesthetics and related clinical indications, setting new industry standards of clinical excellence and innovation.

With a vision to create an entire wellness ecosystem for its partners and consumers, Sisram continues to expand its offerings, covering a wide range of wellness indications, including hair removal and hair growth, skin rejuvenation, acne and acne scars, body and face contouring, pigmentation and skin resurfacing, fat grafting, dermal facial fillers, skin tissue re-modelling 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.

Alma, a world leader and innovator in energy-based devices and integrative aesthetic solutions, is a core subsidiary of the Sisram Group. Through Alma, the Company has established its presence in the injectables sector through a distribution agreement with IBSA Derma, a Swiss cosmeceutical company and a leading subsidiary of IBSA Pharma Corporation, granting Alma exclusive distribution rights in APAC markets, including Mainland China, Hong Kong, Thailand and India as well as rights in Israel. In addition, the Company has entered into an agreement with Fosun Pharma Industrial 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 further, the Company has entered into a strategic partnership with Prollenium, a leading Canadian manufacturer of FDA-approved dermal fillers, to distribute renowned Revanesse® dermal fillers collection in several key markets including Germany, Austria, Switzerland, Australia and New Zealand.

2. BUSINESS REVIEW OF 2024

In 2024, Sisram's global sales and distribution network recorded a total revenue of US$349.1 million, representing a decrease of 2.8% compared to 2023. The decrease was mostly attributable to a challenging economic environment in North America, which is facing high interest rates, and in Latin America, which is dealing with instability. Main regions where revenue increased during the Reporting Period were Asia Pacific with an increase of 6.0% and Middle East and Africa with an increase of 27.1%. Main regions where revenue decreased during the Reporting Period were Latin America with a decrease of 32.3% and North America with a decrease of 12.4%.

Our geographically diversified direct global presence has enabled us to balance our top line performance and deliver nearly 20% growth in our direct offices, outside North America.

Gross profit decreased from US$219.5 million in 2023 to US$$216.7 million in 2024, representing a decrease of approximately US$2.8 million and corresponding to top line decrease. The gross profit margin in 2024 has improved to 62.1%, representing an increase of 1.0 percentage points compared to 61.1% in 2023. The increase in the gross profit margin was primarily driven by transition to the direct office operations model. This strategy enabled the Company to increase the average selling prices, culminating in expanded gross profit margins. The portion of revenue derived from direct sales has reached 87% vs. 13% attributed to distributors, compared to 78% direct sales and 22% attributed to distributors for the corresponding period in 2023.

During the Reporting Period, the Group recorded a net profit of US$28.8 million, representing a decrease of 12.6%, when compared to the year ended December 31, 2023, correspondingly the net profit margin has decreased from 9.2% to 8.2%. The decrease in net profit margin was mostly due to growth in operating expenses driven by the scale up of our new direct offices, partially offset by an improvement in gross profit margin. The net cash flow from operating activities amounted to US$33.1 million, representing a decrease of 24.7% when compared to 2023. The decrease was primarily attributable to lower revenues and net income and an extension of payment terms resulting from transition to the direct offices operation model and mitigating the negative impact of high interest to our customers.

The Company's leading goals are:

1. **Supporting Stakeholders:**

   - Providing support to business partners during challenging times, by offering diversified financial solutions.

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: injectables offering extension, integrative solutions commercialization, core technology development etc.

   - Upgrading IT infrastructures;

   - Funding R&D projects;

   - Conducting clinical studies;

   - Preparing for the launch of Hallura®'s innovative injectable product in strategic markets, including the upcoming launch in Israel;

   - Developing new injectable sales channels in the UK and DACH regions, including establishing dedicated sales teams; and

   - Driving core business development initiatives such as the injectables division, including advancing commercialization in mainland China for the DAXXIFY® launch.

4. **Financial Protection:**

   - Maintaining a cash level adequate for operational growth.

5. **Ecosystem Growth:**

   - Expanding the ecosystem with diverse business lines and consumer brands, aligning with the Group's long-term strategic vision.

R&D

- R&D expenses amounted to US$15.9 million during the Report Period.

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

  - Alma Harmony™ — our innovative multiplatform product was launched globally with unprecedented demand and immediate market adoption, making it one of the most successful product introductions in Sisram history. Alma Harmony™ is a cutting edge, multi-modal platform tailored to address a myriad of skin conditions. CE certified under the new MDR, Alma Harmony revolutionizes the field to address multiple signs of aging across all skin types.

  - Soprano Titanium™ Special Edition — a new and improved version of Alma's flagship platform for hair removal delivering 20% more energy, while remaining virtually painless. Soprano Titanium™ Special Edition is effective for all skin and hair types with the all-in-one TrioMax™ handpiece combining the three most clinically validated laser hair removal wavelengths — 755nm, 810nm and 1064nm. According to 'Sapio Research', an independent global research agency, the new Soprano is the fastest hair removal treatment in the market when compared with leading global laser hair removal brands.

  - A whole new diagnostic product segment has emerged with the introduction of Alma IQ™ — an intelligent skin analysis and consultation solution. Alma IQ™ revolutionizes the consultation process by offering a visually engaging and interactive experience while addressing the patients' skin health concerns.

  - These three successful product launches characterized by immediate market adoption emphasise the strength of our brand equity and high level of customer confidence in our Company's offerings.

Clinical Research, IP and Product Clearance

- On the clinical research front, the Group has conducted four additional clinical studies and preclinical studies (including sponsored & investigator sponsored trials) and published 20 clinical papers during the Reporting Period.

- On the IP 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.

- After significant investment, Sisram's quality management system and some of the leading EBD products have been successfully audited and found compliant with the European Union MDR (Medical Device Regulation). This important certification, ahead of most players in the medical aesthetics arena is a major milestone as it is the first step towards the full portfolio. Please refer to the announcement of the Company dated December 4, 2024 for further information.

- Profhilo®, a next-generation hyaluronic acid injectable product, was granted approval by the China Hainan Medical Products Administration as a designated medical device in April 2024, playing a pivotal role in the commercialization of Profhilo® within mainland China.

- Botulinum toxin type A for injection (DaxibotulinumtoxinA-lanm, with the trademark of 达希斐® in Mainland China and the English trademark of DAXXIFY®, project code RT002, "**DAXXIFY®**"), a product sublicensed by Fosun Pharma Industrial which is indicated for temporary improvement in the appearance of moderate to severe glabellar lines associated with corrugator and/or procerus muscle activity in adult patients, was approved for drug registration by the National Medical Products Administration. Please refer to the announcement of the Company dated September 9, 2024 for further information.

Sales and Marketing

Sisram has made a concerted effort to implement its corporate strategy, tailoring it to the unique characteristics and cultural nuances of local countries and regions. At the same time, the Company provides ongoing support and guidance to its direct sales offices, empowering them to meet and exceed regional growth targets. Additionally, Sisram is making substantial investments to maintain brand recognition among both professionals and end-consumers, further strengthening its reputation as a leading high-end global brand while driving demand for its core products, integrative solutions, and services in key markets.

Sisram continued its momentum with three new product launches, with immediate market adoption and better-than-expected results, emphasizing the strength of our brand equity and high level of customer confidence in our company offering:

Following the record-breaking performance of Alma Harmony in the U.S. (H12024), Alma's the new and innovative multiplatform was launched globally with unprecedented demand and better-than-expected market adoption, making it the most successful product launch in Sisram's history. The new platform also drives growth across the entire Harmony family. In addition, Alma IQ™ was introduced to the North American market with immediate adoption and is set for a global launch in 2025. Alma's leadership in the hair removal segment continued, Alma is launching the Special Edition of Soprano Titanium globally, supported by cross-territorial B2B and B2C campaigns.

In addition, during the Reporting Period, the following milestones have been accomplished:

- Investing efforts in shifting the business focus from a product approach to a clinic-centric approach (from B2B to modern B2B2C) and expanding our offering of high-value and high-demand advanced products, the Company continued to build the infrastructure for the upcoming launch of its highly anticipated innovative skin-care concept. The groundbreaking skincare solution brings medical-grade AI-Based personalization to the forefront of patient care. Designed to complement in-clinic treatments, new personalized formulations are tailored to each patient's unique skin profile and concerns. Formulations are freshly prepared in-clinic during the treatment session, ensuring maximum effectiveness. By integrating advanced, science-backed ingredients with a customizable approach, the new solution enhances treatment outcomes and extends the benefits of aesthetic care beyond the clinic.

- Significant advancements were made during the Reporting Period in alignment with Sisram's direct-sales approach. Offices in UK, Australia, UAE, Korea and Japan – show notable growth in sales efficiency and profitability.

- Strengthening APAC, a direct sales office was established in Thailand (Alma Thailand), which had a strong launch and delivered impressive performance within a short period.

- Focusing on enhancing business relationships, the Company held four Alma Academies in North America, Spain, and Thailand, generating a record-breaking intake of new orders. The flagship event, taking place for the seventh year, was recognized as the leading professional academy event in the aesthetic industry, and serves as a strategic element for Alma's positioning as an industry leader. In addition, during this period, the Company participated in leading international industry congresses worldwide, such as IMCAS.

- Establishing 'My Alma' – a global partner portal with integrated e-commerce to strengthen collaboration and enhance business efficiency.

- Maintaining Sisram's global high-end brand leadership by driving bottom-up demand and empowering partners to sell Alma platforms. Through a strategic collaboration with actress Kate Hudson, the campaign has reached over 560 million people worldwide, generating more than 4.1 million social media engagements.

Business Development

New Strategic Partnerships

In January 2024, the Company has entered into a strategic partnership with Prollenium, a premium Canadian manufacturer of FDA-approved dermal fillers, 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 8, 2024 for further information.

In addition, as part of expanding our injectables portfolio with innovative and high-end products, Sisram has partnered with Hallura® for the exclusive distribution of their first-of-its-kind combination of HA and bio-stimulator in strategic markets.

Launch of Revanesse® in the U.K. Market

During the second half of the Reporting Period, the Company has launched Revanesse® in the U.K. market. Revanesse, Prollenium's flagship product collection, consists of multipurpose dermal fillers that utilize advanced hyaluronic acid technology, which are designed to restore volume, smooth wrinkles, create fuller-looking lips, and contour facial features. Please refer to the announcement of the Company dated September 2, 2024 for further information.

Launch of Profhilo® in Thailand

During the second half of the Reporting Period, the Company has launched Profhilo via recently established direct office in Thailand. The first of its kind, Profhilo is a revolutionary 'beneath the skin' hyaluronic acid moisturizing treatment. This results in a unique hyaluronic acid injectable, which has a prolonged stimulating activity on the dermal cells, The product launch was an immediate success in terms of market acceptance and generated demand, further promoting Sisram's comprehensive market offering of injectables solutions combined with EBD treatments.

M&A Transaction Updates

As part of the total consideration for the acquisition of the Chinese distributor, Alma HK 2023 Ltd paid the first installment of US$1.8 million deferred consideration. References of the targets and mechanism are mentioned in the announcement of the Company dated March 30, 2023.

Operations

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

Significant efforts were invested in production optimization to accommodate the diversified global demand.

- Production capacity utilization has improved in 2024 compared with 2023, also following the in-house manufacturing of the leading product line and efforts to meet the growing demand for Sisram's core products globally.
- Raw materials planning has been optimized to accommodate dynamic changes in demand.

Emphasis was placed on improving quality performances KPIs such as FPY (First Pass Yield) and new platforms critical failure.

Information Systems and Digital

In recent years, Sisram has invested significant resources in standardization, streamlining and digitalization of the Company's business processes. In the Reporting Period, the Company has continued to improve its global CRM system and its integration with existing digital infrastructure unifying sales processes across the Company's direct sales offices. The Company invests in gathering data for analysis enabling proactive customer support and research-driven prediction and adding digital tools to manage the expansion of the global supply chain.

3. OUTLOOK FOR 2025

In 2025, Sisram will continue to execute our strategy extending the Company's global footprint with a focus on developing the direct-sales offices and supporting their growth milestones, seizing the opportunities that have developed from recently introduced technologies, preparing for product launches by strengthening high-end branding and creating demand in key markets.

The Group's efforts throughout 2025 will focus on corporate leadership in strategic markets (APAC and North America) continuing to expand Sisram's unique wellness ecosystem with high-value and synergetic offerings with a strategic focus on utilizing the building blocks of energy-based devices (EBD) and injectables. Additionally, Sisram will continue to enhance customer interactions and maintain long-term partner-patient relationships through supportive operations for 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 core products and integrative solutions that will eventually drive business to its partners, impacting their growth.

In addition, we plan to:

- Prepare for the commercial launch of DAXXIFY® in Mainland China while introducing injectable products in new territories.
- Maximize the momentum from the launch of Alma Harmony™, expand the penetration of Alma IQ™ in the international markets, in addition to North America, and optimize the launch of Soprano Titanium™ in H1 2025.
- Launch Alma's new and highly anticipated personalized skincare concept and promote sales channels in key markets.

- Continue building on the strong momentum we have established in our injectable solutions, with a particular focus on leveraging sales of Revanesse® in the UK, DACH, Australia, and New Zealand; Profhilo® in Thailand; and Hallura in Israel.

- Expand our financing offering to address our customers' challenges under a high interest environment.

The Company will continue to focus on enhancing profitability while strategically rolling out new initiatives, ensuring a strong balance between driving growth and solidifying our core EBD business.

Besides, the Company will maintain on-going efforts to:

- Progress with regulatory clearances for new energy-based devices and injectable products.

- Follow our ecosystem strategic planning by searching, evaluating, and executing relevant M&A initiatives that will further strengthen our R&D capabilities and product portfolio.

- Leverage Fosun Pharma's resources in China to deepen market penetration and expand offerings tailored to Asian market segments.

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 remodeling injectables, personal care, aesthetic dentistry and more.

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

	2024		2023		YOY%
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	Amount	% of revenue	
Revenue	**349,112**	**100.0%**	359,292	100.0%	(2.8)%
Cost of sales	**(132,432)**	**37.9%**	(139,767)	38.9%	(5.2)%
Gross profit	**216,680**	**62.1%**	219,525	61.1%	(1.3)%
Other income and gains	**7,289**	**2.1%**	1,970	0.5%	270.0%
Selling and distribution expenses	**(131,515)**	**37.7%**	(125,345)	34.9%	4.9%
Administrative expenses	**(33,571)**	**9.6%**	(34,092)	9.5%	(1.5)%
Research and development expenses	**(15,937)**	**4.6%**	(18,029)	5.0%	(11.6)%
Other expenses	**(7,980)**	**2.3%**	(4,033)	1.1%	97.9%
Finance costs	**(2,455)**	**0.7%**	(2,445)	0.7%	0.4%
Share of profits and losses of associates	**30**	**0.0%**	(421)	0.1%	(107.1)%
Profit before tax	**32,541**	**9.3%**	37,130	10.3%	(12.4)%
Income tax expense	**(3,775)**	**1.1%**	(4,232)	1.2%	(10.8)%
Profit for the year	**28,766**	**8.2%**	32,898	9.2%	(12.6)%

(a) Revenue

During the Reporting Period, revenue of the Group decreased from US$359.3 million to US$349.1 million, representing a decrease of 2.8% when compared to 2023. The overall decrease was primarily attributable to challenging economic environment in North America facing high interest rates and Latin America dealing with instability.

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:

	2024		2023		YOY%
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	Amount	% of revenue	
Sale of Goods:					
Medical Aesthetics	**308,928**	**88.5%**	316,627	88.1%	(2.4)%
Injectables	**9,790**	**2.8%**	10,050	2.8%	(2.6)%
Subtotal	**318,718**	**91.3%**	326,677	90.9%	(2.4)%
Services and Others	**30,394**	**8.7%**	32,615	9.1%	(6.8)%
Total	**349,112**	**100.0%**	359,292	100.0%	(2.8)%

We derived a substantial majority of our revenue from our Medical Aesthetics product line, representing 88.5% of our total revenue for the Reporting Period. This includes our flagship non-invasive medical aesthetics treatment systems: "Soprano", "Harmony", "Opus", "Accent" and "Hybrid" platforms. Revenue from the sale of our Medical Aesthetics product line was US$308.9 million in 2024, representing a decrease of 2.4% in comparison with a revenue of US$316.6 million in 2023. The decrease was mainly due to North and Latin America regions facing economic challenges affecting the sales of the Medical Aesthetics portfolio performance in those territories.

Revenue from Injectable line, another major building block in our comprehensive market offering, amounted to US$9.8 million, representing a decrease of 2.6% as compared with 2023. The decrease was mainly attributed to temporary shift of focus towards the development and commercialization of our new generation of injectables offering.

The revenue from service and others amounted to US$30.4 million, representing a decrease of 6.8% as compared with 2023. The decrease was mainly attributed to slow down in Dental business.

Revenue by geographic segments

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

	2024		2023		YOY%
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	Amount	% of revenue	
North America	**137,398**	**39.4%**	156,891	43.7%	(12.4)%
APAC	**116,215**	**33.3%**	109,685	30.5%	6.0%
Europe	**50,538**	**14.5%**	50,181	14.0%	0.7%
Middle East and Africa	**34,605**	**9.9%**	27,235	7.6%	27.1%
Latin America	**10,356**	**2.9%**	15,300	4.2%	(32.3)%
Total	**349,112**	**100.0%**	359,292	100.0%	(2.8)%

During 2024, 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 110 countries worldwide, including 12 direct channel offices.

The revenue derived from North America decreased by 12.4% to US$137.4 million in 2024 from US$156.9 million in 2023. The decrease was primarily attributed to high interest environment impacting the financing cost of our customers for purchasing equipment.

The revenue derived from APAC increased by 6.0% to US$116.2 million in 2024 from US$109.7 million in 2023. The increase was mainly attributed to the successful implementation of "Go-Direct" strategy in the territory, starting direct operation in the newly established Thailand office and the scaling up of the China and Japan offices.

The revenue derived from the Europe segment increased by 0.7% to US$50.5 million in 2024 from US$50.2 million in 2023. The increase was mainly attributed to successful implementation of "Go-Direct" strategy in UK.

The revenue derived from Middle East and Africa increased by 27.1% to US$34.6 million in 2024 from US$27.2 million in 2023. The increase was mainly attributed to continued leadership in the hair removal segment supported by Soprano Titanium™ Special Edition introduction and success of the multi-platform product line supported by Alma Harmony™ market introduction.

Our Latin America revenue decreased by 32.3% to US$10.4 million in 2024 from US$15.3 million in 2023. The decrease was due to political instability in major territories impacting the Company's business performance in the respective region.

(b) Cost of sales

Cost of sales primarily comprised (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, the total cost of sales of the Group decreased by 5.2% to US$132.4 million from US$139.8 million in 2023, which correlates to change in top line and optimization of our production lines.

(c) Gross profit and gross profit margin

During the Reporting Period, gross profit of the Group decreased by 1.3% to US$216.7 million from US$219.5 million in 2023.

The gross profit margin increased to 62.1% for the Reporting Period from 61.1% in 2023. The increase was mainly due to impact of transition to direct office operations model in leading territories in APAC and Europe, driving higher sales prices as we direct our sales effort towards end users.

(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) other sales and marketing expenses.

During the Reporting Period, the selling and distribution expenses of the Group increased by 4.9% to US$131.5 million from US$125.3 million in 2023. The increase was mainly due to costs associated with the new direct offices' operations, partially offset by other cost savings.

(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, the administrative expenses of the Group decreased by 1.5% to US$33.6 million from US$34.1 million in 2023. The decrease was mainly attributed to a decrease in amortisation costs, partially offset by an increase in expenses related to new 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 decreased to US$15.9 million from US$18.0 million in 2023, which was primarily due to regulatory expense decrease due to MDR certification progress made and optimization of labour utilization through productivity enhancements, and the use of advanced tools and technologies, leading to reduced spending without impacting R&D capacity. 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 amounted to US$2.5 million in 2024, which was similar to 2023.

(h) Income tax expense

During the Reporting Period, income tax expense stayed at approximately the same level as 2024 (US$3.8 million in 2024 and US$4.2 million in 2023).

The Group's effective tax rates for 2024 and 2023 were 11.6% and 11.4%, respectively.

(i) Profit for the year

As a result of the foregoing, during the Reporting Period, our profit for the year decreased by 12.6% to US$28.8 million from US$32.9 million for the corresponding period in 2023. The net profit margin of the Group for 2024 and 2023 was 8.2% and 9.2%, 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 to acquisitions; (iii) RSU expenses; and (iv) 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 IFRS Accounting Standards. 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 IFRS Accounting Standards, which is profit for the year:

	2024 **US$'000**	2023 US$'000	YOY%
PROFIT FOR THE YEAR	**28,766**	32,898	(12.6)%
Adjusted for:			
Amortization of other intangible assets arising from the Alma acquisition	**2,751**	3,526	(22.0)%
Amortization of other intangible assets arising from the Nova acquisition	**478**	478	0.0%
Amortization of other intangible assets arising from the Foshion acquisition	**419**	421	(0.5)%
Amortization of other intangible assets arising from acquisition of the business of Alma China	**4,111**	2,076	98.0%
One time income from realization of investment in Belkin	**(802)**	–	(100.0)%
One time income from Investment in Tianjin JuveStar Bio-technology Company Ltd.	**(3,350)**	–	(100.0)%
One time income from Investment in Brown	**(1,218)**	(547)	122.7%
One-off VAT adjustment	**–**	(1,010)	100.0%
RSU expenses	**(794)**	492	(261.4)%
Deduct: deferred tax arising from other intangible assets	**(1,653)**	(1,399)	18.2%
Adjusted net profit	**28,708**	36,935	(22.3)%
Adjusted net profit margin	**8.2%**	10.3%	

5. DEBT STRUCTURE, LIQUIDITY AND SOURCES OF FUNDS

(a) Treasury Policy

The Board aims to have better control of 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, 2024, and December 31, 2023, 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 14.3 times as compared with 16.2 times for the corresponding period in 2023. The interest coverage decreased mainly due to a decrease in the income before income taxes.

(d) Available Banking Facilities

As of December 31, 2024, Sisram facilitated a credit line of US$16 million from Israeli Bank for a period of 12 months. As of December 31, 2024, the credit line has not been utilized.

(e) Interest Rate

As of December 31, 2024, total interest-bearing bank and other borrowings at a fixed interest rate amounted to US$4.8 million (as at December 31, 2023: US$4.4 million).

(f) Maturity Structure of Outstanding Debts

The following tables sets forth the maturity structure of outstanding debts as of December 31, 2024 and December 31, 2023.

	2024			2023		
	Effective interest rate (%)	**Maturity**	**US$'000**	Effective interest rate (%)	Maturity	US$'000
Current						
Bank and other borrowings*	**4.10-4.15**	**2025**	**4,796**	4.10-4.15	2024	4,421

* Bank and other borrowings are mainly loan 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 2024 and 2023.

	2024 US$'000	2023 US$'000	YOY%
Net cash flows from operating activities	**33,083**	43,936	(24.7)%
Net cash flows used in investing activities	**(6,595)**	(32,995)	(80.0)%
Net cash flows used in financing activities	**(16,115)**	(20,966)	(23.1)%
Net increase/(decrease) in cash and cash equivalents	**10,373**	(10,025)	(203.5)%
Cash and cash equivalents at beginning of year	**60,535**	74,793	(19.1)%
Effect of foreign exchange rate changes, net	**(806)**	(4,233)	(81.0)%
Cash and cash equivalents at the end of the year	**70,102**	60,535	15.8%
Pledged bank balances for bank loans	**132**	140	(5.7)%
Term deposits with original maturity of more than three months	**–**	9,926	(100.0)%
Cash and bank balances as stated in the consolidated statement of financial position	**70,234**	70,601	(0.5)%

Net cash flows from operating activities

During the Reporting Period, the net cash flows from operating activities were US$33.1 million, which was primarily attributable to lower revenues and net income and an extension of payment terms resulting from transition to the direct offices operation model and mitigating the negative impact of high interest to our customers.

Net cash flows used in investing activities

During the Reporting Period, the net cash flows used in investing activities were US$6.6 million, which was mainly attributable to (i) purchasing of intangible assets in the amount of US$15.4 million; (ii) acquisition of subsidiary in amount of US$1.8 million; (iii) US$2.7 million in purchase of plant and equipment; (iv) maturity of short-term bank deposits with the amount of US$9.9 million; and (v) equity gain from investments of US$2.2 million; and (vi) interest received amount of US$1.1 million.

Net cash flows used in financing activities

During the Reporting Period, the net cash flows used in financing activities was US$16.1 million, which was primarily attributable to (i) dividend paid to shareholders (including tax) of US$9.5 million; (ii) payment of lease payments and interest paid under IFRS 16 of US$7.2 million; (iii) repayment of bank loans, net of US$0.4 million; (iv) proceeds from settlement of foreign currency forward contracts of US$0.3 million and (v) interest paid of US$0.3 million.

7. CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

During the Reporting Period, capital expenditures of the Group amounted to US$2.7 million, which mainly consisted of leasehold improvements.

As of December 31, 2024, the Group did not have any significant capital commitments.

8. CONTINGENT LIABILITIES

As of December 31, 2024, the Group did not have any contingent liabilities.

9. MATERIAL ACQUISITION AND DISPOSAL

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

10. 2021 RSU SCHEME

The Group adopted the 2021 RSU Scheme on November 30, 2021.

Pursuant to the consultation conclusions on the proposed amendments to the Listing Rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022, Chapter 17 of the Listing Rules has been amended to govern both share award schemes and share option schemes with effect from January 1, 2023.

In light of the above, the Board proposed certain amendments to the 2021 RSU Scheme, the majority of which are to ensure compliance with the amended Listing Rules and others are minor housekeeping changes for the purpose of clarifying existing practices, and the 2021 RSU Scheme was amended pursuant to the Shareholders' resolution at the annual general meeting of the Company on June 24, 2024 (the "**Amendments to the 2021 RSU Scheme**").

Pursuant to the 2021 RSU Scheme (as amended), the Company may grant restricted share units ("**RSUs**") to:

(i) any individual being a Director (including executive Directors and non-executive Directors, but excluding independent non-executive Directors), a director of the Company's subsidiaries and/or an employee of the Group ("**Employee Participants**");

(ii) an employee or director of a Related Entity ("**Related Entity Participants**"); or

(iii) Service Providers ("**Service Providers**", together with the Employee Participants and Related Entity Participants, the "**Participants**").

The purpose of the 2021 RSU Scheme (as amended) 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.

The RSUs are to be granted by the Company to the Participants at HK$1.00 or such other amount to be determined by the Board 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. No consideration is required from the grantees at the time of vesting. The 2021 RSU Scheme (as amended) is valid and effective for the period commencing on November 30, 2021 and expiring on the 5th anniversary of the 2024 annual general meeting of the Company (being June 24, 2029) and no RSUs shall be granted thereafter.

The maximum aggregate number of shares that may be issued under the RSU Scheme (as amended) shall not exceed 23,417,154 Shares, representing 5.0% of the total number of issued Shares (excluding treasury shares) on the date of this annual report.

For details, please refer to (i) 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; and (ii) the circular of the Company dated May 31, 2024 (the "**Circular**") and the announcement of the Company dated June 24, 2024, in relation to the Amendments to the 2021 RSU Scheme. Unless otherwise specified, capitalised terms used in this section shall have the same meaning as those defined in the Circular.

On November 30, 2021, the Shareholders 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. On June 24, 2024, the Shareholders approved the Amendments to the 2021 RSU Scheme, pursuant to which the Company may (i) allot and issue up to 23,417,154 Shares pursuant to the RSUs granted under the 2021 RSU Scheme and share grants under other schemes ("**Scheme Mandate**"), and (ii) allot and issue up to 9,366,861 Shares pursuant to RSUs granted to Service Providers under the 2021 RSU Scheme and share grants under other schemes ("**Service Provider Sublimit**"). For details, please refer to the Circular.

As of January 1, 2024 and December 31, 2024, 19,920,288 RSUs and 22,096,854 RSUs were available for grant under the Scheme Mandate, respectively, and nil and 9,366,861 RSUs were available for grant under the Service Provider Sublimit, respectively. The number of Shares that may be issued in respect of the RSUs granted under the 2021 RSU Scheme (as amended) during the year 2024 divided by the weighted average number of Shares in issue (excluding treasury shares) for the year 2024 is nil.

Under the 2021 RSU Scheme (as amended), the maximum entitlement of each individual Participant in any 12-month period (excluding any RSUs and share grants lapsed or encashed) shall not exceed 1% of the Company's shares in issue for the time being.

As the performance conditions were not met, the Group reversed RSU expenses of US$794,000 for the year ended December 31, 2024 (2023: expense of US$492,000).

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

	Unvested as of January 1, 2024[1]		Granted during the Reporting Period				Vested during the Reporting Period			Unvested as of December 31, 2024	
Grantees	Number	Date of grant	Number	Date of grant	Closing price of the shares immediately before the grant of awards	Fair value of awards at the date of grant[2]	Number	Weighted average closing price of the shares immediately before the dates on which the awards were vested	Expired/ lapsed during the Reporting Period	Number	Date of grant
Mr. Yi LIU	55,000	December 2, 2021	–	–	–	–	–	–	55,000	–	–
Mr. Lior Moshe DAYAN	200,000	November 30, 2021	–	–	–	–	–	–	200,000	–	–
Mr. Doron YANNAI	45,871	November 30, 2021	–	–	–	–	–	–	45,871	–	–
Five highest paid individuals[3]	200,000	November 30, 2021	–	–	–	–	–	–	200,000	–	–
	56,818	December 2, 2021	–	–	–	–	–	–	56,818	–	–
Other grantees by category	691,661	December 2, 2021	1,320,300[4]	September 4, 2024	HK$3.42	HK$4,515,426	–	–	691,661	1,320,300[4]	September 4, 2024

1 The RSUs were granted by the Company at nil consideration subject to the acceptance of the Participants, and no consideration was 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 The fair value of the RSUs was measured with reference to the closing price of the shares of the Company at the grant date.

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

4 The RSUs will be vested in 12 months from the date of grant, conditional on the achievement of objective performance conditions as set out in the notice of grant, which include measures relating to financial metrics and other targets (such as net profits attributable to owners and R&D expenses of the Company for 2024). No consideration was required from the relevant grantees at the time of vesting.

11. 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 of December 31, 2024. The Group did not have other plans for material investments and capital assets.

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, 2024:

Functions	Number of Employees
Operations	257
R&D	84
Sales & Marketing	525
General and Administration	149
Total	1,015

Employees' headcount in 2024 decreased by 5.9% with the decrease of 64 employees.

R&D activity is conducted by 84 employees, representing 23.6% 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.

REPORT OF DIRECTORS

The Board is pleased to present its 2024 annual report and the audited consolidated financial statements of the Group for the year ended December 31, 2024.

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. In addition, the Company is actively expanding the business into injectables, alongside complementary offerings.

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, 2024 are set out in the Consolidated Statement of Profit or Loss on page 64.

The Board has resolved to declare a final dividend of HK$0.126 (inclusive of tax) per Share for the year ended December 31, 2024.

During the year ended December 31, 2024 and as of the date of this annual report, the Company did not have any treasury shares.

DIVIDENDS POLICY

The Company has adopted the 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 7 and "Management Discussion and Analysis" on pages 8 to 27, 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 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 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, 2024 are set out in note 29 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

As at December 31, 2024, no property, plant and equipment was pledged to banks as loan security (December 31, 2023: Nil).

SHARE CAPITAL

Details of movements in the Company's share capital during the Reporting Period are set out in note 32 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended December 31, 2024, 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, 2024, calculated in accordance with Israeli rules and regulations, was US$171.8 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 of the Company (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. Jiahong LI *(Chief Financial Officer)*
(appointed on March 19, 2025)

Non-executive Directors
Mr. Yifang WU
Ms. Rongli FENG

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. Yi LIU, Ms. Rongli FENG and Ms. Jenny CHEN will retire at the forthcoming AGM and being eligible, offer themselves for re-election.

Mr. Jiahong LI has been appointed as an executive Director on March 19, 2025. In accordance with the Articles of Association, Mr. Jiahong LI will retire at the forthcoming AGM, and being eligible, offer himself 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 54 to 58 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 8 to 27 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 sections 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. There were no forfeited contributions available for the Group to reduce its existing level of contributions to the defined contribution scheme as at December 31, 2024. 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$0.7 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 and also the director of CML), Mr. Yifang WU and Ms. Rongli FENG (our non-executive Directors and also the directors 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, 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 EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2024, the interest and/or short positions of Directors and chief executive 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 C3 of the Listing Rules were as follows:

Name of Director	The company in which the interests are held	The class of shares/debenture	Capacity and nature	Number of shares held	Percentage of shareholding in the relevant class of shares
Yi LIU	Company	Ordinary Shares	Beneficial owner	195,000	0.04%
	Fosun Pharma	A shares	Beneficial owner	31,356	0.00%
	Fosun Pharma	H shares	Beneficial owner	20,000	0.00%
Lior Moshe DAYAN	Company	Ordinary Shares	Beneficial owner	738,500	0.16%
	Fosun International	Ordinary Shares	Beneficial owner	200,000	0.00%
Yifang WU	Fosun International	Ordinary Shares	Beneficial owner	760,000	0.01%
	Fosun Pharma	A shares	Beneficial owner	922,224	0.04%
	Fosun Pharma	H shares	Beneficial owner	373,000	0.07%
Rongli FENG	Fosun Pharma	A shares	Beneficial owner	82,645	0.00%

Save as disclosed in the foregoing, as at December 31, 2024, 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, 2024, 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]	27.18%
Ample Up[2]	Beneficial owner	207,186,160 (L)	44.24%
	Interest in controlled corporation	127,318,640 (L)	27.18%
		334,504,800 (L)	71.42%
Fosun Industrial[3]	Interest in controlled corporation	334,504,800 (L)	71.42%
Fosun Pharma[4]	Interest in controlled corporation	334,504,800 (L)	71.42%
Fosun High Tech[5]	Interest in controlled corporation	334,504,800 (L)	71.42%
Fosun International[6]	Interest in controlled corporation	334,504,800 (L)	71.42%
FHL[7]	Interest in controlled corporation	334,504,800 (L)	71.42%
FIHL[8]	Interest in controlled corporation	334,504,800 (L)	71.42%
Guangchang GUO[9]	Interest in controlled corporation	334,504,800 (L)	71.42%

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 334,504,800 Shares which Ample Up is interested in, comprising 207,186,160 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 executive of the Company who, as at December 31, 2024, had an interest or short position in the Shares and underlying Shares 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 SCHEME

On November 30, 2021, the Group adopted the 2021 RSU Scheme, which was amended pursuant to the Shareholders' resolution at the annual general meeting of the Company on June 24, 2024. Pursuant to the 2021 RSU Scheme (as amended), the Company 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, an employee or director of a Related Entity, or Service Providers restricted share units. For details of the 2021 RSU Scheme, please refer to "10. 2021 RSU Scheme" in the Management Discussion and Analysis in this annual report.

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.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Company had the following connected transactions and continuing connected transactions that are not exempt from annual reporting requirement under Chapter 14A of the Listing Rules:

Sublicense Agreement

Subject matter

Fosun Pharma Industrial, a wholly-owned subsidiary of Fosun Pharma, the controlling shareholder of the Company, entered into the Sublicense Agreement and the Amendment to Sublicense Agreement with Sisram Tianjin, a wholly-owned subsidiary of the Company on October 26, 2022 and December 15, 2022, respectively, pursuant to which Sisram Tianjin agreed to sublicense from Fosun Pharma Industrial the relevant know-hows and patents of the Licensed Product, so as to, among other things, import, use, sell or commercialize the Licensed Product in the Fields in the Territory. The Sublicense Agreement takes effect from February 9, 2023 and shall continue until the date on which all of Sisram Tianjin's payment obligations under the Sublicense Agreement have been performed or have expired.

Consideration

Sisram Tianjin is expected to make the following payments:

(1) Upfront Payment: an upfront payment of US$52.25 million (or US$55.39 million, tax inclusive) (the "**Upfront Payment**") within 30 Business Days after the date of the Sublicense Agreement.

(2) One-off Regulatory Milestone Payments: the milestone payments in the amount of US$22 million (or US$23.32 million, tax inclusive) upon the research and development of the Licensed Product obtaining BLA for the aesthetic indications from NMPA and FDA, respectively (the "**Regulatory Milestone Payments**").

(3) One-off Sales Milestone Payments: the sales milestone payments in the aggregate amount of up to US$172.5 million upon the sales of the Licensed Product achieving certain milestones.

(4) Royalty Payments: royalty payments will be made as follows (the "**Royalty Payments**"):

Range of Annual Net Sales	Royalty Rate
On that portion which is less than US$100 million	16%
On that portion which is greater than or equal to US$100 million but less than US$300 million	18%
On that portion which is greater than or equal to US$300 million but less than US$500 million	20%
On that portion which is greater than or equal to US$500 million	22%

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

Listing Rules Requirements

As Fosun Pharma Industrial is a wholly-owned subsidiary of Fosun Pharma and Fosun Pharma is a controlling shareholder of the Company, therefore, Fosun Pharma Industrial is a connected person of the Company by virtue of being an associate of the Company's connected person. Accordingly, (1) the entering into of the Sublicense Agreement and the proposed payments of the Upfront Payment, the Regulatory Milestone Payments and the Sales Milestone Payments would constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules; and (2) the payment of the Royalty Payments would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Waivers

With respect to the payment of the Royalty Payments which constitutes a continuing connected transaction under Chapter 14A of the Listing Rules, the Company has applied for, and the Stock Exchange has granted to the Company, (i) a waiver from strict compliance with the requirement under Rule 14A.53 to set monetary annual caps, so as to allow the Company to use the formula set out in "Consideration — (4) Royalty Payments" above as the annual caps for the Royalty Payments during the term of the Sublicense Agreement; and (ii) a waiver from strict compliance with Rule 14A.52 to allow the term of the Sublicense Agreement to be for an unspecified term.

These waivers have been granted subject to the following conditions:

(1) the Company will comply with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules if there are any material changes to the terms of the Sublicense Agreement;

(2) the Company's board (including the Independent Non-executive Directors) will ensure that the relevant transactions are undertaken in accordance with the terms of the Sublicense Agreement, and comply with the applicable Listing Rule requirements;

(3) the Independent Non-executive Directors will review the transactions under the Sublicense Agreement on an annual basis and confirm in the Company's annual reports the matters set out in Rule 14A.55. The auditors of the Company will also report on the same transactions and issue a letter to the board of directors confirming the matters set out in Rule 14A.56;

(4) the Company will re-comply with Chapter 14A of the Rules in setting the annual caps for the royalty payments under the Sublicense Agreement when the Licensed Product is commercialized; and

(5) in the event of any future amendments to the Listing Rules imposing more stringent requirements than those as at the date of waiver, the Company will take immediate steps to ensure compliance with such new requirements.

Further details of the Sublicense are set out in the circular of the Company dated December 23, 2022.

Transaction Amount

The Licensed Product received the approval for drug registration from NMPA in September 2024. It is expected that the Licensed Product will be launched in 2025. Therefore, there are no annual net sales of the Licensed Product and no royalty payment has been made by Sisram Tianjin to Fosun Pharma Industrial for the year ended December 31, 2024.

Save as disclosed in this annual report, during the year ended December 31, 2024 and up to the Latest Practicable Date, the Company had no connected transactions or continuing connected transactions which are required to be disclosed in accordance with Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions. During the Reporting Period, the Company has complied with all the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Confirmation of Independent Non-executive Directors

The Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that the above continuing connected transactions:

(i) have been entered into in the ordinary and usual course of business of the Group;

(ii) have been entered into on normal commercial terms or better; and

(iii) have been entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Save as disclosed in this annual report, during the year ended December 31, 2024 and up to the Latest Practicable Date, the Company had no connected transactions or continuing connected transactions which are required to be disclosed in accordance with Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

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 37 to the financial statements. The continuing connected transactions of the Company disclosed herein constitute related party transactions set out in note 37 to the financial statements. All other related party transactions as described in note 37 to the financial statements do not fall under the definition of "continuing connected transaction" or "connected transaction" 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 (the "**Non-Compete Deed**").

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.

SUBSEQUENT EVENTS

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.

Further information on the Company's environmental policies and performance is set out in the Environmental, Social and Governance Report which is published on the same date of this report.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2024, 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 recognises 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 19, 2025

The Board hereby presents to the Shareholders the corporate governance report for the year ended December 2024 (the "**Reporting Period**").

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. By maintaining good corporate governance and enhancing transparency and accountability, the Board effectively implements corporate governance and monitors, assesses and manages major risks arising in the ordinary course of business, in an effort to protect the interests of Shareholders and enhance corporate value.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix C1 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.

CORPORATE CULTURE AND STRATEGY

Positioning itself as a global wellness group, Sisram has been focusing on providing innovation solutions for medical aesthetics and related clinical indications over two decades with an aim to provide diverse range of products and cultivate a consumer-focused branding leveraging on its unique ecosystem for wellness. Sisram has dedicated itself to providing high-quality products and services to leading surgical, medical and beauty clinics worldwide and putting its corporate culture of improving quality of life into practice, so as to offer distinguished and excellent service experiences for one who seeks for wellness.

Over all these years, the Company has been adhering to the spirit of ingenuity and its true aspiration and advocating sustainable development in business operations. With prudent yet innovative risk strategies, the resilience in coping with risks of the Company has been improved constantly. Through implementing and adhering to its positive cultural values, the Company is able to create greater value for its customers and Shareholders.

Being committed to promoting corporate culture and values, the Board and senior management attach great importance to, and continuously put efforts in, the development of corporate culture. The alignment between the culture and strategies of the Company is evaluated and continuously optimized from time to time. With effective employee training, optimized employee incentive and accountability mechanisms as well as effective and feasible whistle-blowing mechanisms, employees can gain a better understanding of corporate culture and values while the Company can create an ideal workplace and ensure strict compliance with corporate standards in the ordinary course of business.

The Company believes that its culture is critical to the successful execution of its strategies, and is well aligned with such strategies.

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 C3 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.

BOARD OF DIRECTORS

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 has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their roles and the Board responsibilities. The Board includes a balanced composition of Executive Directors and Non-executive Directors (including Independent Non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The Board currently comprises the following Directors:

Executive Directors

Mr. Yi LIU *(Chairman)*
Mr. Lior Moshe DAYAN *(Chief Executive Officer)*
Mr. Jiahong LI *(Chief Financial Officer)*
(appointed on March 19, 2025)

Non-executive Directors

Mr. Yifang WU
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

In compliance with Rule 3.09D of the Listing Rules, Mr. Jiahong LI has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on March 19, 2025. Mr. LI has confirmed that he understood his obligations as a Director.

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors and Senior Management" on pages 54 to 58 of this annual report.

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

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.

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.

MECHANISMS TO ENSURE INDEPENDENT VIEWS AND INPUT AVAILABLE TO THE BOARD

The Company has also established the following mechanisms to ensure independent views and input are available to the Board:

- A sufficient number of Independent Non-executive Directors representing more than one-third of the Board has been appointed and all of them continued to devote adequate time contribution to the Company;
- All Independent Non-executive Directors are required to confirm in writing annually their compliance of independence requirements as set out under Rule 3.13 of the Listing Rules;
- Annual meeting between the Chairman and all Independent Non-executive Directors without presence of other Directors providing an effective platform for the Chairman to listen to independent views on various issues concerning the Company;
- Independent professional advice would be provided to Independent Non-executive Directors upon reasonable request to assist them to perform their duties to the Company;
- Non-executive Directors receive fixed fee(s) for their role as members of the Board and Board Committee(s) as appropriate;
- Non-executive Directors' independence is assessed upon appointment, annually, and at any other time where the circumstances warrant reconsideration;
- All Directors are encouraged to express freely their independent views and constructive challenges during the Board/Board Committees meetings; and
- An Independent Board Committee consisting of Independent Non-executive Directors is established by the Board as and when required to manage any connected/related party transactions.

The Board will conduct annual review of the mechanisms above. During the Reporting Period, the Board has reviewed the mechanisms above and confirmed that they effectively ensure the Board has access to independent opinions and views.

Appointment and Re-election of Directors

Each Director has entered into a letter of appointment with the Company and will continue thereafter unless terminated by either party giving to other three months' written notice in advance. The appointment of Directors is subject to the provision of retirement and rotation of directors under the Articles of Association.

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 held in 2018; the first term of office of the group II Directors has expired at the Annual General Meeting held in 2019; and the first term of the group III Directors has expired at the Annual General Meeting held in 2020. Any Director whose term has expired (upon the expiration 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 next 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 will initially expire at the Annual General Meeting held in 2018 and thereafter at 2021, 2024 etc.).

On March 19, 2025, Mr. Jiahong LI has been appointed as an executive Director. In accordance with Article 41(g) of the Articles of Association, Mr. Jiahong LI will retire and being eligible, offer himself for re-election at the forthcoming Annual General Meeting.

In accordance with Articles 41(c) and (d) of the Articles of Association, Mr. Yi LIU, Ms. Rongli FENG and Ms. Jenny CHEN being the group II 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.

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.

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 and B
Mr. Lior Moshe DAYAN	A and B
Mr. Jiahong LI *(appointed on March 19, 2025)*	N/A
Non-executive Directors	
Mr. Yifang WU	A and B
Ms. Rongli FENG	A and B
Independent Non-executive Directors	
Mr. Heung Sang Addy FONG	A and B
Mr. Chi Fung Leo CHAN	A and B
Ms. Jenny CHEN	A and B
Mr. Kai Yu Kenneth LIU	A and B

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

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 199.

Audit Committee

The Audit Committee consists of three members, namely Mr. Heung Sang Addy FONG (Independent Non-executive Director), Mr. Chi Fung Leo CHAN (Independent Non-executive Director) and Ms. Jenny CHEN (Independent Non-executive Director). Mr. Heung Sang Addy FONG is the chairman of the 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, 2024, 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.

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Chi Fung Leo CHAN (Independent Non-executive Director), Mr. Yi LIU (Executive Director) and Mr. Heung Sang Addy FONG (Independent Non-executive Director). Mr. Chi Fung Leo CHAN is the chairman of the 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; 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, and operating the Company's share award scheme as they apply to Directors and senior management and recommending to the Shareholders any grants of awards to be made to Directors and/or senior management.

The Remuneration Committee met three times to review and make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the Executive Directors and senior management the amendments to the 2021 RSU Scheme, the grant of RSUs to eligible Participants, and other related matters. The Company does not have any directors' service contracts requiring approval within the Reporting Period.

Details of the remuneration of the Directors and chief executive are set out in notes 8 and 9 to the financial statements.

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Yi LIU (Executive Director), Mr. Heung Sang Addy FONG (Independent Non-executive Director) and Mr. Chi Fung Leo CHAN (Independent Non-executive Director). Mr. Yi LIU is the chairman of the 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 twice 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.

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. The Nomination Committee will review the implementation and effectiveness of the Board Diversity Policy at least on an annual basis.

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.

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.

As at the date of this report, the Board comprised nine members, including three Executive Directors, two Non-executive Directors and four Independent Non-executive Directors, where Independent Non-executive Directors account for 44.4%. As for age and gender diversity, the Board consists of seven male members and two female members with five Directors of age 41–50 years old, three Directors of age 51–60 years old and one Director of over 60 years old. The Nomination Committee has reviewed the membership, structure and composition of the Board, and consider that the structure of the Board has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business, and allowed opinion from different gender and background be heard and discussed.

In terms of gender diversity in the workforce (including senior management), as at December 31, 2024, the Group's workforce (including senior management) has 397 female, among which, around 4 hold the Group's senior management roles.

The Board had targeted to achieve and had achieved at least 25% of female Directors (two out of eight Directors), 30% of female senior management and 40% of female employees of the Group for the Reporting Period. The Board considers that the above gender diversity on the Board and in the workforce (including senior management) has been achieved with reference to the circumstances of the Company during the Reporting Period.

After the appointment of Mr. Jiahong LI as an Executive Director on 19 March 2025, the Board targets to maintain at least the current level of female representation (at least two female Directors), and will continue to seek opportunities to increase the proportion of female Directors over time as and when suitable candidates are identified.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report in this report. The Company is not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

In considering the Board's succession and to ensure diversity at the Board level, the Nomination Committee will engage independent professional search firm(s) to help identify suitable candidates for consideration as Non-executive Directors as and when appropriate.

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 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.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, training and CPD 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.

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**	**General Meeting**
Mr. Yi LIU	5/5	N/A	3/3	2/2	1/1	N/A
Mr. Lior Moshe DAYAN	5/5	N/A	N/A	N/A	1/1	N/A
Mr. Jiahong LI *(appointed on March 19, 2025)*	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Yifang WU	5/5	N/A	N/A	N/A	1/1	N/A
Ms. Rongli FENG	5/5	N/A	N/A	N/A	1/1	N/A
Mr. Heung Sang Addy FONG	5/5	2/2	3/3	2/2	1/1	N/A
Mr. Chi Fung Leo CHAN	5/5	2/2	3/3	2/2	1/1	N/A
Ms. Jenny CHEN	5/5	2/2	N/A	N/A	1/1	N/A
Mr. Kai Yu Kenneth LIU	5/5	N/A	N/A	N/A	1/1	N/A

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.

All Independent Non-executive Directors have attended general meeting to gain and develop a balanced understanding of the view of Shareholders.

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.

The Company has in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the compliance officer or the audit committee, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During the Reporting Period, the Company held one anti-corruption training and briefing to all employees. There were no non-compliance cases in relation to bribery and corruption.

Principal Risks

The Company faces different principal risks and uncertainties set out below that may impose adverse impact to the Company's performance, operation and execution of its strategies. The Company is committed to mitigate and assess its risk management to ensure well risk management and governance.

Risk	Impact	Mitigations
Macroeconomic risk	Deterioration of economic conditions worldwide or part of the market resulting from economic cycles, political or social unrest, armed conflicts, government measures in response to outbreaks of contagious diseases, or other events or conditions that may adversely affect the business result, which in turn results in the decrease in the availability of funds and needs of our customers or material adverse effect on the net sales, profitability, cash flow and financial position of the Company.	The Company puts effort into expanding the direct operations offices infrastructure also to mitigate the risk of financial crisis in a specific region. In addition, the Company maintains a cost control mechanisms in order to be able to adjust the Company's expenses in case of macroeconomic events negatively impacting the top line performance.
Legal & Compliance Risk	The Company's business and operations may be affected by unexpected or uncertain application of a law or regulation which may incur penalties, operation costs.	The Company has engaged legal advisers in different jurisdiction for providing legal advisers and suggest any prompt actions on any regulatory updates.
Third Party Risk	Business operations of the Company may be impacted by any actions or failures from third parties in delivering services to the Company.	The Company established monitoring programme on the business agreements to enhance monitoring and control in alignment with international standards.
Risk of insufficient supply of raw materials	Raw materials and spare parts such as electronic components purchased from third-party may be affected by the supply from third parties, which may result in increasing costs, decreasing profit margins and insufficient supply of products.	The Company has strategically purchased raw materials and spare parts such as major electronic components to cope with the risk of supply chain shortage and has achieved satisfactory results initially.
Exchange rate risk	The consolidated financial statements of the Company are prepared in U.S. dollars, with net sales of its operating subsidiaries denominated in its local currency and a substantial portion of the cost of sales (in the form of purchases of raw materials/ inventories) of each subsidiary is incurred in U.S. dollars. Fluctuations in the exchange rate between U.S. dollar against the currencies in which revenue generated from the operating activities are denominated may adversely affect the net sales, gross margin, profitability and cash flows reported in U.S. dollars of the Company.	The Company regularly hedges its currency risk on product purchases that are settled in currencies other than the respective functional currencies of the subsidiaries by using forward foreign exchange contracts.

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 external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 59 to 63.

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$495,000 and US$13,000, 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	495
Non-audit Services	
— Tax Services	13
	508

COMPANY SECRETARY

Ms. Qianli FANG serves as the company secretary of the Company.

During the Reporting Period, Ms. Qianli FANG took no less than 15 hours of relevant professional training to update her respective skills and knowledge.

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.

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.

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.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: Ofek Building 15, HaHarash Street 18, Industrial Park, Caesarea, 3079895, Israel

Email: ir@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.

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.

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.

The policy aims to ensure that the Shareholders, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

Under the policy, information shall be communicated to Shareholders and the investment community mainly through the Company's financial reports, Annual General Meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website. Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times, and the Board shall maintain an on-going dialogue with Shareholders and the investment community.

The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy during the Reporting Period and the results were satisfactory.

Arrangement of Electronic Dissemination of Corporate Communications

Pursuant to Rule 2.07 of Listing Rules under the expansion of paperless listing regime and electronic dissemination of corporate communications that came into effect on December 31, 2023, the Company has adopted electronic dissemination of corporate communications (the "**Corporate Communications**"), which mean any documents issued or to be issued by the Company including but not limited to (a) the directors' report, its annual accounts together with a copy of the auditors' report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular and (f) a proxy form.

Both the English and Chinese versions of all future Corporate Communications will be available electronically on the website of the Company at www.sisram-medical.com and the HKExnews website at www.hkexnews.hk in place of printed copies.

EXECUTIVE DIRECTORS

Mr. Yi LIU (劉毅), aged 49, was appointed as the chairman of the Board 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, vice president of Fosun Pharma from January 2017 to December 2021, and has been a senior vice president of Fosun Pharma since January 2022.

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. He received his ph. D. degree in biomedical engineering from Beihang University (北京航空航天大學) in June 2021.

Mr. Lior Moshe DAYAN, aged 55, 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 over 20 years of experience in the laser industry with operational, logistic, financial and sales expertise, 11 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. Jiahong LI (李家宏), aged 46, joined the Group as the chief financial officer of the Company on October 29, 2024. He is responsible for the financial operation as well as financing and investment activities of the Group. Mr. Li holds a master of business administration from National University of Singapore and a bachelor of economics from University of International Business & Economics, China. Mr. Li is a Certified Management Accountant of the United States, a Chartered Global Management Accountant and a fellow of the Chartered Institute of Management Accountants of the United Kingdom, the Institute of Public Accountant of Australia, and the Institute of Financial Accountants of the United Kingdom. He has over 25 years of experience in financial management, strategy formulation and execution, and M&A gained from Fortune 500 multinational and leading start-up companies in Telecom, Consumer Care and Healthcare industry. Prior to joining the Group, Mr. Li was the Executive Director, Vice President and Head of Finance and Government Affairs of EdiGene Inc from 2021 to 2024, the Chief Financial Officer of Varian Medical Systems Asia Pacific from 2013 to 2021, the Regional Finance Controller of Johnson & Johnson Asia Pacific from 2010 to 2013 and served various financial roles at Motorola from 2000 to 2010.

NON-EXECUTIVE DIRECTORS

Mr. Yifang WU (吳以芳), aged 55, 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.* (上海複宏漢霖生物技術股份有限公司) (a company listed on The Stock Exchange of Hong Kong Limited (stock code: 2696)). He is director of Gland Pharma Limited (a company listed on the Bombay Stock Exchange and the National Stock Exchange of India, stock code: GLAND).

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 was the 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: 1099)) from September 2020 to June 2021.

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 degree in Business Administration from Saint Joseph's University in the United States in 2005.

Ms. FENG Rongli (馮蓉麗), aged 48, was appointed as a non-executive Director on August 20, 2020. She is currently the Executive President, Chief Human Resources Officer (CHO) and General Manager of Human Resources Department of Fosun Pharma. From April 2020 to March 2021, she served as Vice President and General Manager of Human Resources Department of Fosun Pharma. From July 2018 to April 2020, she served as the deputy chief human resources officer of Fosun High Tech and the managing director of human resources of Shanghai Fosun Venture Capital Management Co., Ltd. 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) (the shares of which are 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) (the shares of which are listed on the Stock Exchange (stock code: 1099)). Previously, Ms. Feng served as a human resources supervisor of Sealed Air Packaging (Shanghai) Co., Ltd.* (希悦爾包裝(上海)有限公司) from July 1996 to May 2000, a human resources manager of Grundfos Pumps (Shanghai) Co., Ltd.* (格蘭富水泵(上海)有限公司) from May 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 65, was appointed as an independent non-executive Director of the Company on August 30, 2017.

Mr. Fong has more than 25 years of audit, financial and capital market experiences. Mr. Fong has been appointed as chief financial officer of Borqs Technologies, Inc. (the shares of which are listed on NASDAQ (stock code: BRQS.NASDAQ)) since June 2024. Before that, he was an non-executive director of Borqs Technologies, Inc. Besides, Mr. Fong was the chief financial officer of GMAX Biopharm International Limited between April 2020 to May 2024. 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.

Mr. Chi Fung Leo CHAN (陳志峰), aged 46, was appointed as an independent non-executive Director of the Company on August 30, 2017.

Mr. Chan has been appointed as an independent non-executive director of Luyuan Group Holdings (Cayman) Limited (stock code: 2451.HK) since June 2023. 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 an independent non-executive director and chairman of audit committee of Jinke Smart Services Group Co., Ltd. (stock code: 9666. HK) from October 2020 to June 2023. He also served as the managing director of LY Capital Limited from May 2016 to October 2017, 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 45, was appointed as an independent non-executive Director of the Company on August 30, 2017.

Ms. Chen has more than 20 years' experience in the legal profession. She co-founded CFN Lawyers, a Hong Kong law firm 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 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 55, was appointed as an independent non-executive Director of the Company on August 30, 2017.

Mr. Liu has been appointed as an independent non-executive director of Wuhan Youji Holdings Ltd. (stock code: 2881.HK) since June 2024, he also has been appointed as an independent non-executive director of Fourace Industries Group Holdings Limited (stock code: 1455.HK) since August 2020 and has been appointed as an independent non-executive director of Hangzhou Tigermed Consulting Co., Ltd. (stock code: 300347.SZ and 3347.HK) since April 2020. He has also been appointed as an independent non-executive director of Tianli Education International Holdings Limited (stock code: 1773.HK) since June 2018. 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

Company Secretary

Ms. Qianli FANG (方前厲), aged 31, joined the Company in May 2019 and was appointed as the Company Secretary on January 10, 2022. Since joining, Ms. Fang has held several key positions within the Group, including Secretary to the Board, Vice President of Investor Relations, and Secretary to the Board of Alma, the Company's principal subsidiary.

Ms. Fang is responsible for the Group's corporate governance, corporate compliance, investor relations, corporate affairs, and internal control functions. In addition, she plays an active role in the Company's strategic projects and selected business development initiatives, particularly in cross-border investments and mergers and acquisitions, leveraging her expertise in bridging international resources and perspectives.

Prior to joining the Company, Ms. Fang worked in the Financial Advisory Practice at Deloitte Israel from February 2016 to April 2019, advising Chinese clients on overseas investment and M&A transactions.

Ms. Fang holds a Master of Business Administration (MBA) from Bar Ilan University, Israel, and is a Chartered Professional Accountant (CPA) of Canada. She brings valuable global perspectives to the Group's development.

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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 64 to 147, which comprise the consolidated statement of financial position as at December 31, 2024, 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 material accounting policy information.

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, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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$126,915,000 as at December 31, 2024. In accordance with IFRS Accounting Standards, 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 testing process was complex and involved significant management judgements. The disclosures about the impairment of goodwill are included in note 2.4 "Material accounting policies", note 3 "Significant accounting judgements and estimates" and note 15 "Goodwill" to the consolidated financial statements, which specifically explains the key assumptions management used for the calculation of the recoverable amount.	We obtained an understanding of the internal control over the process of the impairment test of goodwill, performed walkthroughs and tests 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 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. We also assessed the relevant disclosures included in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of intangible assets	
The carrying values of intangible asset with indefinite-life and intangible asset not yet available for use in the consolidated financial statements amounted to US$24,493,000 and US$72,289,000, respectively, as at December 31, 2024. In accordance with IFRS Accounting Standards, the Group is required to perform impairment test for these assets at least on an annual basis. The impairment test is based on the recoverable amount of each individual asset. This matter was significant to our audit because the impairment testing process was complex and involved significant judgements and estimates. The disclosures about the impairment of indefinite-life intangible assets and the intangible asset not yet available for use are included in note 2.4 "Material accounting policies", note 3 "Significant accounting judgements and estimates" and note 16 "Other intangible assets" to the consolidated financial statements, which specifically explains the key assumptions management used for the calculation of the recoverable amount.	We obtained an understanding of the internal control over the process of the impairment test of indefinite-life intangible assets and the intangible asset not yet available for use, performed walkthroughs and tests 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, discount rates, royalty rate, contributory asset charge and growth rate beyond budget period used in the valuation method based on cash flow forecast of each individual asset. We paid specific attention to the forecasts with respect to future revenues, operating results and development costs to be incurred to complete the development process by comparing the forecasts with the historical performance and the business development plan of each individual asset. We also assessed the relevant disclosures included in the financial statements.
Provision for impairment of trade receivables	
As at December 31, 2024, the net balance of trade receivables amounted to US$107,312,000, including provision for impairment of US$3,827,000. 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 judgement and estimation, such as the existence of disputes, historical payment records, 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 "Material accounting policies", note 3 "Significant accounting judgements and estimates" and note 22 "Trade receivables" to the consolidated financial statements.	We obtained an understanding of the process of provision for impairment of trade receivables by performing walkthroughs and tests of controls. We reviewed and assessed the application of the Group's policy for calculating the ECLs. We evaluated the techniques and methodology used in the expected credit loss model in accordance with the requirements of IFRS 9. We checked the historical loss rates used in calculating the ECLs through inspecting the existence of disputes, historical payment records and the historical default experience. In addition, we assessed the forward-looking factors based on the existing 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 IFRS Accounting Standards 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Lau Kwok Wa Lawrence.

Ernst & Young
Certified Public Accountants
Hong Kong
March 19, 2025

	Notes	2024 US$'000	2023 US$'000
REVENUE	5	**349,112**	359,292
Cost of sales		**(132,432)**	(139,767)
Gross profit		**216,680**	219,525
Other income and gains	5	**7,289**	1,970
Selling and distribution expenses		**(131,515)**	(125,345)
Administrative expenses		**(33,571)**	(34,092)
Research and development expenses		**(15,937)**	(18,029)
Other expenses		**(7,980)**	(4,033)
Finance costs	7	**(2,455)**	(2,445)
Share of profits and losses of associates		**30**	(421)
PROFIT BEFORE TAX	6	**32,541**	37,130
Income tax expense	10	**(3,775)**	(4,232)
PROFIT FOR THE YEAR		**28,766**	32,898
Attributable to:			
Owners of the parent		**25,126**	31,499
Non-controlling interests		**3,640**	1,399
		28,766	32,898
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
— For profit for the year (US cents)	12	**5.36**	6.74
Diluted			
— For profit for the year (US cents)	12	**5.36**	6.73

	Note	2024 US$'000	2023 US$'000
PROFIT FOR THE YEAR		**28,766**	32,898
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		**(105)**	(749)
Reclassification adjustments for gains included in the consolidated statement of profit or loss		**(136)**	1,310
		(241)	561
Exchange differences:			
Exchange differences on translation of foreign operations		**(3,035)**	(316)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**(3,276)**	245
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Actuarial reserve relating to a defined benefit plan	31	**(188)**	(287)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**(188)**	(287)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(3,464)**	(42)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**25,302**	32,856
Attributable to:			
Owners of the parent		**21,753**	31,457
Non-controlling interests		**3,549**	1,399
		25,302	32,856

	Notes	December 31, 2024 US$'000	December 31, 2023 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**22,092**	22,811
Right-of-use assets	14(a)	**37,377**	40,098
Goodwill	15	**126,915**	126,915
Other intangible assets	16	**142,543**	136,069
Deferred tax assets	19	**9,618**	9,935
Trade receivables	22	**26,553**	12,909
Investments in associates	17	**5,157**	6,156
Financial assets at fair value through profit or loss	18	**2,764**	—
Other non-current assets	20	**5,029**	1,260
Total non-current assets		**378,048**	356,153
CURRENT ASSETS			
Inventories	21	**81,023**	80,550
Trade receivables	22	**80,759**	83,456
Prepayments, other receivables and other assets	23	**14,945**	22,131
Financial assets at fair value through profit or loss	18	**1,745**	—
Derivative financial instruments	24	**508**	611
Cash and bank balances	25	**70,234**	70,601
Total current assets		**249,214**	257,349
CURRENT LIABILITIES			
Contract liabilities	26	**15,597**	15,904
Trade payables	27	**13,364**	7,998
Other payables and accruals	28	**48,447**	50,287
Interest-bearing bank and other borrowings	29	**4,796**	4,421
Lease liabilities	14(b)	**4,407**	4,717
Tax payable		**8,876**	4,923
Total current liabilities		**95,487**	88,250

	Notes	December 31, 2024 US$'000	December 31, 2023 US$'000
NET CURRENT ASSETS		**153,727**	169,099
TOTAL ASSETS LESS CURRENT LIABILITIES		**531,775**	525,252
NON-CURRENT LIABILITIES			
Contract liabilities	26	**1,254**	849
Lease liabilities	14(b)	**33,998**	35,544
Deferred tax liabilities	19	**8,668**	14,355
Other long-term liabilities	30	**3,063**	4,979
Total non-current liabilities		**46,983**	55,727
NET ASSETS		**484,792**	469,525
EQUITY			
Equity attributable to owners of the parent			
Share capital	32	**1,334**	1,334
Reserves	34	**462,695**	450,977
Non-controlling interests		**20,763**	17,214
Total equity		**484,792**	469,525

Yi LIU
Director

Lior Moshe DAYAN
Director

	Attributable to owners of the parent								
	Share capital US$'000 (note 32)	Share premium* US$'000	Other reserve* US$'000 (note 34)	Cash flow hedge reserve* US$'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, 2024	1,334	323,071	(23,438)	258	(5,244)	156,330	452,311	17,214	469,525
Profit for the year	—	—	—	—	—	25,126	25,126	3,640	28,766
Other comprehensive income for the year:									
Effective portion of changes in fair value of hedging instruments arising during the year, net of tax	—	—	—	(105)	—	—	(105)	—	(105)
Reclassification adjustments for gains included in the consolidated statement of profit or loss	—	—	—	(136)	—	—	(136)	—	(136)
Exchange differences on translation of foreign operations	—	—	—	—	(2,891)	(53)	(2,944)	(91)	(3,035)
Actuarial reserve relating to a defined benefit plan, net of tax	—	—	—	—	—	(188)	(188)	—	(188)
Total comprehensive income for the year	—	—	—	(241)	(2,891)	24,885	21,753	3,549	25,302
Equity-settled share-based payments (note 33)	—	—	(794)	—	—	—	(794)	—	(794)
Share of contribution of associates from capital injection by other investors	—	—	209	—	—	—	209	—	209
Final 2023 dividend declared	—	—	—	—	—	(9,450)	(9,450)	—	(9,450)
At December 31, 2024	1,334	323,071	(24,023)	17	(8,135)	171,765	464,029	20,763	484,792

* These reserve accounts comprise the consolidated reserves of US$462,695,000 (2023: US$450,977,000) in the consolidated statement of financial position.

	Attributable to owners of the parent								
	Share capital US$'000 (note 32)	Share premium* US$'000	Other reserve* US$'000 (note 34)	Cash flow hedge reserve* US$'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, 2023	1,331	321,532	(22,388)	(303)	(4,928)	135,628	430,872	1,353	432,225
Profit for the year	—	—	—	—	—	31,499	31,499	1,399	32,898
Other comprehensive income for the year:									
Effective portion of changes in fair value of hedging instruments arising during the year, net of tax	—	—	—	(749)	—	—	(749)	—	(749)
Reclassification adjustments for gains included in the consolidated statement of profit or loss	—	—	—	1,310	—	—	1,310	—	1,310
Exchange differences on translation of foreign operations	—	—	—	—	(316)	—	(316)	—	(316)
Actuarial reserve relating to a defined benefit plan, net of tax	—	—	—	—	—	(287)	(287)	—	(287)
Total comprehensive income for the year	—	—	—	561	(316)	31,212	31,457	1,399	32,856
Issue of shares (note 33)	3	1,539	(1,542)	—	—	—	—	—	—
Equity-settled share-based payments (note 33)	—	—	492	—	—	—	492	—	492
Business combination	—	—	—	—	—	—	—	14,462	14,462
Final 2022 dividend declared	—	—	—	—	—	(10,510)	(10,510)	—	(10,510)
At December 31, 2023	1,334	323,071	(23,438)	258	(5,244)	156,330	452,311	17,214	469,525

	Notes	2024 US$'000	2023 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**32,541**	37,130
Adjustments for:			
Finance costs	7	**2,455**	2,445
Interest income	5	**(790)**	(603)
(Loss)/gain on disposal of property, plant and equipment		**—**	(7)
Loss on disposal of right-of-use assets		**(8)**	(12)
Fair value (gain)/loss from foreign exchange forward contracts not qualifying as hedges	6	**(480)**	2,114
Fair value gain on revenue commitment of an associate	5	**(1,218)**	(547)
Gain from disposal of investments in associates	6	**(4,152)**	—
Depreciation of property, plant and equipment	6	**3,452**	2,955
Depreciation of right-of-use assets	6	**6,075**	4,763
Amortization of other intangible assets	6	**7,779**	6,517
Impairment of other intangible assets	6	**102**	—
Provision for impairment of trade receivables	6	**2,202**	1,138
Provision for impairment of inventories	6	**3,093**	1,909
Share of (profits)/losses of associates	6	**(30)**	421
Equity-settled share-based payments	6	**(794)**	492
		50,227	58,715
Increase in inventories		**(4,548)**	(4,083)
Increase in trade receivables		**(13,931)**	(3,791)
Decrease/(Increase) in prepayments, other receivables and other assets		**4,743**	(7,914)
Decrease in other non-current assets		**—**	1,810
(Decrease)/Increase in trade payables		**5,699**	(5,472)
Increase in other payables and accruals		**204**	14,084
Increase in contract liabilities		**228**	1,776
Decrease in other long-term liabilities		**(2,102)**	(3,298)
Cash generated from operations		**40,520**	51,827
Income tax paid		**(7,437)**	(7,891)
Net cash flows from operating activities		**33,083**	43,936
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,141**	860
Purchases of items of property, plant and equipment		**(2,749)**	(8,568)
Disposal of items of property, plant and equipment		**11**	12
Purchase of intangible assets		**(15,396)**	—
Disposal of investments in associates		**2,235**	—
Payment for business combination		**(1,763)**	(32,224)
Decrease in long-term bank deposits		**—**	10,230
Decrease/(Increase) in term deposits with original maturity of more than three months		**9,926**	(3,305)
Net cash flows used in investing activities		**(6,595)**	(32,995)

	Notes	**2024 US$'000**	2023 US$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loan and other borrowings		**7,554**	4,435
Repayment of bank loan and other borrowings		**(7,109)**	(5,681)
Lease payments	14(b)	**(7,201)**	(5,967)
Dividends paid to shareholders		**(9,450)**	(10,510)
Interest paid		**(250)**	(493)
Proceeds from/(payment for) the settlement of foreign currency forward contracts		**341**	(2,750)
Net cash flows used in financing activities		**(16,115)**	(20,966)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**10,373**	(10,025)
Cash and cash equivalents at beginning of year		**60,535**	74,793
Effect of foreign exchange rate changes, net		**(806)**	(4,233)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**70,102**	60,535
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statement of financial position	25	**70,234**	70,601
Pledged bank balances for bank loans	25	**(132)**	(140)
Term deposits with original maturity of more than three months	25	**—**	(9,926)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**70,102**	60,535

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, sale 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.

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		Principal activities
			Direct	Indirect	
Alma Lasers Ltd. ("**Alma**")	Israel October 5, 1999	Israeli New Shekels ("**ILS**") 14,000,00	100%	—	Manufacture and sale of medical equipment
Alma Lasers Inc.	United States ("**U.S.**") August 1, 2005	United States dollars ("**US$**") 10	—	100%	Distribution of medical equipment
Alma Lasers GmbH	Germany July 31, 2012	Euro25,000	—	100%	Distribution of medical equipment
Alma Lasers AT GmbH	Austria March 22, 2010	Euro35,000	—	100%	Distribution of medical equipment
Alma Medical Private Limited	India December 3, 2014	Indian Rupee ("**INR**") 7,500,000	—	100%	Distribution of medical equipment
Alma Medical HK Limited	Hong Kong S.A.R June 6, 2018	Hong Kong dollar ("**HK$**") 100	—	100%	Distribution of medical equipment
Alma Lasers Australia Pty Ltd.	Australia May 17, 2019	Australian dollar ("**AU$**") 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.* ("**Sisram Tianjin**")	PRC/Mainland China April 10, 2020	RMB50,000,000	—	100%	Investment holding, pharmaceutical research and development
Shanghai Foshion Medical System Co.,Ltd.**	PRC/Mainland China January 20, 2000	RMB30,000,000	—	100%	Distribution of medical equipment

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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
Xingyuanda Medical Technology Huaian Co., Ltd.**	PRC/Mainland China December 17, 2020	RMB7,100,000	—	100%	Distribution of medical equipment
Sisram Medical HK Limited	Hong Kong S.A.R December 9, 2021	HK$100	—	100%	Distribution of medical equipment
Alma Lasers UK Ltd.	England and Wales May 17,2022	Great British Pound (“**GBP**”) 100	—	100%	Distribution of medical equipment
Alma Lasers Middle East Trading L.L.C	United Arab Emirates February 1,2023	Arab Emirates dirham (“**AED**”) 300,000	—	100%	Distribution of medical equipment
Alma Lasers Suisse GmbH	Swiss Confederation May 8, 2023	Swiss franc (“**CHF**”) 20,000	—	100%	Distribution of medical equipment
Alma Hong Kong 2023 Ltd.	Hong Kong S.A.R March 7, 2023	HK$100	—	60%	Distribution of medical equipment
Alma Feidun Technology (Chengdu) Co., Ltd.*	PRC/Mainland China May 22, 2023	US$10,000,000	—	100%	Distribution of medical equipment
Alma Lasers Japan K.K.	Japan June 19,2023	Japanese yen (“**JPY**”) 100	—	100%	Distribution of medical equipment
Alma Lasers (Thailand) Ltd.	Thailand July 12, 2023	Thai Baht (“**THB**”) 100,000	—	100%	Distribution of medical equipment

* Sisram Medical (Tianjin) Ltd. and Alma Feidun Technology (Chengdu) Co., Ltd. are registered as a wholly-foreign-owned enterprise under PRC law.

** Shanghai Foshion Medical System Co., Ltd. (“**Foshion**”), and Xingyuanda Medical Technology Huaian Co., Ltd. are registered as limited liability enterprises under PRC law.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (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, financial assets at fair value through profit or loss and a defined benefit plan which have been measured at fair value. The financial statements are presented in 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, 2024. 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 revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to IAS 7 and IFRS 17	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at January 1, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after January 1, 2025
2 Effective for annual periods beginning on or after January 1, 2026
3 Effective for annual/reporting periods beginning on or after January 1, 2027
4 No mandatory effective date yet determined but available for adoption

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

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* which is renamed as IAS 8 Basis of *Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analyzing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

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

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognized and introduce an accounting policy option to derecognize a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. 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 resulting from a downstream transaction when the sale or contribution of assets 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. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognized as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards — Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on *implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. 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)

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognize any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL 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 has 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.

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 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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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 or other comprehensive income, as appropriate.

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.

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.

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 unit, or groups of cash-generating unit, 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 unit) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating unit) 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 unit) 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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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.

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 non-financial asset is required (other than inventories, deferred tax 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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating unit.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

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

(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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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.

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 and intangible assets that are not available for use 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 9.5 to 14.5 years.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

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. Trademark with definite useful live is stated at cost less any impairment losses and is amortized on the straight-line basis over the estimated useful lives of 10 years.

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 licenses that were available for use were stated at cost less any impairment losses and are amortized on the straight-line basis over the estimated useful lives of 6 to 10 years. Medicine license that was not available for use as at the end of 2024 was stated at cost less any impairment losses and was not amortized.

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 capitalized 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. Product development expenditure which does not meet these criteria is expensed when incurred.

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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(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 and buildings	3.5 to 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.

(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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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.

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

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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

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, 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 the equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

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 occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

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).

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. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

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.

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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

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

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 (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing 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.

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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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.

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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derivative financial instruments and hedge accounting (Continued)

Cash flow hedges (Continued)

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.

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

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Provisions (Continued)

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 initially recognized based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

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.

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 does not give rise to equal taxable and deductible temporary differences; and

(b) in respect of taxable temporary differences associated with investments in subsidiaries and associates, 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 utilized, 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 does not give rise to equal taxable and deductible temporary differences; 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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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.

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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(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

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, 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. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

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).

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of options under the share option scheme is determined by the management using a binomial model. The fair value of restricted shares under the share ownership plan is determined by the management using an asset-based approach.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Defined benefit plan (Continued)

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 note 11 to the financial statements.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognizes in its financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognized in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

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.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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 exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

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 modify or customize 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 unit 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 unit 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, 2024 was US$126,915,000. Further details are given in note 15 to the financial statements.

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).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables (Continued)

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 analyzed.

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 22 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 and intangible assets not yet available for use 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.

Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less the 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Valuation of the identifiable assets and liabilities through business combinations and the recognized corresponding goodwill

The Group completed a business combination during the year. The purchase price are allocated between the fair values of the identifiable assets acquired and the liabilities assumed which result in the recognition of goodwill. Management, assisted by the external appraisers, evaluated the fair values of identifiable assets acquired and liabilities assumed and completed the purchase price allocation. The fair value determination in the accounting for business combination relied on significant management estimation in respect of fair value assessments.

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 the previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Fair value of financial instruments

The fair value of financial instruments, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks, etc, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 39 to the financial statements.

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

Geographical information

(a) Revenue from external customers

	2024 **US$'000**	2023 US$'000
North America	**137,398**	156,891
Asia Pacific	**116,215**	109,685
Europe	**50,538**	50,181
Middle East and Africa	**34,605**	27,235
Latin America	**10,356**	15,300
Total revenue	**349,112**	359,292

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

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(b) Non-current assets

	2024 US$'000	2023 US$'000
Israel	**206,664**	208,535
Mainland China	**136,156**	124,634
United States	**7,458**	6,919
Other countries	**15,388**	5,583
Total non-current assets	**365,666**	345,671

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 was no revenue from transactions with a single external customer amounting to 10% or more of total revenue for the reporting period (2023: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 US$'000	2023 US$'000
Revenue from contracts with customers	**349,112**	359,292

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended December 31, 2024

	2024 US$'000	2023 US$'000
Types of goods or services		
Sale of products	**327,298**	336,089
Services provided	**21,814**	23,203
Total revenue from contracts with customers	**349,112**	359,292
Timing of revenue recognition		
Goods transferred at a point in time	**327,298**	336,089
Services transferred over time	**21,814**	23,203
Total revenue from contracts with customers	**349,112**	359,292

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:

	2024 US$'000	2023 US$'000
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	**7,452**	5,953
Services provided	**8,452**	8,422
Total	**15,904**	14,375

(ii) Performance obligations

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

Sale of products

The performance obligation is satisfied when control of goods is transferred to the customers and there are different payment terms according to the region.

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)

(ii) Performance obligations (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:

	2024 US$'000	2023 US$'000
Amounts expected to be recognized as revenue:		
Within one year	**15,597**	15,904
After one year	**1,254**	849
Total	**16,851**	16,753

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

	2024 US$'000	2023 US$'000
Gain from disposal of investments in associates (note 17)	**4,152**	—
Fair value gain on revenue commitment (note 6)	**1,218**	547
Bank interest income	**790**	603
Others	**1,129**	820
Total other income and gains	**7,289**	1,970

6. PROFIT BEFORE TAX

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

	2024 US$'000	2023 US$'000
Cost of inventories sold	**100,529**	103,947
Cost of services provided	**31,903**	35,820
Total	**132,432**	139,767
Employee benefit expense (including directors' and senior management's remuneration (note 8):		
Wages and salaries	**115,984**	112,771
Equity-settled share base payments	**(794)**	492
Defined benefit scheme	**686**	675
Total	**115,876**	113,938
Research and development costs:		
Current year expenditure	**15,937**	18,029
Auditors' remuneration	**508**	530
Lease payments not included in the measurement of lease liabilities	**1,302**	1,258
Depreciation of property, plant and equipment (note 13)	**3,452**	2,955
Depreciation of right-of-use assets (note 14 (a))	**6,075**	4,763
Amortization of other intangible assets (note 16)	**7,779**	6,517
Impairment of other intangible assets (note 16)	**102**	—
Provision for impairment of inventories	**3,093**	1,909
Provision for impairment of trade receivables (note 22)	**2,202**	1,138
Fair value (gain)/loss from foreign exchange forward contracts not qualifying as hedges	**(480)**	2,114
Fair value gain on revenue commitment	**(1,218)**	(547)
Gain from disposal of investment in associates	**(4,152)**	—
Share of (profits)/losses of associates (note 17)	**(30)**	421
Foreign exchange differences, net	**1,827**	795

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 US$'000	2023 US$'000
Interest on loans and borrowings	**251**	218
Interest on lease liabilities (note 14(b))	**2,204**	1,846
Others	**—**	381
Total	**2,455**	2,445

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:

	Group	
	2024	2023
	US$'000	US$'000
Fees	**128**	128
Other emoluments:		
Salaries, allowances and benefits in kind	**904**	863
Equity-settled share base payments	**(205)**	136
Performance related bonuses	**576**	554
Subtotal	**1,275**	1,553
Total	**1,403**	1,681

(a) Independent non-executive directors

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

	2024	2023
	US$'000	US$'000
Mr. Heung Sang Addy FONG	**32**	32
Mr. Chi Fung Leo CHAN	**32**	32
Ms. Jenny CHEN	**32**	32
Mr. Kai Yu Kenneth LIU	**32**	32
Total	**128**	128

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

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

(b) Executive director, non-executive directors and the chief executive

	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Performance related bonuses US$'000	Equity-settled share base payments US$'000	Total remuneration US$'000
2024					
Executive director:					
Mr. Yi LIU	—	—	—	(41)	(41)
Chief executive:					
Mr. Lior Moshe DAYAN	—	904	576	(164)	1,316
Total	—	904	576	(205)	1,275

The Group did not pay any remuneration to the non-executive directors, Mr. Yifang WU and Ms. Rongli FENG, during the year ended December 31, 2024.

	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Performance related bonuses US$'000	Equity-settled share base payments US$'000	Total remuneration US$'000
2023					
Executive director:					
Mr. Yi LIU	—	—	—	27	27
Chief executive:					
Mr. Lior Moshe DAYAN	—	863	554	109	1,526
Total	—	863	554	136	1,553

The Group did not pay any remuneration to the non-executive directors, Mr. Yifang WU and Ms. Rongli FENG, during the year ended December 31, 2023.

There was no arrangement under which a director or chief executive waived or agreed to waive any remuneration during the year (2023: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the reporting period included one director who is also the chief executive (2023: 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 (2023: four) highest paid employees who are neither directors nor the chief executive of the Company are as follows:

	2024 US$'000	2023 US$'000
Salaries, allowances and benefits in kind	**1,360**	1,142
Equity-settled share base payments	**(48)**	—
Performance related bonuses	**2,600**	3,312
Total	**3,912**	4,454

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	
	2024	2023
Nil to US$1,000,000	**3**	1
US$1,000,001 to US$1,500,000	**1**	3
US$1,500,001 to US$2,000,000	**—**	—
US$2,000,001 to US$2,500,000	**—**	—
US$3,000,001 to US$3,500,000	**—**	—
Total	**4**	4

10. INCOME TAX

Israel

The Israeli corporate tax rate applicable to the Company was 23% for the reporting period (2023: 23%). Each entity in the Group is taxable based on its standalone results as measured by the local tax system.

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 period.

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.

As of December 31, 2024, Alma enjoyed a preferential effective tax rate of 6% for being a SPTE for the year ended December 31, 2024 (2023: 6%).

10. INCOME TAX (Continued)

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.

Mainland China

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 overseas subsidiaries

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

	2024 **US$'000**	2023 US$'000
Current	**9,145**	7,664
Deferred (note 19)	**(5,370)**	(3,432)
Total tax charge for the year	**3,775**	4,232

Pillar Two income taxes

The Company is within the scope of Pillar Two model rules. The Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at December 31, 2024 in certain jurisdictions in which the Group operates. The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group does not expect a material exposure to Pillar Two income taxes. The Group continues to follow Pillar Two legislative developments and evaluates the potential future impact on its financial statements.

10. INCOME TAX (Continued)

Pillar Two income taxes (Continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	2024 US$'000	2023 US$'000
Profit before tax	**32,541**	37,130
Statutory tax rate	**23%**	23%
Tax at the statutory tax rate	**7,484**	8,540
Different tax rates for certain entities	**(3,708)**	(4,507)
Effect on opening deferred tax from changes in tax rates	**(123)**	(20)
Tax losses utilized from previous period	**(452)**	(729)
Expenses not deductible for tax	**142**	472
Taxes in respect of previous year	**375**	183
Deductible temporary differences not recognized	**95**	6
Others	**(38)**	287
Total tax charge for the year at the effective rate	**3,775**	4,232

11. DIVIDEND

On March 19, 2025, the board of directors resolved to declare a final dividend of HK$0.126 (inclusive of tax) per share for the year ended December 31, 2024 (for the year ended December 31, 2023: HK$0.158).

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 of 468,343,092 (2023: 467,361,682) outstanding 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 outstanding 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 Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2024.

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

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

	2024 US$'000	2023 US$'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**25,126**	31,499

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**468,343,092**	467,361,682
Effect of dilution — weighted average number of ordinary shares:		
— 2021 Restricted Share Units Scheme ("**2021 RSU Scheme**")	—	981,410
Total	**468,343,092**	468,343,092

On December 8, 2023, 1,050,483 ordinary shares have been issued to certain Restricted Share Units ("**RSU**") holders upon the vesting of these RSUs. Please refer to note 33 for more details.

13. PROPERTY, PLANT AND EQUIPMENT

December 31, 2024

	Plant and machinery US$'000	Furniture and fixtures US$'000	Leasehold improvements US$'000	Total US$'000
At January 1, 2024:				
Cost	17,079	3,336	16,037	36,452
Accumulated depreciation	(9,623)	(1,177)	(2,841)	(13,641)
Net carrying amount	7,456	2,159	13,196	22,811
At January 1, 2024 net of accumulated depreciation	7,456	2,159	13,196	22,811
Additions	618	726	1,400	2,744
Disposal	(11)	—	—	(11)
Depreciation provided during the year	(67)	(780)	(2,605)	(3,452)
At December 31, 2024, net of accumulated depreciation	7,996	2,105	11,991	22,092
At December 31, 2024:				
Cost	17,686	4,062	17,437	39,185
Accumulated depreciation	(9,690)	(1,957)	(5,446)	(17,093)
Net carrying amount	7,996	2,105	11,991	22,092

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

December 31, 2023

	Plant and machinery US$'000	Furniture and fixtures US$'000	Leasehold improvements US$'000	Total US$'000
At January 1, 2023:				
Cost	15,466	2,171	9,896	27,533
Accumulated depreciation	(8,052)	(831)	(1,803)	(10,686)
Net carrying amount	7,414	1,340	8,093	16,847
At January 1, 2023 net of accumulated depreciation	7,414	1,340	8,093	16,847
Additions	1,618	1,165	6,141	8,924
Disposal	(5)	—	—	(5)
Depreciation provided during the year	(1,571)	(346)	(1,038)	(2,955)
At December 31, 2023, net of accumulated depreciation	7,456	2,159	13,196	22,811
At December 31, 2023:				
Cost	17,079	3,336	16,037	36,452
Accumulated depreciation	(9,623)	(1,177)	(2,841)	(13,641)
Net carrying amount	7,456	2,159	13,196	22,811

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 2 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.

14. LEASES (Continued)

The Group as a lessee (Continued)

(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 and buildings US$'000	Motor vehicles US$'000	Total US$'000
As at January 1, 2023	34,355	1,000	35,355
Additions	8,677	1,264	9,941
Depreciation charge	(3,983)	(780)	(4,763)
Termination of leases	(514)	—	(514)
Exchange realignment	62	17	79
As at December 31, 2023 and January 1, 2024	**38,597**	**1,501**	**40,098**
Additions	**3,173**	**369**	**3,542**
Depreciation charge	**(5,245)**	**(830)**	**(6,075)**
Exchange realignment	**(149)**	**(39)**	**(188)**
As at December 31, 2024	**36,376**	**1,001**	**37,377**

(b) Lease liabilities

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

	2024 US$'000	2023 US$'000
Carrying amount at January 1	**40,261**	35,598
New leases	**3,542**	9,941
Accretion of interest recognized during the year (note 7)	**2,204**	1,846
Payments	**(7,201)**	(5,967)
Termination of leases	**(8)**	(308)
Exchange realignment	**(393)**	(849)
Carrying amount at December 31	**38,405**	40,261
Analysed into:		
Current portion	**4,407**	4,717
Non-current portion	**33,998**	35,544

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

14. LEASES (Continued)

The Group as a lessee (Continued)

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

	2024 US$'000	2023 US$'000
Interest on lease liabilities	**2,204**	1,846
Depreciation charge of right-of-use assets	**6,075**	4,763
Expense relating to short-term leases (included in cost of sales)	**656**	666
Expense relating to leases of low-value assets (included in administrative expenses)	**16**	13
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales and other expenses)	**630**	579
Total amount recognized in profit or loss	**9,581**	7,867

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 35(c) and 36(b) to the financial statements.

15. GOODWILL

	US$'000
Cost and net carrying amount at December 31, 2024 and 2023	126,915

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit for impairment testing:

- Cash-generating unit of Alma; and
- Cash-generating unit of Alma Hong Kong 2023 Limited ("**Alma HK 2023**").

Cash-generating unit of Alma

The Group's goodwill acquired through business combination amounted to US$111,183,000 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 goodwill of Alma has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 16.8% (2023: 16.5%). The growth rate used to extrapolate the cash flows of the Alma cash-generating unit beyond the five-year period is 2.0% (2023: 2.3%), which is also an estimate of the long-term rate of raw materials price inflation.

15. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Cash-generating unit of Alma HK 2023

The goodwill of Alma HK 2023 amounting to US$15,732,000 arose from a business combination with a distributer in Mainland China in 2023. The cash flows generated from the business acquired for impairment testing is independent from those of the other subsidiaries of the Group, hence it is a separate cash generating unit.

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 19.3% (2023: 19.0%). The long-term growth rate used to extrapolate the cash flows of the above cash-generating unit is 2.0% (2023: 2.3%), which is also an estimate of the long-term rate of raw materials price inflation.

Key assumptions used in the value in use calculation

Assumptions were used in the value in use calculation of the cash-generating units 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 values 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 units.

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 are consistent with the historical experience of the Group and the 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$'000	License agreement and others US$'000	Total US$'000
December 31, 2024					
Cost at January 1, 2024, net of accumulated amortization	**49,387**	**24,536**	**3,736**	**58,410**	**136,069**
Additions*	**—**	**—**	**—**	**15,396**	**15,396**
Amortization provided during the year (note 6)	**(7,317)**	**(5)**	**(310)**	**(147)**	**(7,779)**
Impairment during the year (note 6)	**—**	**—**	**(102)**	**—**	**(102)**
Exchange realignment	**—**	**—**	**—**	**(1,041)**	**(1,041)**
At December 31, 2024	**42,070**	**24,531**	**3,324**	**72,618**	**142,543**
At December 31, 2024:					
Cost	**82,899**	**24,539**	**24,544**	**75,978**	**207,960**
Accumulated amortization	**(40,829)**	**(8)**	**(21,118)**	**(3,360)**	**(65,315)**
Accumulated impairment	**—**	**—**	**(102)**	**—**	**(102)**
Net carrying amount	**42,070**	**24,531**	**3,324**	**72,618**	**142,543**
December 31, 2023					
Cost at January 1, 2023, net of accumulated amortization	15,633	24,493	4,822	340	45,288
Additions*	—	—	—	57,141	57,141
Business combination	39,032	46	—	—	39,078
Amortization provided during the year (note 6)	(5,278)	(3)	(1,086)	(150)	(6,517)
Exchange realignment	—	—	—	1,079	1,079
At December 31, 2023	49,387	24,536	3,736	58,410	136,069
At December 31, 2023:					
Cost	82,899	24,539	24,544	61,623	193,605
Accumulated amortization	(33,512)	(3)	(20,808)	(3,213)	(57,536)
Net carrying amount	49,387	24,536	3,736	58,410	136,069

* The addition during the year of 2024 is the purchased intangible asset arose from the medical license agreement. Pursuant to a sublicense agreement, Sisram Tianjin paid an amount of US$15,000,000 to Fosun Industrial (defined in note 36) in October 2024. As at December 31, 2024, the amount in relation to the medical license is US$72,289,000 (2023: US$58,220,000). Further details of the sublicensing agreement are included in note 36 to the consolidated financial statements.

16. OTHER INTANGIBLE ASSETS (Continued)

Impairment testing of trademark

The intangible asset of the Group with indefinite life is the trademark generated from the acquisition of Alma Group which amounted to US$24,493,000 as at December 31, 2024 (December 31, 2023: US$24,493,000). The trademark has indefinite life because the extension cost is low and it can be used indefinitely. The impairment test is based on the recoverable amount of the intangible asset, 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 of 2.5% (2023: 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 2.0% (2023: 2.3%), which is also an estimate of the long-term rate of inflation. The discount rate applied to the royalty income was 16.9% for 2024 (2023: 16.8%).

The fair value measurement hierarchy of the trademark was level 3.

Key assumptions used in the calculation

Assumptions were used in the 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 asset:

Discount rate — The discount rate used reflects specific risks relating to the trademark.

Royalty rate — The royalty rate is 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.

Impairment testing of medical license not yet available for use

The recoverable amount of medical license of US$72,289,000 (2023: US$58,220,000) not yet available for use has been determined based on the fair value less costs of disposal, and the fair value of the medical license not yet available for use was determined using the multi-period excess earnings method taking into account the nature of the assets, using cash flow projections based on financial budget approved by the management, covering the economic life of corresponding products. The discount rate and the contributory asset charges used in impairment testing is 16.0% (2023: 16.0%) and 1.7% to 8.6% (2023: 0.7% to 1.1%), respectively.

The fair value measurement hierarchy of the medical license not yet available for use was level 3.

Key assumptions used in the calculation

Discount rate — The discount rate used reflects specific risks relating to medical license not yet available for use.

Contributory asset charges — The basis used to determine the value assigned to contributory asset charges is the return of revenue ("**ROR**") of the contributory assets. The ROR was determined according to the borrowing rate and cost of equity, and the contributory assets mainly included working capital, tangible assets and assembled workforce.

16. OTHER INTANGIBLE ASSETS (Continued)

Impairment testing of medical license not yet available for use (Continued)

Key assumptions used in the calculation (Continued)

The values assigned to the key assumptions are consistent with the historical experience of the Group and the 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 amounts of the trademark and medical license not yet available for use to be materially lower than their carrying amounts.

17. INVESTMENTS IN ASSOCIATES

	2024 US$'000	2023 US$'000
Share of net assets	**1,229**	2,228
Goodwill on acquisition	**3,928**	3,928
Total	**5,157**	6,156

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**
Fuzhou Rick Brown Pharmaceutical Technology Co., Ltd.	Ordinary shares	PRC/Mainland China	23	Development of biotechnology products
Tianjin Silkar Biotech Co., Ltd.*	Ordinary shares	PRC/Mainland China	7	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.

In August 2024, the Group disposed of part of its equity shares in Tianjin Juvestar Bio-technology Company Ltd. ("**Juvestar**") to a third party for a consideration of RMB10,192,000 (US$1,433,000), and the investor made capital injection in Juvestar simultaneously. The percentage of shares in Juvestar decreased from 6.79% to 4.42% and the Group lost significant influence in Juvestar, The above equity investment had been reclassified to financial asset at fair value through profit or loss and a net gain on disposal of the investment in Juvestar of RMB23,810,000 (US$3,350,000) was recognized during the year of 2024.

In July 2024, the Group has disposed the investment in BELKIN Laser Ltd. ("**BELKIN**"), and received a consideration of US$802,000.

17. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 US$'000	2023 US$'000
Share of the associates' profits/(losses) and total comprehensive income/(loss) for the year	**30**	(421)
Aggregate carrying amount of the Group's investments in the associates	**5,157**	6,156

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 US$'000	2023 US$'000
Other unlisted investments, at fair value-current	**1,745**	—
Other unlisted investments, at fair value-non-current	**2,764**	—
Total	**4,509**	—

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

19. 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	Equity-settled share-based payments US$'000	Contract liabilities US$'000	Lease Liabilities US$'000	Unrealized intercompany profit and others US$'000	Total US$'000
At January 1, 2023	434	1,555	997	(23)	74	159	3,250	5,134	11,580
Deferred tax charged to the statement of profit or loss during the year	34	1,825	40	23	204	3	297	62	2,488
At December 31, 2023	468	3,380	1,037	—	278	162	3,547	5,196	14,068
Deferred tax (credited)/charged to the statement of profit or loss during the year	(49)	808	(70)	—	(124)	10	640	2,177	3,392
Gross deferred tax assets at December 31, 2024	419	4,188	967	—	154	172	4,187	7,373	17,460

19. DEFERRED TAX (Continued)

Deferred tax liabilities

	Fair value adjustments arising from acquisition of a subsidiary US$'000	Right of use assets US$'000	Others US$'000	Total US$'000
At January 1, 2023	8,785	3,250	945	12,980
Business combination	6,452	—	—	6,452
Deferred tax (credited)/charged to the statement of profit or loss during the year	(1,175)	109	122	(944)
At December 31, 2023	**14,062**	**3,359**	**1,067**	**18,488**
Deferred tax (credited)/charged to the statement of profit or loss during the year	**(2,957)**	**462**	**517**	**(1,978)**
Gross deferred tax liabilities at December 31, 2024	**11,105**	**3,821**	**1,584**	**16,510**

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:

	2024 US$'000	2023 US$'000
Gross deferred tax assets	**17,460**	14,068
Offsetting with deferred tax liabilities	**(7,842)**	(4,133)
Net deferred tax assets recognized in the consolidated statement of financial position	**9,618**	9,935
Gross deferred tax liabilities	**16,510**	18,488
Offsetting with deferred tax assets	**(7,842)**	(4,133)
Net deferred tax liabilities recognized in the consolidated statement of financial position	**8,668**	14,355

20. OTHER NON-CURRENT ASSETS

	2024 US$'000	2023 US$'000
Input tax to be deducted	**4,338**	—
Long-term deposits	**651**	713
Long-term prepayments	**40**	—
Revenue commitment	**—**	547
Total	**5,029**	1,260

21. INVENTORIES

	2024 US$'000	2023 US$'000
Finished goods	**61,611**	55,496
Raw materials	**29,411**	31,550
Work in progress	**570**	3,843
Provision	**(10,569)**	(10,339)
Total	**81,023**	80,550

At December 31, 2024, the Group did not have any inventories (2023: Nil) that have been pledged.

22. TRADE RECEIVABLES

	2024 US$'000	2023 US$'000
Trade receivables		
Current	**83,100**	85,080
Non-current	**28,039**	13,631
Subtotal	**111,139**	98,711
Impairment		
Current	**(2,341)**	(1,624)
Non-current	**(1,486)**	(722)
Subtotal	**(3,827)**	(2,346)
Net carrying amount		
Current	**80,759**	83,456
Non-current	**26,553**	12,909
Total	**107,312**	96,365

22. TRADE RECEIVABLES (Continued)

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.

Details of the concentration of credit risk arising from the customers are set out in note 40 to the financial statements.

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:

	2024 US$'000	2023 US$'000
Within one month	**44,078**	51,522
1 to 2 months	**5,522**	3,738
2 to 3 months	**5,061**	5,158
Over 3 months	**52,651**	35,947
Total	**107,312**	96,365

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

	2024 US$'000	2023 US$'000
At beginning of year	**2,346**	2,208
Impairment losses (note 6)	**2,202**	1,138
Amount written off as uncollectible	**(667)**	(1,030)
Effect of foreign exchange rate changes, net	**(54)**	30
At end of year	**3,827**	2,346

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.

22. TRADE RECEIVABLES (Continued)

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, 2024

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	**0.4%**	**1.8%**	**2.3%**	**6.1%**	**3.4%**
Gross carrying amount (US$'000)	**44,261**	**5,623**	**5,179**	**56,076**	**111,139**
Expected credit losses (US$'000)	**183**	**101**	**118**	**3,425**	**3,827**

As at December 31, 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.9%	2.7%	2.0%	4.4%	2.4%
Gross carrying amount (US$'000)	52,007	3,841	5,266	37,597	98,711
Expected credit losses (US$'000)	485	103	107	1,651	2,346

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 US$'000	2023 US$'000
Advances to suppliers	**5,978**	6,344
Tax recoverable	**3,776**	10,795
Prepaid expenses	**3,015**	4,294
Deposits and other receivables*	**2,176**	698
At end of year	**14,945**	22,131

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, 2024 and 2023, the loss allowance was assessed to be minimal.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	2024 US$'000	2023 US$'000
Foreign exchange forward contracts	**508**	611

25. CASH AND BANK BALANCES

	2024 US$'000	2023 US$'000
Cash and cash equivalents as stated in the consolidated statement of cash flows	**70,102**	60,535
Pledged bank balances for bank loans	**132**	140
Term deposits with original maturity of more than three months	**—**	9,926
Cash and bank balances	**70,234**	70,601

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 RMB170,630,386 (2023: RMB141,009,610). 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 authorized to conduct foreign exchange business.

26. CONTRACT LIABILITIES

Details of contract liabilities as at December 31, 2024 and 2023 are as follows:

	2024 US$'000	2023 US$'000
Short-term advances received from customers		
Sale of goods and related services	**7,538**	7,452
Warranty services	**8,059**	8,452
	15,597	15,904
Long-term advances received from customers		
Warranty services	**1,254**	849
Total	**16,851**	16,753

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

27. TRADE PAYABLES

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

	2024 US$'000	2023 US$'000
Within 1 month	**12,176**	5,365
1 to 2 months	**178**	569
2 to 3 months	**31**	61
Over 3 months	**979**	2,003
Total	**13,364**	7,998

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

28. OTHER PAYABLES AND ACCRUALS

	2024 US$'000	2023 US$'000
Payroll	**29,416**	27,434
Accrued expenses	**12,812**	12,562
Sales tax	**1,127**	1,137
Contingent consideration (note 38)	**1,739**	1,741
Others	**3,353**	7,413
Total	**48,447**	50,287

Other payables are non-interest-bearing.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate (%)	**Maturity**	**US$'000**	Effective interest rate (%)	Maturity	US$'000
Current						
Bank and other borrowings	**4.10-4.15**	**2025**	**4,796**	4.10-4.15	2024	4,421

The maturity of interest-bearing bank and other borrowings is within one year. Other borrowings are due from Group's related parties.

30. OTHER LONG-TERM LIABILITIES

	2024 US$'000	2023 US$'000
Employee benefit liabilities, net (note 31)	**1,324**	1,219
Contingent consideration (note 38)	**1,739**	3,554
Others	**—**	206
Total	**3,063**	4,979

31. 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.

The most recent actuarial valuations of the Plan Assets and the present value of the defined benefit obligations were carried out on December 31, 2024 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:

	2024	2023
Discount rate		
Employees	**5.23%-5.65%**	5.64%-5.75%
Officers	**5.23%-5.65%**	5.64%-5.75%

	2024	2023
Expected rate of salary increase		
Employees	**1.50%-5.00%**	1.50%-5.00%
Officers	**1.50%-5.00%**	1.50%-5.00%

31. DEFINED BENEFIT OBLIGATIONS (Continued)

The actuarial valuation showed that the market value of the Plan Assets was US$7,268,000 as at December 31, 2024 (December 31, 2023: US$6,858,000), and that the actuarial value of these assets represented 84.6% (December 31, 2023: 84.9%) 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

	2024 US$'000	2023 US$'000
Recorded liability	**7,229**	6,877
Discount rate changed to	**6.23%-6.65%**	6.64%-6.75%
Adjusted liability	**6,732**	6,390
Discount rate changed to	**4.23%-4.65%**	4.64%-4.75%
Adjusted liability	**7,809**	7,447
Expected rate of salary increase changed to	**2.50%-6.00%**	2.50%-6.00%
Adjusted liability	**7,523**	7,135
Expected rate of salary increase changed to	**0.50%-4.00%**	0.50%-4.00%
Adjusted liability	**7,042**	6,728

Officers

	2024 US$'000	2023 US$'000
Recorded liability	**1,363**	1,200
Discount rate changed to	**6.23%-6.65%**	6.64%-6.75%
Adjusted liability	**1,260**	1,102
Discount rate changed to	**4.23%-4.65%**	4.64%-4.75%
Adjusted liability	**1,480**	1,311
Expected rate of salary increase changed to	**2.50%-6.00%**	2.50%-6.00%
Adjusted liability	**1,471**	1,303
Expected rate of salary increase changed to	**0.50%-4.00%**	0.50%-4.00%
Adjusted liability	**1,277**	1,116

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.

31. DEFINED BENEFIT OBLIGATIONS (Continued)

The total expenses recognized in the consolidated statement of profit or loss in respect of the plan are as follows:

	2024 US$'000	2023 US$'000
Current service cost	620	630
Net interest expense	66	45
Net benefit expenses	686	675
Recognized in cost of sales	286	284
Recognized in selling and distribution expenses	144	131
Recognized in administrative expenses	114	108
Recognized in research and development expenses	142	152
Net benefit expenses	686	675

The movements in the present value of the defined benefit obligations are as follows:

	2024 US$'000	2023 US$'000
At beginning of year	8,077	7,911
Current service cost	620	630
Net interest expense	66	45
Benefits paid	(704)	(891)
Return on plan assets	385	334
Loss from actuarial changes in other comprehensive income	186	278
Effect of changes in foreign exchange rate	(38)	(230)
At end of year	8,592	8,077

31. DEFINED BENEFIT OBLIGATIONS (Continued)

The movements in the defined benefit obligations and the fair value of the Plan Assets are as follows:

For the year ended December 31, 2024

	Expenses recognized in profit or loss					Gain/(loss) from measurement in other comprehensive income						
	Balance at January 1, 2024 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$'000	Balance at December 31, 2024 US$'000
Defined benefit obligations	8,077	620	66	686	(704)	385	39	147	186	(38)	—	8,592
Fair value of plan assets	6,858	—	—	—	(553)	385	—	(2)	(2)	(31)	611	7,268
Net defined benefit liability	1,219	620	66	686	(151)	—	39	149	188	(7)	(611)	1,324

For the year ended December 31, 2023

	Expenses recognized in profit or loss					Gain/(loss) from measurement in other comprehensive income						
	Balance at January 1, 2023 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$'000	Balance at December 31, 2023 US$'000
Defined benefit obligations	7,911	630	45	675	(891)	334	(210)	488	278	(230)	—	8,077
Fair value of plan assets	6,853	—	—	—	(712)	334	—	(9)	(9)	(202)	594	6,858
Net defined benefit liability	1,058	630	45	675	(179)	—	(210)	497	287	(28)	(594)	1,219

Expected contributions to the defined benefit plan in future years are as follows:

	2024 US$'000	2023 US$'000
Within the next 12 months	**661**	681

A maturity analysis of the expected payments for terminated employees is as follows:

	2024 US$'000	2023 US$'000
Within the next 12 months	**1,049**	958
Between 1 and 2 years	**1,758**	1,269
Between 2 and 5 years	**1,750**	1,948
Between 5 and 10 years	**1,984**	2,387
Over 10 years	**7,747**	7,453
Total	**14,288**	14,015

32. SHARE CAPITAL

Shares

	2024 **US$'000**	2023 US$'000
Authorized:		
1,000,000,000 (2023: 1,000,000,000) ordinary shares of NIS0.01 each	**2,835**	2,835
Issued and fully paid:		
468,343,092 (2023: 468,343,092) ordinary shares of NIS0.01 each	**1,334**	1,334

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** US$'000
At January 1, 2023	467,292,609	1,331
Issue of new shares	1,050,483	3
At December 31, 2023, January 1, 2024 and December 31, 2024	468,343,092	1,334

33. SHARE-BASED PAYMENTS

In order to attract, incentivize and motivate the employees of the Group, the Board approved the adoption of the 2021 RSU Scheme on September 9, 2021.

The maximum aggregate number of shares that may be issued under the RSU Scheme shall not exceed 22,107,780 shares, representing 4.74% of the total number of issued shares on the date of adoption.

On November 30, 2021, pursuant to the 2021 RSU Scheme, the Company granted an aggregate of 800,000 RSUs and 183,490 RSUs, representing 800,000 shares and 183,490 shares, to Mr. Lior Moshe DAYAN and Mr. Doron Yannai, respectively, with vesting periods from one to four years.

On December 2, 2021, pursuant to the 2021 RSU Scheme, the Company granted an aggregate of 3,636,060 RSUs, representing an aggregate of 3,636,060 shares, to a total 68 eligible participants with vesting periods from one to four years.

On September 4, 2024, pursuant to the 2021 RSU Scheme, the Company granted an aggregate of 1,320,300 RSUs, representing an aggregate of 1,320,300 shares, to a total 59 eligible participants. The RSUs will be vested 12 months from the date of grant, conditional on the achievement of objective performance conditions, which include conditions relating to financial metrics and other targets. No consideration was required from the relevant grantees at the time of vesting. As at December 31, 2024, since the performance conditions were not met, the RSUs has no impact to financial statements of profit or loss.

As at January 1, 2024 and December 31, 2024, 19,920,288 RSUs and 22,096,854 RSUs were available for grant under the 2021 RSU Scheme, respectively.

33. SHARE-BASED PAYMENTS (Continued)

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these RSUs. The Group accounts for the RSU Scheme as an equity-settled plan.

The following RSUs were outstanding under the 2021 RSU Scheme during the year:

	2024		2023	
	Weighted average subscription price US$ per share	**Number of shares**	Weighted average subscription price US$ per share	Number of shares
At 1 January	**—**	**1,049,352**	—	3,232,104
Granted during the year	**—**	**1,320,300**	—	—
Forfeited during the year	**—**	**(1,049,352)**	—	(1,132,269)
Exercised during the year	**—**	**—**	—	(1,050,483)
At 31 December	**—**	**1,320,300**	—	1,049,352

Due to the performance conditions were not met, the Group reversed RSU expenses of US$794,000 for the year ended December 31, 2024 (2023: expense of US$492,000).

34. 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

The Group has approved the adoption of the 2021 RSU Scheme and granted an aggregate of 5,939,850 RSUs, representing an aggregate of 5,939,850 shares to the employees of the Group with vesting periods from one to four years. An amount of US$794,000 was debited to other reserve due to the non-compliance with the vesting conditions related for the vesting of the third trance parallel to updating the vesting conditions for the vesting of the fourth tranche and the RSUs granted in 2024 (2023: credited to US$492,000).

35. NOTE 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$3,542,000 and US$3,542,000, respectively, in respect of lease arrangements for plant and motor vehicles (2023: US$9,941,000 and US$9,941,000).

(b) Changes in liabilities arising from financing activities

2024

	Interest-bearing bank borrowings US$'000	**Lease liabilities US$'000**
At January 1, 2024	**4,421**	**40,261**
Changes from financing cash flows	**195**	**(7,201)**
Finance costs	**251**	**2,204**
New leases	**—**	**3,542**
Effect of foreign exchange rate changes, net	**(71)**	**(393)**
Termination of leases	**—**	**(8)**
At December 31, 2024	**4,796**	**38,405**

2023

	Interest-bearing bank borrowings US$'000	Lease liabilities US$'000
At January 1, 2023	5,743	35,598
Changes from financing cash flows	(1,739)	(5,967)
Finance costs	599	1,846
New leases	—	9,941
Effect of foreign exchange rate changes, net	(182)	(849)
Termination of leases	—	(308)
At December 31, 2023	4,421	40,261

35. NOTE 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:

	2024 US$'000	2023 US$'000
Within operating activities	**1,302**	1,258
Within financing activities	**7,201**	5,967
Total	**8,503**	7,225

36. COMMITMENTS

(a) As at the end of reporting period, the Group did not have any significant contractual commitments.

(b) The Group had no lease contract that has not yet commenced as at December 31, 2024.

(c) On October 26, 2022, and December 15, 2022, respectively, Sisram Tianjin, a subsidiary of the Group, entered into a sublicense agreement and its amendments with Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. ("**Fosun Industrial**"), a subsidiary of Fosun Pharma, pursuant to which Sisram Tianjin agreed to sublicense from Fosun Industrial the relevant know-hows and patents of Daxxify, so as to, among other things, import, use, sell or commercialize the Daxxify in Chinese Mainland, Hong Kong and Macau Special Administrative Regions ("**S.A.R.**"). Daxxify is a research-based product and the first neuromodulator with long-acting duration. It is a new generation neuromodulator in development for the treatment of aesthetic indications and a number of potential therapeutic conditions. Revance Therapeutics, Inc. ("**Revance**"), the head licensor, has successfully obtained the Biologics License Application ("**BLA**") for the aesthetic indications of Daxxify from The Food and Drug Administration of the United States of America ("**FDA**") on September 8, 2022. Pursuant to the sublicense agreement, Sisram Tianjin is required to make upfront payment amounting to US$52.25 million, one-off regulatory milestone payment amounting to US$22.0 million, one-off sales milestone payments up to US$172.5 million and royalty payments to Fosun Industrial. In December 2022, upfront payment of US$52.25 million and one-off regulatory milestone payments of US$7.0 million has been paid to Fosun Industrial, as the licensed product obtained approval of BLA for the aesthetic indications from FDA.

The one-off regulatory milestone payment of US$15.0 million had been paid in October 2024, because approval of BLA for the aesthetic indications from National Medical Products Administration of the PRC ("**NMPA**") has been obtained in September 2024.

These commitments are not recorded in the consolidated financial statements because the achievement and timing of these milestones are not fixed and determinable. When the achievement of these milestones or sales has been reached, the corresponding amounts are recognized in the consolidated financial statements.

37. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with its related parties during the year:

	Notes	2024 US$'000	2023 US$'000
Associate of Fosun Pharma			
Sales of goods			
Shanghai Linkedcare Information Technology Co., Ltd.	(1)	106	586
Interest expense to related party			
Fosun Group Finance Corporation Limited ("**Fosun Finance**")*	(2)	208	208
Subsidiary of Fosun Pharma			
Services received			
Chindex (Beijing) International Trade Co. Ltd.	(3)	—	397

* Fosun Finance is a licensed financial institution registered with the China Banking Regulatory Commission. Fosun Finance is a subsidiary of Shanghai Fosun High Technology (Group) Company Limited ("**Fosun High Tech**").

Notes:

(1) The Group offered Shanghai Linkedcare Information Technology Co., Ltd. with products at market prices.

(2) In 2024, Foshion borrowed several loans with total amount of US$4,796,000 from Fosun Finance, an associate of Fosun Pharma, with annual interest rate of 4.10%. The terms of all loans were one year. In 2024, Foshion repaid US$4,421,000 it borrowed in the previous year. The total interest expense of the loans provided by Fosun Finance was US$208,000 for 2024 (2023: US$208,000).

(3) In 2021, 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 Nill to Chindex for 2024 (2023: US$397,000).

37. RELATED PARTY TRANSACTIONS

(b) Outstanding balances with related parties:

	Notes	**2024 US$'000**	2023 US$'000
Subsidiary of Fosun Pharma			
Amounts due from related party			
Trade receivables			
Qianda (Tianjin) International Trade Co., Ltd.		**—**	88
Associate of Fosun Pharma			
Amounts due to related party			
Loans			
Fosun Finance	(a)(2)	**4,796**	4,421
Amounts due from related party			
Deposits			
Fosun Finance	(1)	**1,061**	2,117

Note:

(1) Included in the cash and bank balances, deposits of US$1,061,000 (2023: US$2,117,000) are deposited in an associate of Fosun Pharma. The applicable interest rates were determined in accordance with the prevailing market rates and the transactions were carried out in accordance with normal commercial terms.

(c) Compensation of key management personnel of the Group:

	2024 US$'000	2023 US$'000
Salaries, allowances and benefits in kind	**1,555**	1,453
Performance related bonuses	**744**	748
Equity-settled share based payments	**(277)**	185
Total compensation paid to key management personnel	**2,022**	2,386

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

38. 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:

2024

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily Designated as such US$'000	Financial assets at amortized cost US$'000	Total US$'000
Derivative financial instruments	508	—	508
Other non-current assets	—	5,029	5,029
Financial assets at fair value through profit or loss	4,509	—	4,509
Trade receivable	—	107,312	107,312
Financial assets included in prepayments, other receivables and other assets	—	2,176	2,176
Cash and bank balances	—	70,234	70,234
Total	5,017	184,751	189,768

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Designated as such upon initial recognition US$'000	Financial liabilities at amortized cost US$'000	Total US$'000
Trade payables	—	13,364	13,364
Financial liabilities included in other payables and accruals	1,739	16,165	17,904
Financial liabilities included in other long term liabilities	1,739	—	1,739
Interest-bearing bank borrowings	—	4,796	4,796
Lease liabilities	—	38,405	38,405
Total	3,478	72,730	76,208

38. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2023

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily Designated as such US$'000	Financial assets at amortized cost US$'000	Total US$'000
Derivative financial instruments	611	—	611
Other non-current assets	547	713	1,260
Trade receivables	—	96,365	96,365
Financial assets included in prepayments, other receivables and other assets	—	698	698
Cash and bank balances	—	70,601	70,601
Total	1,158	168,377	169,535

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Designated as such upon initial recognition US$'000	Financial liabilities at amortized cost US$'000	Total US$'000
Trade payables	—	7,998	7,998
Financial liabilities included in other payables and accruals	1,741	13,569	15,310
Financial liabilities included in other long term liabilities	3,554	206	3,760
Interest-bearing bank borrowings	—	4,421	4,421
Lease liabilities	—	40,261	40,261
Total	5,295	66,455	71,750

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at December 31, 2024 and 2023, 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 financial institutions in 2024. 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.

Unobservable inputs for level 3 assets/liabilities

The fair values of contingent consideration included in other payables and accruals and other long-term liabilities of US$3,478,000 are determined based on discounted cash flows. Significant unobservable inputs for the level 3 liabilities are the EBITDA and revenue of the acquired business and the discount rate.

The financial assets at fair value through profit or loss of US$4,509,000 are determined based on discounted cash flows and market comparison approach. Significant unobservable inputs for the level 3 assets are the revenue of the acquired associate, the discount rate and liquidity discount.

39. 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, 2024

	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	**—**	**508**	**—**	**508**
Financial assets at fair value through profit or loss	**—**	**—**	**4,509**	**4,509**
	—	**508**	**4,509**	**5,017**

As at December 31, 2023

	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	—	611	—	611
Financial assets included in other non-current assets	—	—	547	547
	—	611	547	1,158

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

As at December 31, 2024

	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**
Financial liabilities included in other payables and accruals	**—**	**—**	**1,739**	**1,739**
Financial liabilities included in other long-term liabilities	**—**	**—**	**1,739**	**1,739**
	—	**—**	**3,478**	**3,478**

As at December 31, 2023

	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
Financial liabilities included in other payables and accruals	—	—	1,741	1,741
Financial liabilities included in other long-term liabilities	—	—	3,554	3,554
	—	—	5,295	5,295

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 (2023: Nil).

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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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, 2024 and 2023.

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 (arising from EUR, CAD and CNY denominated financial instruments).

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax US$'000
For the year ended December 31, 2024		
If US$ strengthens against EUR	**5**	**(830)**
If US$ weakens against EUR	**(5)**	**830**
If US$ strengthens against CAD	**5**	**(186)**
If US$ weakens against CAD	**(5)**	**186**
If US$ strengthens against NIS	**5**	**(671)**
If US$ weakens against NIS	**(5)**	**671**
For the year ended December 31, 2023		
If US$ strengthens against EUR	5	(746)
If US$ weakens against EUR	(5)	746
If US$ strengthens against CAD	5	(159)
If US$ weakens against CAD	(5)	159
If US$ strengthens against CNY	5	(128)
If US$ weakens against CNY	(5)	128

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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 applies the simplified approach in assessing ECLs for trade receivables.

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.

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, 2024

	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*	—	—	—	107,312	107,312
Other non-current assets					
– Not yet past due	5,029	—	—	—	5,029
Financial assets at fair value through profit or loss	4,509	—	—	—	4,509
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,176	—	—	—	2,176
Cash and cash equivalents					
– Not yet past due	70,234	—	—	—	70,234
Total	81,948	—	—	107,312	189,260

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Maximum exposure and year-end staging (Continued)

As at December 31, 2023

	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*	—	—	—	96,365	96,365
Other non-current assets					
– Not yet past due	713	—	—	—	713
Financial assets included in prepayments, other receivables and other assets					
– Normal**	698	—	—	—	698
Cash and cash equivalents					
– Not yet past due	70,601	—	—	—	70,601
Total	72,012	—	—	96,365	168,377

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 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".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 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, 2024, 11% of the Group's trade receivables were due from the five largest customers (2023: 10.4%).

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, 2024, 100% of all the Group's borrowings would mature in less than one year (2023: 100% 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

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, 2024

	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	**13,364**	**—**	**—**	**—**	**—**	**13,364**
Financial liabilities included in other payables and accruals	**16,165**	**—**	**1,739**	**—**	**—**	**17,904**
Financial liabilities included in other long-term liabilities	**—**	**—**	**—**	**1,739**	**—**	**1,739**
Interest-bearing bank borrowings	**—**	**1,309**	**3,577**	**—**	**—**	**4,886**
Lease liabilities	**—**	**1,488**	**4,716**	**19,295**	**27,172**	**52,671**
Total	**29,529**	**2,797**	**10,032**	**21,034**	**27,172**	**90,564**

December 31, 2023

	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	7,998	—	—	—	—	7,998
Financial liabilities included in other payables and accruals	13,569	—	1,741	—	—	15,310
Financial liabilities included in other long-term liabilities	206	—	—	3,554	—	3,760
Interest-bearing bank borrowings	—	693	3,826	—	—	4,519
Lease liabilities	—	1,571	4,243	20,374	28,719	54,907
Total	21,773	2,264	9,810	23,928	28,719	86,494

40. 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, 2024, the Group's cash and cash equivalents exceeded the total debt. As such, no gearing ratio as at December 31, 2024 was presented.

41. 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.

42. 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:

	December 31, 2024 US$'000	December 31, 2023 US$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**373,691**	356,907
Property, plant and equipment	**326**	374
Other long-term assets	**—**	10
Total non-current assets	**374,017**	357,291
CURRENT ASSETS		
Due from subsidiaries	**21,626**	18,390
Inventory	**114**	368
Trade receivables	**220**	346
Prepayments, other receivables and other assets	**750**	340
Cash and bank balances	**163**	332
Total current assets	**22,873**	19,776
CURRENT LIABILITIES		
Other payables and accruals	**295**	712
Trade payables	**114**	238
Tax payable	**147**	147
Total current liabilities	**556**	1,097
NET CURRENT ASSETS	**22,317**	18,679
TOTAL ASSETS LESS CURRENT LIABILITIES	**396,334**	375,970
NET ASSETS	**396,334**	375,970
EQUITY		
Share capital	**1,334**	1,334
Reserves (note)	**395,000**	374,636
Total equity	**396,334**	375,970

42. 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, 2023	321,532	22,268	37,074	380,874
Total comprehensive income for the year	—	—	3,783	3,783
Issue of shares	1,539	(1,542)	—	(3)
Equity-settled share-based payments	—	492	—	492
Final 2022 dividend declared	—	—	(10,510)	(10,510)
At December 31, 2023 and January 1, 2024	**323,071**	**21,218**	**30,347**	**374,636**
Total comprehensive income for the year	**—**	**—**	**30,608**	**30,608**
Equity-settled share-based payments	**—**	**(794)**	**—**	**(794)**
Final 2023 dividend declared	**—**	**—**	**(9,450)**	**(9,450)**
At December 31, 2024	**323,071**	**20,424**	**51,505**	**395,000**

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on March 19, 2025.

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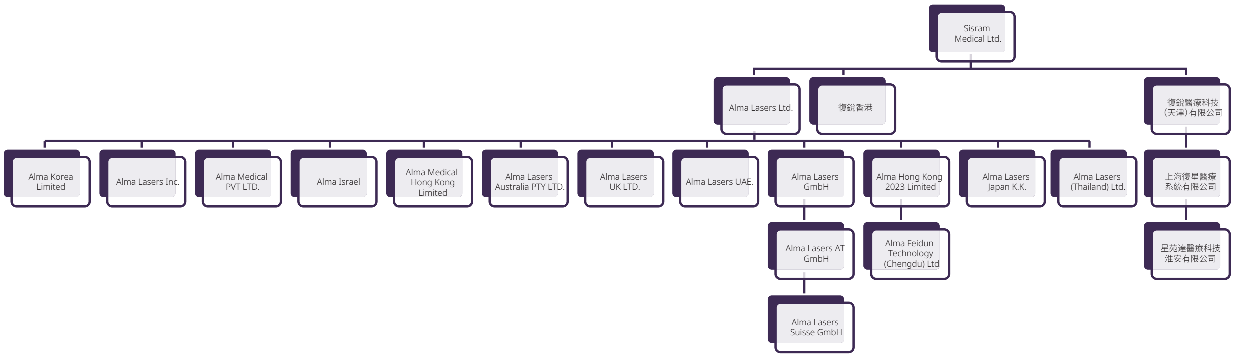
ABOUT THIS REPORT

This is the eighth Environmental, Social and Governance (hereinafter referred to as "**ESG**") Report of Sisram Medical Ltd, which discloses to stakeholders such as investors, the Group's principles on the issue of sustainable development in its operation, the management methods established, the work implemented, and the effect achieved.

Reporting Boundary

Unless stated otherwise, the reporting boundary of this report includes the Sisram Medical Ltd and all its subsidiaries (collectively "**Sisram Medical**" "**We**" "**the Group**"), which is consistent with the reporting boundary in the 2024 Annual Report of the Group.

The following simplified corporate structure of the Group shows the subsidiaries and their locations.



The abbreviations in the Report are explained as follow：

Company Name	Abbreviation
Sisram Medical Ltd.	Sisram Medical
Alma Lasers Ltd.	Alma Lasers or Alma Israel
Sisram Medical China (Tianjin) Ltd.	Sisram Tianjin
Shanghai Xing Yuan Da Co., Ltd	Xing Yuan Da or Xingyuanda
Shanghai Foshion Medical System Co., Ltd	Foshion
Alma Lasers Inc.	Alma Inc. or Alma US
Alma Medical PVT Ltd	Alma India
Alma Medical Hong Kong Limited	Alma HK
Alma Lasers GmbH	Alma GmbH
Alma Lasers (Thailand) Ltd	Alma Thailand

Reporting Period

The information disclosed in this report is from January 1, 2024, to December 31, 2024 (hereafter referred to as "**the reporting period**"). Some statements and figures may be dated back to previous years.

Reporting Framework

The Group prepared this report in accordance with the Environmental, Social and Governance Reporting Guide (Dec 31, 2023, onwards version) published by the Stock Exchange of Hong Kong Limited (HKEX).

This is the Group's eighth ESG report, with the most recent ESG report being the 2023 ESG Report that was published in April 2024.

Report Languages

This Report is published in traditional Chinese and English separately. In case of any inconsistency across versions, the English version shall prevail.

Reporting Principles

- Materiality

  Based on the principle of materiality, this report analyzes substantive concerns and submits it to the board of directors for deliberation to ensure full disclosure of information that has a significant impact on investors and other stakeholders.

- Quantitative

  Based on the quantitative principle, this report presents statistics on ESG performance with measurable KPIs, including 3-year historical data and clear targets set by the Group.

- Balance

  Based on the principle of balance, this report provided complete and clear disclosure of the Group's ESG practices, thereby avoiding selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

- Consistency

  Based on the principle of consistency, this report employed a consistent methodology and provided clear explanations on the calculation formula and statistical caliber of ESG quantitative performance, so that meaningful ESG performance comparison can be achieved in the future.

1. ESG GOVERNANCE OVERVIEW

1.1 Board Statement on ESG

Our ESG Approach

Sisram Medical has always regarded sustainability as our key focus and is committed to advancing an ESG strategy that aligns with our core values: *Enhance Quality of Life through our Business*. We focus on three key areas: People, Planet and Practice, aiming to contribute to the global sustainable development.

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 and Services	• Continue improving 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	• Use supply-chain management system to effectively mitigate our environmental and social risks from our suppliers	• Conduct supplier audits on 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	• Foster a culture of integrity and the highest ethical behavior

The Group has set ESG-related targets regarding water efficiency, energy efficiency, greenhouse gas emission (GHG emission) and non-hazardous waste reduction. Our Board of Directors constantly reviews ESG performances and monitors progress against ESG targets, ensuring that our commitments, actions and contributions to the sustainable development of our planet are on track.

Our ESG-related Targets and Progress

	2025 Targets	Progress in 2024
Water Efficiency	Continue to take measures to keep water consumption at a relatively low level	In 2024, Alma Lasers has continued conserving water in office building via using recycled water and low-volume water equipment
Energy Efficiency	Reduce electricity consumption intensity to 7.88 kWh/US$1,000 of sales, which indicates a 20% reduction compared with 2020	In 2024, the total electricity intensity of Alma Lasers reached 4.83 kWh/USD$1,000 of sales, indicating a 51% reduction compared with 2020
Greenhouse Gas Emission	Reduce GHG emissions intensity to 9.19 kgCO_2-eq/US$1,000 of sales, which indicates a 17% reduction compared with 2020	In 2024, GHG emissions intensity of Alma Lasers reached 5.17 kgCO_2-eq/USD$1,000 of sales, indicating a 53% reduction compared with 2020
Non-Hazardous Waste Reduction	Continue to reduce non-hazardous waste production through source reduction, reusing and recycling	In 2024, Alma Lasers continued to recycle and reuse non-hazardous waste such as paper to reduce non-hazardous waste to landfill

Note: In 2021, Sisram Medical set the ESG-related Targets covering the entities of Alma Lasers, as Sisram Tianjin, XingYuanDa and Foshion were newly established in 2021 and lacked adequate historical data for target setting. Also, Sisram Medical Ltd was mainly a holding company until year 2021. Sisram Medical will set ESG-related targets including Sisram Medical Ltd, Sisram Tianjin, XingYuanDa and Foshion in the future once we have sufficient data.

1.2 ESG Governance Structure

Sisram Medical is committed to integrating the concept of sustainability into all aspects of the Group's operations. Through the establishment of a top-down ESG governance structure, we strive to ensure that ESG work can be carried out efficiently, to maximize our social impact and help the Group achieve sustainable development.

The Board of Directors has overall oversight and ultimate responsibility for the Group's ESG issues. ESG Working Group will consolidate the annual ESG performance and progress towards ESG targets, providing regular reports to the Board to ensure the implementation of effective ESG practices.

Our ESG Governance Structure

Board of Directors	The Board oversees the execution of the Group's ESG strategy. Specific duties shall include: a) Identify 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) Strategize ESG management with business growth d) Review and approve the Group's overall ESG strategy, prioritized ESG issues and ESG targets e) Oversee the Group's work progress on ESG targets at least on a yearly basis f) 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. Specific duties shall include: a) Set ESG targets and provide the strategic direction for the Group's ESG practices b) Conduct a materiality analysis to rank ESG issues by priority 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

1.3 Stakeholders Engagement

Sisram Medical places a high value on stakeholders' engagement and actively communicates with a wide range of stakeholders regarding ESG materiality issues as described in 1.4 Issue Materiality Assessment. Through regular communication, we have established a good relationship with our stakeholders, while continuously improving our ESG management practices by incorporating their feedback.

Sisram Medical defines its stakeholders to be individuals and organizations who can impact or be impacted by our operations. Sisram Medical's stakeholders include shareholders, governments and regulatory bodies, customers, employees, suppliers and distributors, communities, etc.

Key Stakeholders	Materiality Issue	Methods of Engagement
Shareholders	• Compliance	• Shareholder meetings • Information disclosure
Governments and Regulatory Bodies	• Compliance • Business Ethics • Use of Resources • Emissions • Climate Change	• Information disclosure • Supervision and inspection, etc. • Policy execution
Customers	• Product Health and Safety • Technological Innovation • Satisfaction and Communication • Customer Information Security and Privacy Protection • Selling Practices and Product Labelling • Product Design and Lifecycle Management	• Annual satisfaction surveys • Email • Sales Representees • Customer visits
Employees	• Employee Rights and Benefits • Occupational Health and Safety • Development and Training • Inclusion and Diversity	• Trainings • Seminars • Email • Face-to-face conversation • Satisfaction survey
Suppliers and Distributors	• Business Ethics • Supply Chain Management	• Supplier management policy • Annual supplier audit, etc.
Communities	• Community Investment • Climate Change	• Corporate charitable activities

1.4 Issue Materiality Assessment

Every year, the Group conducts materiality assessments to identify the most relevant ESG issues to business operation via policy benchmarking, industrial research and peer analysis.

To ensure the effectiveness of the Group's ESG strategy, the board oversees the materiality analysis process and determines which ESG issues are sufficiently important to Sisram Medical and stakeholders.

Issue Assessment Process

Preliminary Issue Screening

- Indentify the ESG context of the Group, including business mode, business activities and business relationship, etc.
- In accordance with the Environmental, Society and Governance Reporting Guide of the HKEX, Morgan Stanley Capital International (MSCI) ESG Materiality Map, Sustainability Accounting Standards Board (SASB) and their findings of peer analysis as well as stakeholder analysis, 17 issues have been identified

Stakeholder Involvement

- Identify key stakeholders, as well as communication methods and channels

Issue Assessment

- Consulting with internal and external experts, Sisram Medical has assessed 17 issues to identify possible impacts, risks and opportunities, and evaluate their relevancy to business

Issue Identification and Reporting

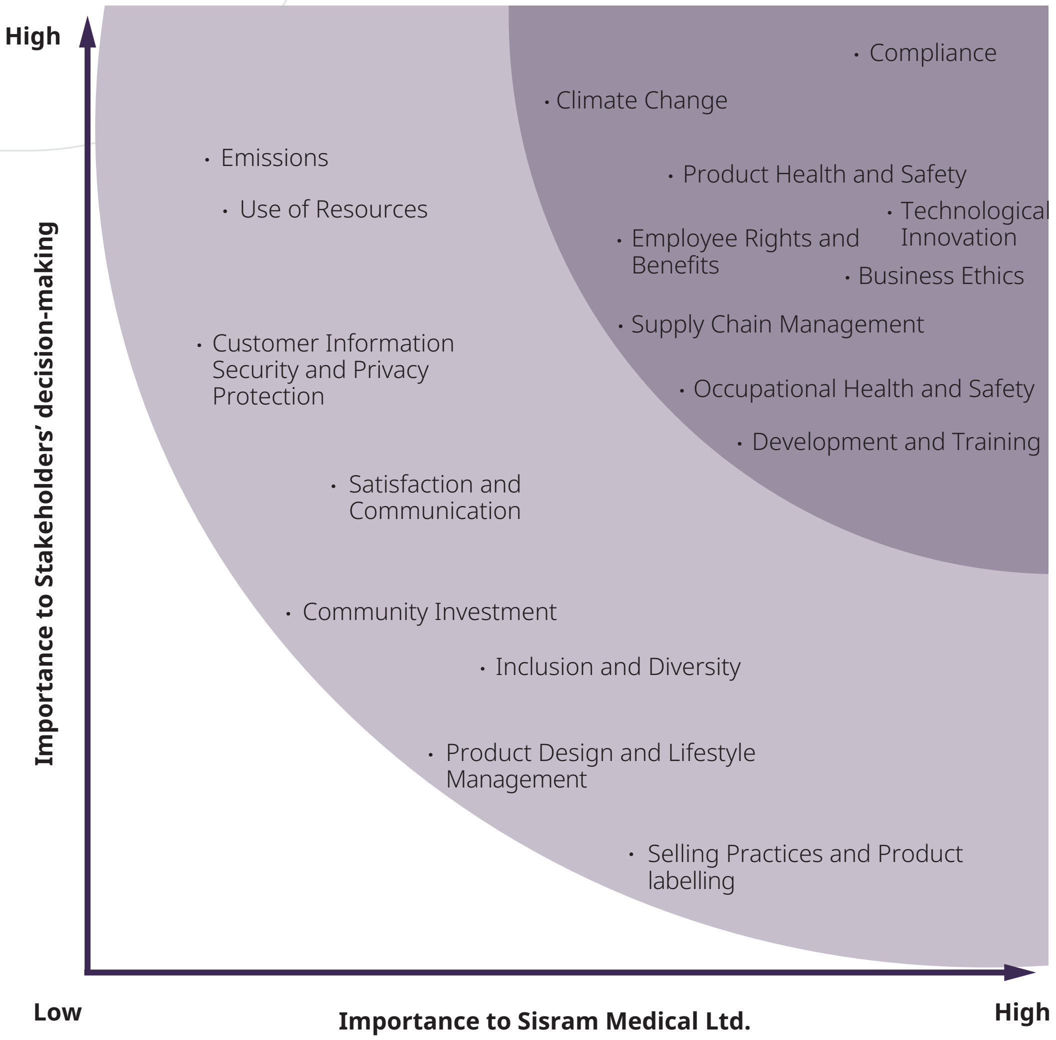
- Issues of high importance are disclosed detailedly in this report
- Sisram Medical has ranked the issues based on the results of issue assessment. The Board of Directors then reviewed material issues for completeness and accuracy

During the reporting period, The Group followed the above assessment process and identified 17 material issues that are important to our stakeholders, including 9 highly important issues.

Adjustment of Materiality Issues in 2024

2024	2023	Adjustment Instructions
Climate Change	Climate Change	The level of importance of this issue changes from moderate to high in 2024 according to peer analysis.
Technological Innovation	Technological Innovation	The level of importance of this issue changes from moderate to high in 2024 according to peer analysis.
Business Ethics	Anti-corruption	The name of this issue changes from "Anti-corruption" to "Business Ethics". The level of importance of this issue changes from moderate to high in 2024 according to peer analysis.

Materiality Matrix



2. SAFEGUARDING THE ENVIRONMENT

At Sisram Medical, sustainability is our unwavering guide to action, integrated into every aspect of the Group's operations and strategic decisions. Through lean management, we optimize resource allocation, while actively promoting diverse sustainability programs to reduce energy waste. With these efforts, we have made real progress in advancing our environmental targets and set an example for sustainable development in the industry.

<table>
<tr><th colspan="3">Safeguarding the Environment at a Glance</th></tr>
<tr><td>Why is this important?</td><td colspan="2">☐ With the depletion of natural resources, sustainability plays a key role in the full life cycle of products. Protecting natural resources is not only about maintaining the ecological balance, but also about ensuring a healthy and prosperous planet for future generations
☐ Climate change has far-reaching and devastating impacts on societies and economies, including frequent extreme weather events, ecosystem degradation, biodiversity loss, and threats to human health. According to the UN Sustainable Development Goals Report 2024: Special Edition, the global climate crisis is fueling economic instability and causing irreversible damage to the natural environment.</td></tr>
<tr><td>The Group's Approach</td><td colspan="2">☐ Set up targets in water efficiency, energy efficiency, GHG emissions and non-hazardous waste reduction
☐ Strict control of emissions and waste generation to reduce environmental damage
☐ Set up target in energy reduction to build an energy efficient workplace
☐ Improving the efficiency of water use by optimizing water use processes and enhancing water recycling
☐ Proactively identify climate-related risks and opportunities, and strive to reduce operational environmental footprint and mitigate climate change</td></tr>
<tr><td>Performance Highlights</td><td>0
violations or penalties of environmental protection laws and regulations*
</td><td>↓ 18.9%
PM emissions
NO_x emissions
</td></tr>
</table>

Note：

* Data scope: Sisram Medical Ltd and all its subsidiaries

2.1 Emissions and Waste Management

Sisram Medical is a leading global provider of energy-based medical aesthetic treatment systems. Guided by a strong sense of purpose, we are committed to safeguarding the environment for future generations. Lean management is embedded in the whole process of our operation, enabling us to continuously identify and minimize emissions and waste across all aspects of production and business activities.

Sisram Medical deeply concerns the sustainable management of materials, tries to promote reuse and recycling and ensures the responsible disposal of non-hazardous waste in compliance with legal and environmental standards. Our emission management strategy follows the Procedures in Waste Management, adhering to the 3Rs principles — Reduce, Reuse, and Recycle — while also implementing a paperless office approach to further minimize non-hazardous waste.

3Rs Principles in implementation at Sisram Medical

Reduce	Recycle	Reuse
• Advocating paperless office via installing web-based office system to minimize office paper use • Distributing e-copy of files as much as possible • limiting waste to landfill where possible	• Entrusting qualified third party to recycle paper and paperboard	• Setting duplex printing as the default mode for most network printer • Reusing paperboard for packaging and distribution

In order to enhance our sustainability performance in waste management, Sisram Medical always follows the well-established waste management procedures, consisting of monitoring, investigation, repair/rework, recycle and reuse. Additionally, we have established a material use baseline to track and reduce waste generation effectively.

Waste Management Procedures

Monitoring
- Monitor material usage data with reference of historical data
- Identify abnormal material usage data

Investigation
- Investigate the source of abnormal material usage

Repair/Rework
- Send faulted material (raw material or semi-finished goods) to rework, limiting waste to landfill

Recycle and Reuse
- Recycle material internally if applicable
- Reuse material for production if possible

Our process consists of product design, research and development (R&D), raw materials procurement, semi-finished product assembly, as well as calibration, integration, customization, and testing. The production of semi-finished products for the majority of our treatment system consoles and nearly all applicators is conducted in-house at our production facilities in Caesarea, Israel, while small portions of certain products produce and assemble in Germany and mainland China. Thus, our operations are not manufacturing-intensive, and we have zero generation of hazardous waste, and only generate minimal air emissions, wastewater and non-hazardous waste from daily operation. For waste generated, we entrust qualified third parties to transport and dispose in accordance with the legal requirements.

Emissions and Waste Generation in 2024

Types of Emission and Waste	Alma Lasers	Sisram Medical	Taken Measures
Air Emission	Vehicle Emission	Vehicle Emission	• Advocating green transportation • Leasing cars with reduced fuel-consumption and emission of CO_2
Non-Hazardous Waste	Plastics, Office Paper, Paper Board	Household Waste, Office Paper, Paper Board	• Setting 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 collected by an authorized recycling company

Note: Sisram Medical refers to Sisram Tianjin, Xingyuanda and Foshion.

During the reporting period, there were no investigations targeting the Group by any Environmental Protection Department due to violations of environmental regulations; nor was it subject to significant administrative or criminal penalties or urged by the relevant government departments.

2.2 Use of Resources

Energy

The types of energy consumption at Sisram Medical include electricity for office and manufacturing activities, as well as fuel usage (diesel and gasoline) by own vehicles. In order to fully implement the principle of reducing energy consumption, we have established the Energy Policy, serving as a guide for our energy management.

In addition, as Sisram Medical's operations are primarily powered by electricity, we have set a target for electricity consumption. Driven by the specific targets, the Group as well as subsidiaries' offices actively adopt energy-saving measures to reduce total energy consumption collectively.

Resource Type	Targets	Taken Measures
Energy	Reduce electricity consumption intensity to 7.88 kWh/US$1,000 of sales, which is a 20% reduction compared with 2020	• Use energy-efficient LED lights • Automatic control to turn off lights and air conditioners after working hour • Equipment renewal and renovation • Use green energy sources such as solar polar • Use motion censored lights

Water and Packaging Materials

As a globally responsible corporate citizen, Sisram Medical is committed to conserving shared natural resources, including water. We use municipally supplied water, primarily for sanitary services and kitchen needs, with no significant water consumption in our manufacturing processes. Therefore, our main focus is on implementing water-saving measures in office building.

We have established management policies for water use, actively use recycled water and low-volume water equipment, aiming to reduce water consumption at the same time minimize our impact on natural resources.

As for packing materials, we mainly use plastic suitcases, paper boxes, etc. We strive to reduce packaging materials used in finished products via recycling and reusing paperboard.

Resource Type	Targets	Taken Measures
Water	Continue to take measures to keep water consumption at a relatively low level	• Fix dripping taps immediately • Determine water requirements for each facility and check usage frequently
Packaging Materials	Continue to reduce non-hazardous waste production through source reduction, reusing and recycling	• Packaging materials not in use are collected and recycled by authorized companies

2.3 Climate Change

Climate change is a key issue of concern to the whole society and may have a negative impact on Sisram Medical's own operation as well as external stakeholders.

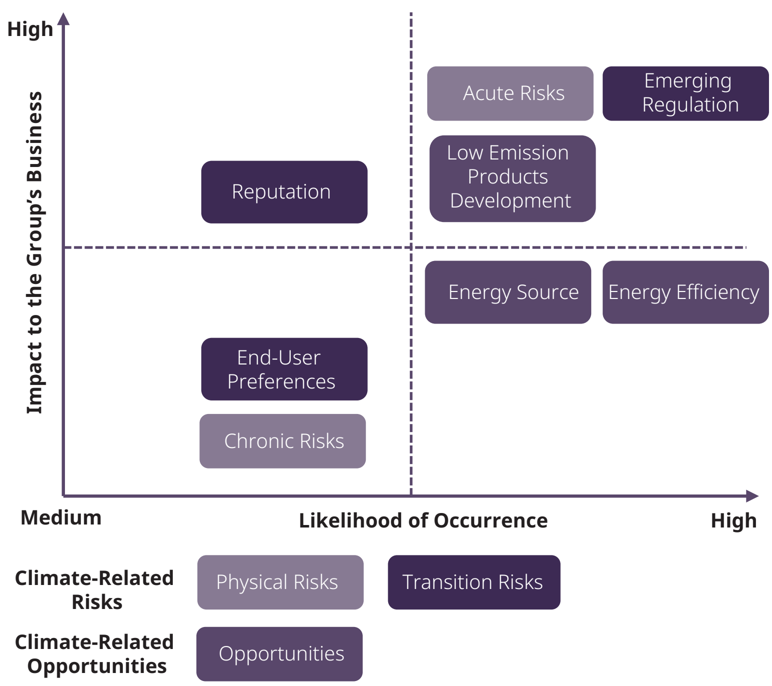
Realizing the relevance of climate change to our business operation, we continuously refine our climate change management regarding the International Financial Reporting Standard for Sustainability Disclosure No.2—Climate-related Disclosures (IFRS S2) by the International Sustainability Standards Board (ISSB), reinforcing our commitment to sustaining our progress on climate change, which contributes to the enhancement of our resilience to physical climate-related risks and helps us achieve low-carbon operation.

Our Climate Change Management

Governance	• The Board of Directors strategizes climate change management with business growth and oversees the Group's work progress on climate change regularly. • ESG working group implement the climate change strategy and report the results to Board of Director regularly.
Strategy	• Identify climate-related risks and opportunities. • Increase energy efficiency of operation. • Disclose GHG emission data to ensure accountability.
Risk Management	• Seek solutions for identified climate-related risks and opportunities, e.g. increase supply chain resilience against delivery challenges due to extreme weather. • Integrate climate-related factors in the product lifecycle management. • Utilize 'Lean Management' strategy to increase energy efficiency and achieve low-carbon operation. • Create energy efficiency improvement plans accordingly.
Performance	• Set up climate-related target. • Disclose GHG emissions and GHG emissions intensity in ESG Report every year to evaluate its performance and make improvement plans accordingly.

Given the anticipated threat of climate change, we continuously identify and assess climate-related risks and opportunities based on two key criteria: the potential impact on the Group's business operations and the likelihood of these risks and opportunities occurring. According to the results of the assessment, we react actively to mitigate the impact of our operations on the climate.

Climate Change Risk and Opportunity Identification and Assessment



Impacts and Management Practices of Climate Change Risks and Opportunities

<table>
<tr><th>Types</th><th>Climate-Related Risks and Opportunities</th><th>Potential Financial Impacts</th><th>Management Practices</th></tr>
<tr><td rowspan="3">Transitional risks</td><td>Emerging regulation
• The global policies and requirements to deal with climate change are increasingly strict, and meeting the policy changes will increase the cost of the company, and failure to meet the regulatory requirements will lead to a decline in product sales</td><td>• Operation costs ↑
• Sales ↓</td><td rowspan="3">• Pay close attention to the update of laws and regulations related to climate change
• Integrate environmental factors into the product design process
• Actively communicate with end-users to understand their focus on climate change issue</td></tr>
<tr><td>End-user preferences
• More users pay attention to the carbon footprint of the value chain and demand that the entire value chain contribute to reducing carbon emission, leading to growing demand from patients and users of eco-friendly products and services</td><td>• Operation costs ↑
• Revenue ↓</td></tr>
<tr><td>Reputation
• Corporate stakeholders are increasingly concerned about companies' actions and progress in addressing climate change, which may have an impact on their reputation and reduce their competitiveness</td><td>• Revenue ↓</td></tr>
<tr><td rowspan="2">Physical risks</td><td>Acute physical risks
• Increased severity and frequency of extreme weather events such as cyclones and floods could cause operation disruption and harm the Group's business.</td><td>• Indirect (operating) costs ↑</td><td rowspan="2">• Identify and assess external safety risk factors and work to mitigate them via a variety of health and safety measures
• Pay attention to extreme weather events warnings</td></tr>
<tr><td>Chronic physical risks
• Long-term changes affect productivity and supply chain stability negatively due to climate change.
• Companies need to use more energy to keep the required indoor environment temperature due to the rising average temperatures.</td><td>• Indirect (operating) costs ↑</td></tr>
</table>

Types	Climate-Related Risks and Opportunities	Potential Financial Impacts	Management Practices
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.	• Indirect (operating) costs ↓	• Take measures to reduce energy consumption, such as using energy saving LED lights, automatic control to turn off light and air conditioners after working hours etc. • Design products that consume less energy
	Low emissions products development • With more attention to climate change, customers prefer to choose eco-friendly products and services. The Group's achievements in low emissions products development will enhance the company's competitiveness and brand image.	• Demand for energy efficient products and services ↑ • Revenues ↑	
	Energy efficiency • By optimizing manufacturing processes, adopting energy-efficient equipment, and implementing intelligent energy management systems, the Group can reduce energy consumption in R&D and operations.	• Indirect (operating) costs ↓	

In order to better deal with climate change and fulfill our social responsibility, Sisram Medical has set clear target. We are committed to lowering our GHG footprint (Scope 1 +Scope 2) with 17% GHG reduction by 2025 (baseline year: 2020) and dedicated to reducing our Scope 3 emissions across the value chain to further mitigate our impact on climate change. During the reporting period, GHG emissions intensity of Alma Lasers reached 5.17 kgCO_2-eq/USD$1,000 of sales, indicating a 53% reduction compared with 2020.

Additionally, we use clean energy wherever possible. Buildings in Israel provide spaces for solar panel installation, enhancing green energy generation and usage, serving as part of our efforts to address climate change.

3. PUTTING PEOPLE FIRST

At Sisram Medical, we focus on attracting top talent and inspiring them to maximize their potential in the workplace. We protect the fundamental rights and interests of all employees and strive to create a trustful, inclusive and diverse work environment that provides each employee with opportunities to grow and learn.

Putting People First at a Glance	
Why is this important?	☐ Employees are the core assets of a company, and their health, job satisfaction have a direct impact on the productivity and innovation of the company. ☐ Companies that focus on the needs and well-being of their employees can help create a positive corporate culture that drives sustainable business development. ☐ Companies that actively participate in public welfare and charity can win wide recognition from the society, inject positive energy into the prosperity of the society.
The Group's Approach	☐ Protect the basic rights and interests of employees and retain outstanding talents through diversified training. ☐ Provide employees with a wealth of benefits to enhance employee happiness and satisfaction. ☐ Create a safe and healthy working environment to protect the occupational health and safety of employees. ☐ Encourage employees to participate in public welfare activities and contribute to building a better society.
Performance Highlights	↑ **42%** New female hire ↑ **93%** Total investment on community engagement work ↑ **132%** Corporate Charitable Donations Made

Note：

* Data scope: Sisram Medical Ltd and all of its subsidiaries

3.1 Employee Rights and Benefits

As a responsible global employer, the Group complies with all employment laws and regulations in the countries where we operate. Due to the high priority we place on our employees, we continuously invest in optimizing our recruitment process, total compensation package, employee engagement strategies, and well-being initiatives.

We have established policies to protect employee rights and welfare, including the *Direct Deposit Policy, Vacation Policy, Leaves of Absence Policy, and Bereavement Policy*, in collaboration with our subsidiaries. We also monitor a comprehensive set of procedures covering recruitment, dismissal, compensation, benefits, working hours, holidays, and promotions to ensure compliance with local laws and regulations.

Additionally, we hold sessions for our HR global team on topics such as: C&B processes, termination processes, role definition, role perception to improve the capability and alignment of our HR global team.

We have a zero-tolerance policy regarding forced labor and child labor. If such cases are discovered and confirmed after investigation, we will take appropriate actions, including but not limited to disciplinary measures, legal proceedings, and/or reporting to relevant governmental or regulatory authorities.

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. We prohibit the employment of child labor or forced labor in all aspects. We require all job applicants to provide proof of age to identify and restrict child workers.

Compensation
The Group's employee compensation is structured in alignment with local regulations.

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 hours and overtime compensation vary by country, following local regulations. Some receive payments or compensatory hours, while others, have a fixed global overtime payment.

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
The Group values employees and offers promotion opportunities. Each employee undergoes an annual talent review process where they meet with their managers for a performance review. The Group will make promotion decision based on performance review result.

Employee Engagement

As a sustainable enterprise, we value the aspirations of our employees and are committed to creating a work environment with full employee engagement. Therefore, we have established an efficient employee communication mechanism to encourage employees' feedback. The Human Resources Department has also implemented an Open-Door Policy to promote direct dialogue among employees to solve issues at work. In order to evaluate our practices, we conduct regular employee satisfaction surveys to enhance the effectiveness of our management and increase employee satisfaction in all areas.

Supporting Work-life Balance

At Sisram Medical, we actively invest resources to enhance employee care and create an enjoyable work experience for our employees, while promoting the realization of work-life balance. To this end, we provide additional benefits and organize a series of engaging entertainment activities, which includes but are not limited to:

- Health Insurance
- Complimentary treatments
- Healthy dining options
- Food ordering service
- Hitechzone (a consumer club designed for employees in the high-tech industry) membership
- Sports and yoga classes
- Special breast feeding room
- Wellness days
- Annual Group retreat
- Open-day event for employees and their families
- Office holiday parties
- Hybrid working mode
- Stress and anxiety treatment
- Alma gift card

3.2 Inclusion and Diversity

At Sisram Medical, we respect the individuality of our employees and take pride in our contributions to inclusion and diversity. Diversity is a priority at all levels, including the Board, which reviews our progress and efforts annually. Additionally, we emphasize the principle of fair employment and equal pay in the Employee Code of Conduct. We have also established an Equal Employment Opportunity Policy to ensure that all qualified candidates and employees are treated equitably, without discrimination based on age, gender, race, color, national origins, religious beliefs, marital status, or disability. The Group continuously reviews internal policies to better promote inclusion and diversity.

Inclusion and Diversity Actions at Sisram Medical

Board	Employee
• The Board has embraced a board diversity policy, aiming to maintain an appropriate balance of diversity perspectives of the Board • The Nomination Committee reviews the structure, size and composition of the board annually and change accordingly to increase the diversity • The Board has considered setting measurable objectives to ensure the effectiveness of *Board Diversity Policy*	• Sisram Medical has acknowledged and honored multiple religious and cultural practices • Sisram Medical has fostered a culture where every voice is welcomed, heard and valued • Sisram Medical has encouraged multilingual and multigenerational workforce in 11 countries • Sisram Medical has reduced bias in the evaluation process and promotion opportunities via blind screening employment technique

In order to continuously strengthen the company's diversity and increase inclusiveness, we have adopted diversified management measures:

Taken Measures to Ensure Inclusions and Diversity

Hiring and Development

- Foster an environment that attracts and retains the best talents, mitigates baises and encourages the contributions of diverse ideas, backgrounds and perspectives
- Create equal opportunities for training and development to optimize employees' full potentials

Training

- Provide employees and leaders on general topics in inclusion, diversity and bias mitigation
- Provide sexual harassment seminars every two years to reinforce Sisram Medical's philosophy regarding workplace safety and gender equality

Communication

- Drive active and transparent communications regarding inclusion and diversity to cultivate inclusive culture, encourage role model behaviors
- Emphasize the high relevance of diverse and inclusive teams as a core element of our values and ESG strategy

Protection

- Encourage employee to report misconduct regarding harassment and discrimination
- Investigate misconducted when such issue is filed
- Create correction plan according to applicable laws and Employee Code of Conduct

We review gender representation globally to ensure our accountability, monitor our progress, and evaluate the effectiveness of the measures we take. During the reporting period, 40% of our directors are female and 33.00% of the senior management held by females.

3.3 Development and Training

Sisram Medical is committed to attracting excellent talents and providing every employee with the opportunity to learn new knowledge and improve their professional skills, at the same time building a scientific promotion path, which not only helps employees to create a broad career development path but also helps the company to maintain its competitive advantage.

Employee Attraction

We have developed attraction and retention programs, and this accountability extends to all HR functions across the Group. Our programs help mitigate the risk of losing expertise while also identify and promote promising talent for internal mobility and promotions.

We continuously identify talent through CoMeet, LinkedIn, internal referrals and attract talents via different channels, aiming to enrich the candidates' experience background and create a diverse group.

Employee Training

We strive to provide our employees with a wealth of training, coaching, mentoring, and counseling to help them improve skills and perform at their best.

We apply group-wide training and development platforms: Alma's Employee Academy and Knowledge Boost offering various programs to enhance employees' skills and competencies through onboarding training, comprehensive training, and position-related training.

Our Employee Training Programs

Onboarding Training	Position-Related Training	Leadership Program
Introducing new employees to the Group's policies, products and orientations days	Aiming to improve the work ability and technical ability of employees, the contents of training, including key knowledge and business skills in various business areas	Enhancing skills of team building, management and leadership skills of managers

Employee Training Conducted in 2024 (Partial)

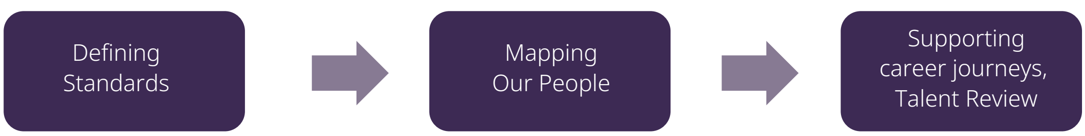
Training Program	Attendees	Training Activity	Training Contents
Global training	Open to all employees globally	• Cross-cultural Training • AI lecture — Galit Glaperin	**Global Cross-cultural:** Training to enhance understanding of diversity, its impact on work environments, and provide practical guidelines for effective collaboration **AI Training:** How AI influences our workplace and efficiency and how to interact with AI systems, including writing prompts and "communicating with machines"
Position-related Training/ General Training	Operation employees	• Annual Training: UDI • Annual Training: ECO Process • ESD Training by KTI 2024 • Annual Training- Adverse Events	**Unique Device Identifier (UDI) Training:** Topics: 1 — What is UDI, UDI-PI, UDI-DI, Basic UDI-PI; Topic 2 — UDI Requirements and benefits; Topic 3 — Alma Lasers UDI **ECO Training:** Alma Lasers design control procedure and relevant forms: ECR, ECO, TDN, implementation forms. **ESD Training:** Electrostatic Static Discharge training for production & QC employees **Annual Training — Adverse Events Procedure**
	R&D employees	• Introduction to Optomechanical Design • Introduction to AI • R&D Innovation day	**Optomechanical Design:** Online Course about selecting materials for use in optomechanical systems, determining the effects of temperature changes on optical systems, developing design solutions and more. **Innovation Day for R&D:** Innovative and outside-the-box thinking techniques **Introduction to AI:** General presentation about AI functions and free tools that can be used nowadays

Training Program	Attendees	Training Activity	Training Contents
	All employees	• Safety Training 2024 • Finance and the Capital Market	**Safety training:** Basic rights and duties, risks **Finance and the capital market:** External training about the inflation crisis, its impacts, Israel's economy, capital markets, international investments, and long-term financial management
	Position-related training	• The Art of Rhetoric (Dr. Michelle Stein) • MDA- CPR and First Aid 2024	**The Art of Rhetoric:** Participants will gain practical skills for speaking confidently in front of an audience, crafting compelling speeches, and enhancing their communication and persuasive abilities **MDA:** First Aid

Employee Development

Our approach for developing employees starts with creating a standard for high performance, mapping our employees according to that standard and — managing employees career journeys during the year. The approach encourages both managers and employees to take ownership of their goals, performance, and career development. During the reporting period, we reach an internal promotion rate of 5.7%.

The Talent Management Cycle



In addition, we conduct an annual organizational Talent Mapping Process followed by a Talent Review Process (conversations between managers and employees). During the reporting period, we made the following improvements of the process to increase the review quality and efficiency:

- Talent Mapping:
  - Upgrade of Talent Mapping tools to include a thorough and clearer definition of high performance and potential.
  - We introduced a calibration process to boost fairness, objectivity and alignment between teams and departments
- Talent Review:
  - Shorter form to make the process accessible and easy
  - More training on the process and more online support during the process
  - Started earlier to give more time for communication

Employee Incentives

Attracting and retaining top talent is crucial to achieve our mission of providing industry-leading services and products to our clients. Sisram Medical offers both short-term and long-term incentive plans to ensure that our employee rewards remain competitive in the market.

Sisram Medical Incentive Plans

Recognition Plan	• Celebrate and reward exceptional work, significant achievements and career milestones of special talents
Retention Bonus Plan	• Offer bonus to special talents for retention
Equity Incentives	• Offer share to special talents for their outstanding performance to lead the growth of Sisram Medical

3.4 Occupational Health and Safety

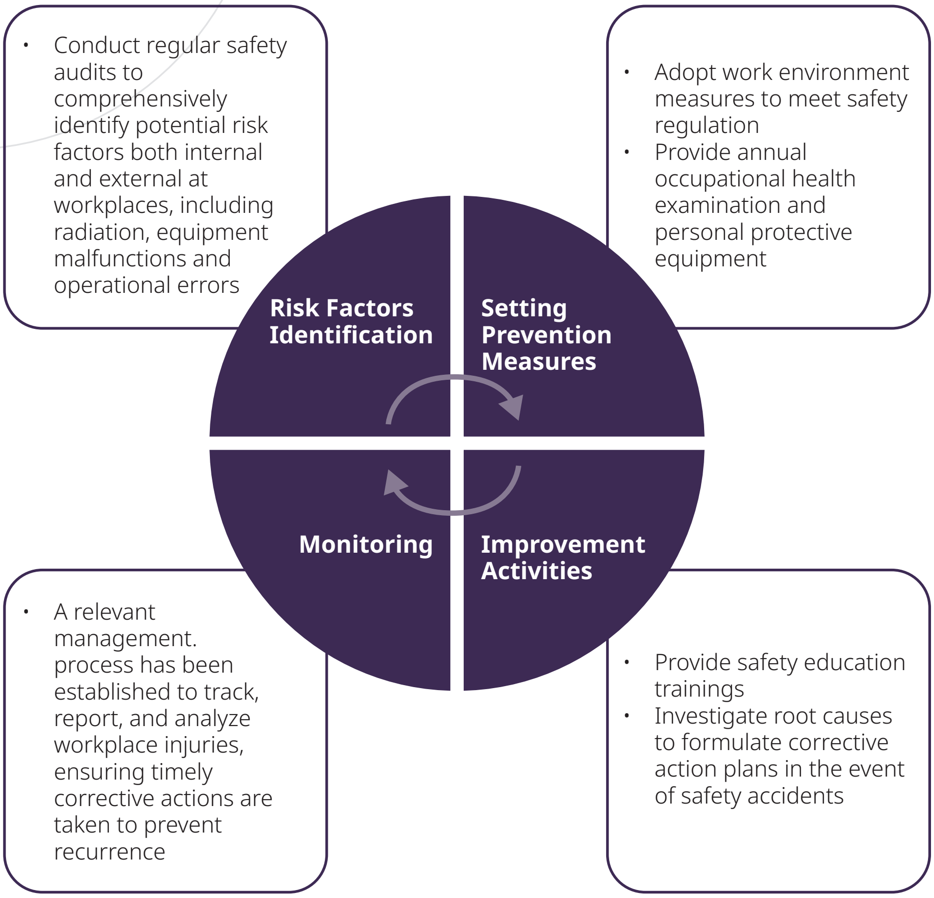
Taking employee health and safety as one of our key considerations, Sisram Medical is committed to promoting and maintaining a safe and healthy workplace. We comply with all applicable laws and regulations in the regions where we operate, and have established the *Employee Code of Conduct, Accident Reporting Policy, Workplace Violence Policy*, and *No-harassment Policy*. We build an effective occupational health and safety mechanism, monitor and analyze potential occupational health and safety risks regularly, and implement both legally required and voluntary procedures to safeguard our employees.

Alma Lasers has established a Safety Committee composed of management, employee representatives, and a third-party safety contractor, responsible for effectively formulating, executing, and monitoring health and safety programs. The Safety Committee conducts the safety assessment according to the plan quarterly, aiming to evaluate safety related risks in specific working centers. During the reporting period, Safety Committee performed 9 formal meetings and 8 safety assessments.

Similarly, Sisram Tianjin and Foshion have implemented the Occupational Health Management System to oversee health and safety-related matters and contribute to creating a safe working environment.

In order to better focus on the key points of occupational health and safety related work, we develop annual safety plan covering safety policy, goals, safety assessment reviews and Safety Committee members assignments, and ensure the execution is in strict compliance with related regulations.

Our Safety Management System



Inspiring Health and Wellbeing

Our Health and Wellbeing Management System

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.
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 ☐ Provide personal protective equipment to those who are exposed to potential health and safety risks ☐ Provide proper hygienic toilet facilities
Disease Preventions	☐ 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.)

Although Sisram Medical's operations have relatively low exposure to health and safety hazards, we still strive to prevent potential health and safety accidents and raise employees' awareness by organizing targeted training for different employees.

Safety Training for Employees in 2024

Attendees	Trainings	Contents
All Employees	Safety Training	Organize seminars for internal policies and trainings on fire escape and evacuation, as well as how to properly operate fire extinguishers, etc.
New Employees	Safety Training	Mandatory training performed by safety supervisors on safety precautions at work
Employers Work with Laser	Lasers-Safety and Laser Protection 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
Maintenance Employees	Job-specific Safety Training	Providing knowledge on how to minimize hazards from operation with a ladder and equipment etc.
Operation Employees	Forklift Instruction Work-at-Height Trainings	Providing instructions and guidelines regarding working with forklift and work at height

3.5 Community Investment

In addition to supporting the industry with pioneering products, Sisram Medical remains actively engaged in the community where we live and work. We closely monitor the dynamics of policies on community engagement in order to gain insight into the needs of the communities in which we operate, ensuring that our activities take into consideration the communities' interests. During the reporting period, we focus on and invest in social welfare, aiming to enhance the overall well-being of society.

All employees are given 9 paid volunteering hours per year, encouraging them to participate in volunteer activities and make a meaningful impact, together with the Group to fulfill the responsible commitment, and create a harmonious community and better future.

Community Investment Activity in 2024

Activity	Contents
Heavy Weight Blankets for Post-Traumatic Stress Disorder (PTSD) Survivors	• Volunteer day dedicated to making weighted blankets to support individuals coping with post-traumatic stress.
Building Seating Areas and Wooden Furniture	• Constructing seating areas and wooden furniture to help community reestablishment.
Volunteering at "Hazit HaBayit" Hangar	• Supporting a project that supplied essential equipment to families who lost everything due to the war.
Blood Donation	• Organizing a campaign to encourage blood donations.
Cooking and Food Packaging	• Preparing meals for those facing financial difficulties especially for the holidays. • Conducting a large-scale food packaging initiative to assist underprivileged families.
Flagship Project	• Providing free scar treatments for soldiers wounded.

4. COMMITTING TO RESPONSIBLE PRACTICES

At Sisram Medical, we have always placed the health and well-being of customers at the center of our concerns, and strive to provide customers with high-quality, innovative products by continuously improving our innovation capabilities. In addition, we conduct our business activities with the highest sense of responsibility and ethics, are committed to practicing responsible behavior in key areas including product health and safety, technological innovation, and sales practices to ensure that we live up to the trust and expectations of all our stakeholders.

Committing to Responsible Practices at a Glance	
Why is this important?	☐ Providing customers with high quality product and service is the core basis for the Group to create value for customers, helping the Group maintain a leading position in the industry ☐ Strengthening sustainable supply chain management ensure the quality and ESG performance of supplier, helping to avoiding supply chain risks and promoting sustainable supply chain development ☐ Compliance operation help the Group maintain a good reputation and build long-term stable relationships with stakeholders, thereby laying a solid foundation for sustainable development
The Group's Approach	☐ Strictly control product quality in the R&D process to ensure that product performance meets the customers' expectation ☐ Actively communicate with customers, understand customer' demands, aiming to maintain a good interactive relationship ☐ Evaluate suppliers regularly to achieve full control of supplier quality and ESG performance ☐ Continuously enhance the culture of integrity within the Group, ensuring that the operation complies with all laws and regulations
Performance Highlights	**0** Corruption-related enforcement actions **0** Total number of products recalled due to safety and health reasons **5** New patents **96%** The pass rate for environment, labor, and social compliance assessments

Note：

* Data scope: Sisram Medical Ltd and all of its subsidiaries

4.1 Product Stewardship

Product Health and Safety

Sisram Medical pays close attention to the concerns of our stakeholders in product health and safety, and keeps advancing responsible product management through regulatory affairs (RA), quality management and labelling.

In the entire product lifecycle from design and development to manufacturing, post-market surveillance, we comply with international standards like ISO 13485 and applicable laws and regulations, including the *Medical Device Law, Technical Requirements on the Preparation of Medical Devices* to ensure the product safety and effectiveness. We are also committed to maintaining transparent, constructive, and professional communication with all relevant regulatory authorities on matters of policy, product submission, and compliance.

In order to fully ensure product health and safety, Department of Quality Assurance (QA) and Quality Control (QC) work collectively to contribute to efficient management. Additionally, the Group also designates the Regulatory Affairs (RA) department to closely monitor changes in the global regulatory environment, regularly consult with external experts and regulatory firms, review industry standards and best practices, and ensure our products' legal compliance.

Regulatory Assurance Management Procedures

We set a rigorous *Quality Management System* which encompasses six procedures from product design to market supervision, covering the entire life cycle of the product line. All products brought into commercial distribution are constantly assessed to ensure their safety and effectiveness.

Besides, we regularly conduct internal audits of the established system to evaluate our product quality, involving Quality Control. Audit findings are documented and reported to relevant departments, ensuring that corrective measures and improvement actions are implemented promptly to address non-conformities. Additionally, Sisram Medical applies tools such as complaint handling, post-market surveillance, vigilance reporting, reliability, and trend analysis to manage quality.

Continual Improvement of Quality Management System

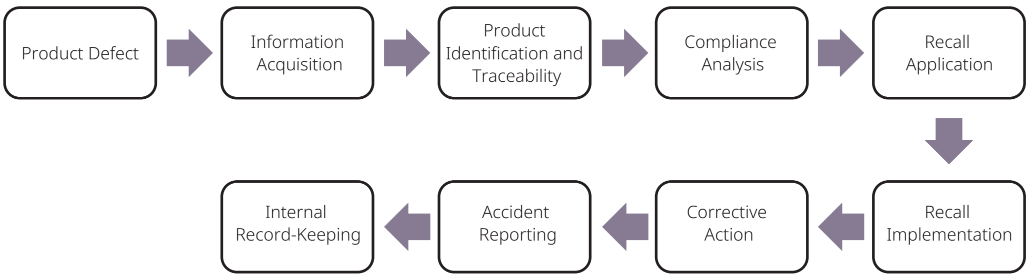
Stages of the Quality Management System

Procedure	Key Functions
Design Control	• Risk Management • Inputs/Outputs • Verification/Validation
Corrective and Preventive Actions	• Eliminate Nonconformities • Quality Management System (QMS) Improvement • Verify Effectiveness
Process and Production	• Customer Requirement • Supplier Quality • Identification/Traceability
Management Control	• Management Review • Inspection Readiness • Internal Audit
Change Management	• Design Change Management • Quality Management System (QMS) Change Management • Risk Review
Production and Surveillance	• Complaint Handling • Risk Monitoring Vigilance

Facing the potential risk that the products may compromise the safety of customers, we employ *Recall and Field Safety Corrective Actions and Procedures (FSCA)* to ensure that all the problems can be identified and solved completely. Once a product defect is identified, the Group will promptly gather necessary information from the procurement or production departments and discuss corrective measures. Defective products and equipment will be traced and identified based on the severity to prevent their distribution. Relevant QA employees will analyse the products' compliance and report to the CEO, who will sign the recall application and initiate the recall process. Corrective actions will follow the recall procedure to prevent recurrence of the issue. After the incident, the Group will also report the situation to regulatory authorities, at the same time maintain an internal record.

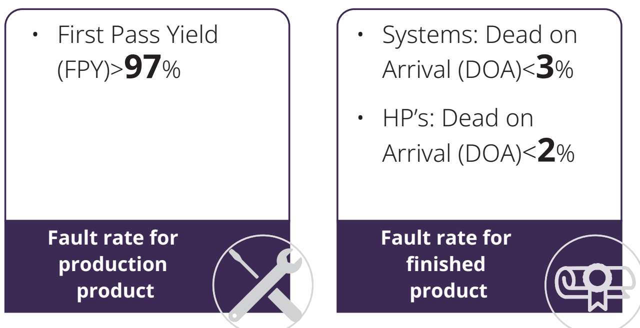
During the reporting period, Sisram Medical has successfully achieved 0% product recall rate, indicating outstanding product quality management.

Recall and Field Safety Corrective Action Procedures (FSCA)



To better regulate our quality management, Sisram Medical sets production product and finished product fault rate targets, and continuously monitors the progresses. During the reporting period, we have achieved our expected quality targets.

Fault Rate Targets in 2024



Our operation sites and major subsidiaries are certified according to the ISO 13485:2016 Medical Devices Quality Management Systems and fulfill the requirements for quality management systems in US, Canada and other countries. During the reporting period, third-party audits have been conducted at ISO 13485:2016 certified facilities to maintain the quality of manufacturing, management, and products.

Product Quality Certifications in 2024

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			✓
US/FDA	✓	✓	
Health Canada	✓		
Russia	✓		

In order to ensure product health and safety, and effectively protect our consumers, we carry out diversified trainings from both production side and user side:

- Some of the employees have been provided ISO 13485:2016 Lead Auditor Training and other product quality training regarding Sisram Medical's Quality Management System as applicable. Employees are qualified to perform product quality inspection tasks based on their education, training, and experiences.

- Sisram Medical has organized and provided clinical operational training for customers to ensure the safety of operator and end-users.

- Sisram Medical has conducted quality training activities globally, including EU MDR training. Global subsidiaries have also undertaken training in quality control management.

During the reporting period, Sisram Medical's facilities have not been subject to regulatory and lawful enforcement actions regarding product health and safety.

Technological Innovation

Technological innovation is a key component of product design and development, which contributes to the enhancement of Sisram Medical's competitiveness in the industry. All the innovation projects are reviewed thoroughly and approved by the management at the initiation stage, considering market analysis, technological feasibility, regulatory strategy, and business viability, and then be scientifically managed in the developing process.

Process Management

- A structured, multi-stage (gates) design review process guides development.
- Key stages include Preliminary, Critical, and Final Design Reviews.
- Cross-functional teams collaborate to assess progress, identify and address challenges, and ensure compliance with requirements.
- Rigorous documentation and risk management are integral throughout the process.

Innovation is largely encouraged in Sisram Medical. The inputs of the R&D department are documented, including but not limited to functionality, performance and safety requirements according to the intended use, regulatory standards and environmental impacts. Aiming to foster creativity and innovation within the R&D team, Sisram Medical invest in research and innovation and establish compensation plans for the development of new Intellectual Property.

During the reporting period, we organized Innovation Day which contained multiple sessions on innovation, creativity and technology. The whole R&D team, including team leaders, managers and directors participated in the activity to communicate innovative techniques.

Intellectual Property Protection

We attach great importance to IP protection, value and respect both our own intellectual property and that of others. Thus, we have established *IP Management Procedures*, including filing patent and trademark applications in various jurisdictions such as the U.S., Europe, and the PRC for proprietary technology, inventions, and improvements crucial to the growth of our business. The IP Manager coordinates with regional sales managers to implement and enforce this policy effectively, and the IP management team briefs executives on significant developments in the IP landscape on a bimonthly basis to keep the leadership informed and aligned with the latest IP trends.

To raise the awareness of intellectual property protection and ensure better implementation of our IP strategy, the Group provides regular training for employees. For instance, sales are trained in “takedown” procedures, enabling them to remove contents that might cause infringement from third-party platforms like social media and e-commerce sites. During the reporting period, around 20 employees in product, R&D, clinical, regulatory and marketing teams were trained on IP protection.

IP Management Procedure

	Management responsibility • The Group employs a manager of intellectual property, who carries out this policy, with assistance from an external counsel • Regional sales managers coordinate between international distributors and the manager of intellectual property to protect intellectual property in their territories
	Daily monitoring and Management • Patent, trademark, and design registrations • Promotion of IP rights awareness among R&D, clinical, regulatory, marketing, and sales personnel • Trademark clearance searches, patent freedom to operate opinions, and patentability assessments • Surveys of new trademark applications and patent applications in the Group's areas of business • Marking of patent numbers on products • Monitoring of patent litigation and patent examination appeals in USA
	Remedial actions in the event of infringement • Oppositions are filed against applications for trademarks that are identical or very similar to the Group trademarks • Takedowns are requested of the third-party web platforms, such as e-commerce and social media, to remove infringing content • Outside counsel issue warning letters and invitations to mediation • The Group is assessing litigation against manufacturers and sellers who infringe Group patents and trademarks

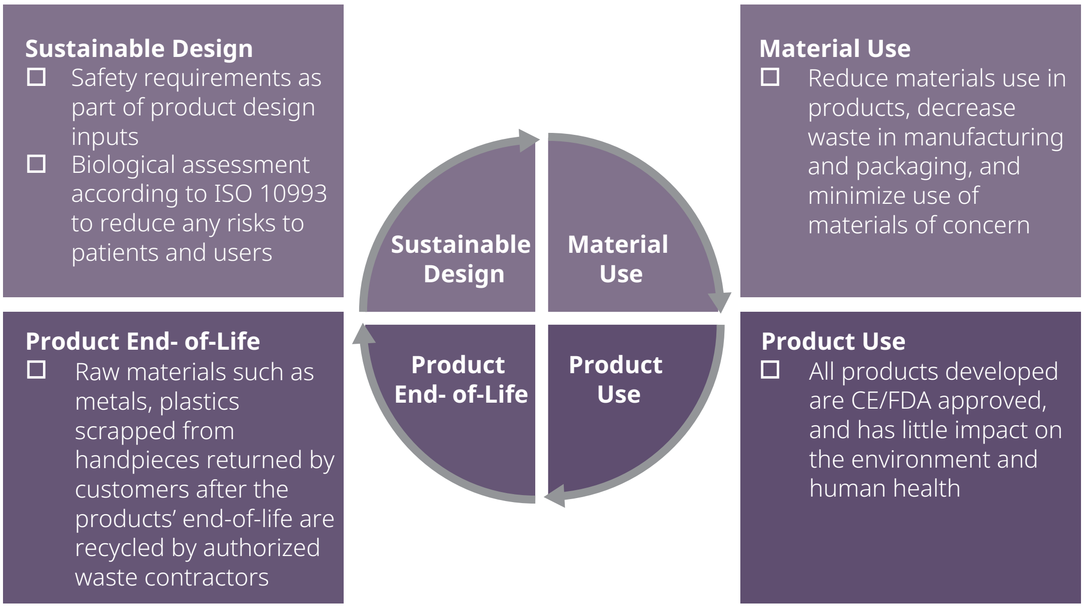
During the reporting period, Sisram Medical has applied 36 trademarks, 5 patent designs globally. Upon now, Sisram Medical has not infringed on others' intellectual property rights and has not been subject to relevant administrative penalties and court decisions.

Product Design and Lifecycle Management

At Sisram Medical, we take innovation and sustainable design as our core drivers to continuously improve the environmental performance of our products and strive to reduce the negative impact on the environment by reducing potential sources of harm, hazardous substances, and waste throughout the life cycle of our products.

Based on IEC 60601–1–9 standards, we conduct a comprehensive assessment of our products from both environmental considerations as well as the whole life cycle of the product and are committed to providing our customers with more environmentally friendly products with a minimal environmental footprint. To achieve this goal, we have developed a sustainability strategy covering 4 pillars: Sustainable Design, Material Use, Product Use and Product End of Life.

Sustainability Spanning the Entire Product Life-cycle



Sisram Medical has complied with the EU directive on Waste Electrical and Electronic Equipment (WEEE), indicating equipment and product parts would be returned to Sisram Medical or suppliers for recycling or environmentally friendly disposal as applicable. E-waste will be forwarded and disposed of through officially authorized disposal agents.

Selling Practices and Product Labelling

We are fully aware that regular selling practices and accurate product labelling are the core elements for us to maintain corporate compliance and protect the health of our customers around the world, as well as an important guarantee for our success. The corporate culture of compliance has long been integrated into our core values and has become an inexhaustible driving force for our development. We make sure that we meet and maintain the highest standards in these key areas through comprehensive internal policies, rigorous management procedures, and a systematic training system that inspects, tracks, and monitors selling practices and product labelling.

Selling Practices and Product Labelling Management System

Policy	• *Labelling and Operating Manual Work Instruction:* define the methods and information for marking and labelling finished products • *Marketing Brochures Material Approval:* safeguard the appropriateness of marketing materials and to ensure the compliance with applicable laws and regulations
Managing Departments	• QA: Act as a gatekeeper to ensure advertising, packaging, and promotional materials provide accurate, balanced, and non-misleading information and comply with laws and regulations • Marketing: Act as an executor for information distribution
Management Procedures	• Enact product labelling to inform users of the use and the purpose of product • Provide operating manual regarding operation instructions, warning and precautions • Enact product serialization, track and trace technology, including barcoding as mandated by existing local regulations in various regions and countries across the globe • Conduct internal audits yearly to monitor and identify possible issues and improve our standards with correction plans • Organize internal trainings for employees to improve their practices in selling practices and product labelling

During the reporting period, order management team was trained twice on the contract review process, and 2 internal audits were conducted in product labelling and contract review process.

Sisram Medical has not infringed on selling practices and has not been subject to relevant administrative penalties and court decisions in 2024.

4.2 Cultivating Good Customer Relationship

Satisfaction and Communication

Sisram Medical's business is primarily built upon business-to-business (clinics) and an increasing fraction of business-to-consumer (end users of dental care products and home devices), so we regard customers as the core of our business and endeavor to build a good relationship with them.

Sisram Medical has established Global Service unit under the Department of Operations to provide timely customer support, proactively manage the customer experience, and try to achieve a 360-degree view of our customers by implementing the customer relationship management system (CRM). Additionally, we organize a post-sales team in global subsidiaries for post-sales customer interaction, clinical and marketing service improvement.

As Sisram Medical highly values extensive customer feedback, we have established diversified engagement channels to address the specific needs of different groups, and conduct customer satisfaction surveys on a regular basis to gain a deeper understanding of consumer needs and further enhance the quality of customer relationship management. The global customer satisfaction survey in 2024 shows positive results in all areas. We also create a mobile application and portal for end-users to provide product and service information and improve customer engagement on a global basis.

Engagement Channels of Customers and Consumers

In order to better monitor and handle customer complaints about our products and services, we continue to improve our Customer Complaints Management Procedure which runs on the enterprise resource planning software SAP, which is capable of reviewing the status of each service call in real time and monitoring and managing each case hierarchically from low to high according to the severity of the customer complaint. All customer complaints are monitored and reviewed firstly form the subsidiary level, and then be reported to the headquarter level, so that we can have a full visibility of the global trends by product and region, helping us constantly improve our products and services.

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 reviews the complaints and service call records to ensure no recurring problems are detected

We offer a wide range of marketing professional training to help our employees address customer concerns and build a trustful relationship. Through Alma Academy, we organize e-learning seminars, roadshows, and face-to-face training sessions to help healthcare professionals understand our products and offer better service.

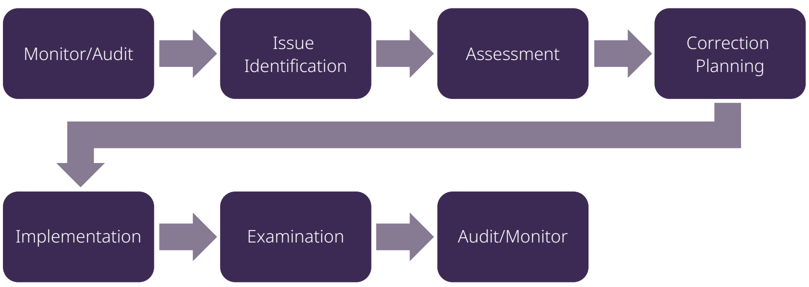
Information Security and Privacy Protection

Sisram Medical is committed to protecting the confidentiality and integrity of data and information of employees, customers, and business partners through the implementation of appropriate technical measures. The Group complies with applicable data protection laws and regulations and has established relevant policies, including the *Employee Code of Conduct, Remote Employee Internet Policy, Security Inspections Policy, Confidentiality and Nondisclosure Policy, and Personal Computer Use Guideline*. These policies govern the collection and processing of all personal data within Sisram Medical.

To ensure the protection of information security and privacy, the Chief Information Officer (CIO), IT Manager, and Cybersecurity Manager collaborate closely with our IT/IS suppliers through regular meetings and inspections to identify potential information leakage issues, mitigate risks, and enforce policies. Once relevant issues are identified, corrective plans for continuous improvement will be developed immediately.

We have also adopted The Oracle NetSuite and an ISO 27001-certified system to optimize our data management performance against data from being misused by third parties for fraud, such as identity theft. In addition, we conduct monthly audits of data breaches and firewall security using external tools and expertise of our IT/IS suppliers to identify potential risks and to monitor and check the implementation of remediation plans.

Information Security and Privacy Protection Management Procedures



We have an ongoing commitment to information security and privacy protection, which is reinforced by mandatory annual training for our employees. We organize diverse information security and privacy protection related training, communication activities and interactive exercises throughout the year.

During the reporting period, there were no violations related to information security and customer privacy, and no litigation cases arising from the above matters occurred.

4.3 Supply Chain Management

Sisram Medical practices responsibility at all levels of our business operations, safeguarding the quality of our suppliers and promoting the sustainability of our supply chain by strengthening sustainable supply chain management.

The Group has *established Supplier Management Policy* and supplier evaluation systems to continuously improve procurement practices. To better manage our suppliers, we updated the classification of 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. We have established prescriptive requirements for each category, including accepted and approved criteria as well as auditing procedures.

Products and Services Purchased

Type	Definition
Category A	☐ Turn-key subcontractors ☐ Sterile process services provider ☐ Clean products manufacturer ☐ OEM manufacturer
Category B	☐ Suppliers of components or sub assembly according to company's specifications ☐ Calibration, translation and lab services ☐ Consultants and outsourcing quality and design services
Category C	☐ Manufacturers of components to own specs
Category D	☐ Branded cosmetic or non-medical product
Category E	☐ All the others

Management Approach

Establish Policies

- Purchasing Procedures
- Terms and Conditions of Supply
- Supplier Quality Standards
- Quality Agreement Signings

Assess Risks

- Supplier evaluation on quality capabilities
- Require suppliers to fill in a quality evaluation questionnaire

Monitor and Manage Performance

- Incoming inspection
- Functional test in productions
- Conduct supplier on-site audits
- Develop and confirm progress on corrective action plan

We actively participate in the supply chain management to enhance the quality of our suppliers. As part of the supplier admission process, we require suppliers to provide relevant documentation, such as business licenses, quality management system certifications (e.g., ISO 9001, ISO 13485), product compliance certificates, environmental and social responsibility commitments, material safety data sheets (MSDS), and past performance records. These documents help us ensure supplier compliance with regulatory and quality standards before approval.

During the cooperation, we assess all suppliers regarding their compliances, product quality and production procedures. We set a baseline for supplier evaluation and actively communicate the evaluation results with them, placing suppliers whose evaluation is below 2 points (out of 5 points) on probation and requiring them to implement a rectification plan until they complete the rectification and pass the additional evaluation.

Supplier Assessment

Examine

- Assess supplier regarding their compliance, produce procedure, ESG practice
- Perform onsite adiut to inspect their management capabilities

Regulate

- Require suppliers to take corrective and preventative action if deficiencies are found

Decide

- Terminate partnership if suppliers fail to meet Sisram Medical's standards

Sisram Medical attaches great importance to the sustainability performance of our suppliers, and firmly resists ESG risks in the supply chain to prevent the adverse impacts on our stakeholders. To this end, the Group conducts *Supplier/Subcontractor Quality Questionnaires* and onsite audit to review their ESG performance. All suppliers are required to specify in the questionnaire that their products are in compliance with ESG-related standards and principles, and are asked to update their compliance status on a regular basis.

During the reporting period, we have conducted ESG performance evaluation on 67 suppliers. 64 suppliers are qualified, 1 supplier were not qualified, and 2 suppliers are not relevant. For those unqualified suppliers, we highly recommend them to take corrective actions and improve their ESG performance.

Examples of Supplier Environmental and Social Requirements

Environmental Aspect	• Compliance with environmental laws and regulations • Environmental policies, practices, and expectations are communicated to all employees and suppliers in local appropriate language • Annual environmental performances review • Monitor and track energy consumption • Test air emissions regularly • Program and/or procedure on pollution and waste reduction
Social Aspect	• Young workers (above the legal minimum age, but under 18 requires protection restrictions) employed in accordance with law • Workers are free to resign from employment at any time (without penalty and with reasonable notice) • A written corporate responsibility policy or statement of commitment to define its approach to labor, health, and safety standards • A management representative assigned that is responsible for assuring compliance with labor, health and safety laws, regulations and codes

On the basis of ensuring supply chain quality and ESG performance, we seek to enhance the stability and resilience of our supply chain. By optimizing delivery methods, signing forward contracts and other measures, we can effectively reduce the uncertainty of price fluctuations and delivery time, so as to avoid the risk of supply interruption.

4.4 Ethical Business Conduct

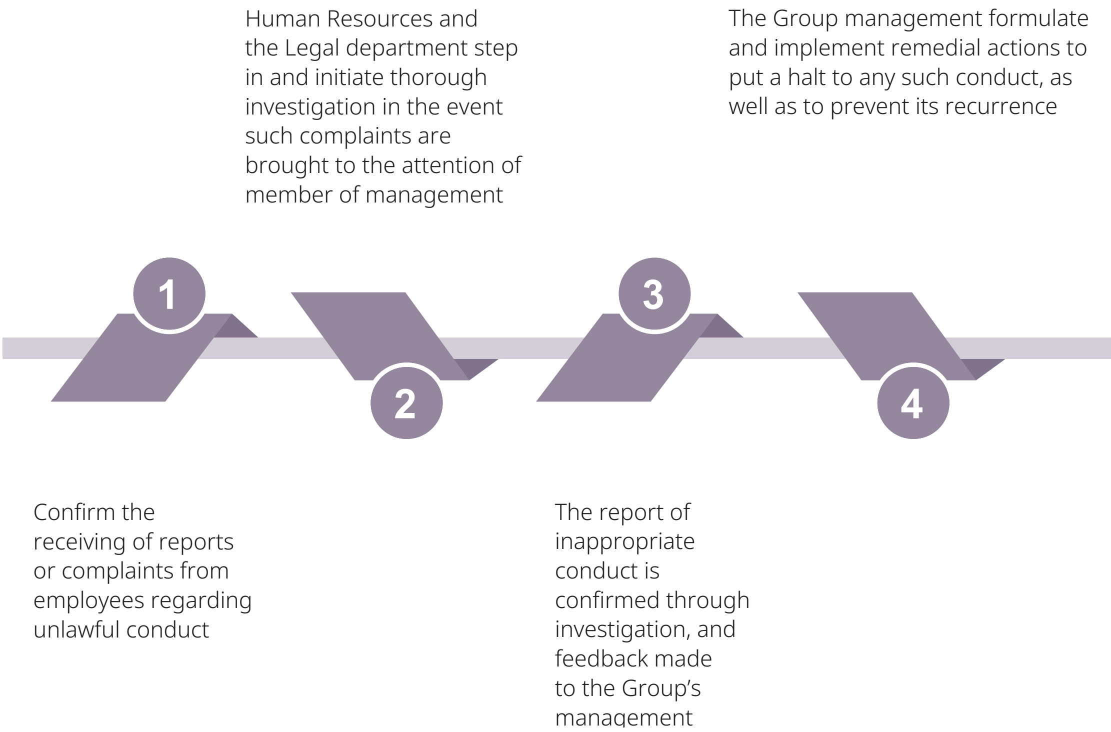
Anti-Corruption

Sisram Medical strictly comply with all laws and regulations on anti-corruption in our respective operating regions. We have formulated *Employee Code of Conduct and Vendor Gifts Policy*, which clearly defines the basic principles of ethical behavior and strictly prohibits our employees from offering or accepting bribes or obtaining benefits through other improper means. At the same time, we require all employees to recognize and comply with the company's business ethics standards upon joining the company.

We understand the importance of continuous optimization of policies for compliance and therefore review our internal policies on a regular basis and make necessary updates according to the actual situation, which helps to ensure that our policies are always in line with the latest legal and regulatory requirements.

In addition, we have formulated a *Whistle-blowing Management and No retaliation policy*, encouraging employees to report any apparent or potential violations of laws, regulations and company policies in the Group's business operations.

Complaints and Whistle-blowing Management Procedure



We seek to enhance the anti-corruption awareness of all employees through continuous education and training. To this end, we have arranged business ethics training for all new employees to ensure that they fully understand the company's values and code of conduct from the very beginning of their employment. At the same time, every current employee is required to receive regular training on *Employee Code of Conduct* to strengthen awareness of potential business ethics violations.

During the reporting period, Sisram Medical is not aware of any non-compliance or legal cases raised by violation of relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

Compliance

Our commitment to compliance is deeply embedded in the Group's culture and operations, and we are strictly complying with the laws, regulations and related requirements. We have established clear policies and standards, providing practical guidance and resource support to all employees, including the Board and senior management, aiming to create a positive and healthy compliance environment. We also have a top-down compliance management structure, with the Board of Directors as an important role in overseeing compliance related work and responsible for promoting the construction of compliance culture at the highest level, ensuring that the concept of compliance is deeply rooted in the Group.

We have also established a comprehensive internal audit procedure to identify potential risks in our operations and take remedial measures in a timely manner. In addition, we encourage our employees to actively report compliance issues through our whistleblower communication channel, contributing to the maintenance of a favorable operating environment for the company.

During the reporting period, no fines or monetary sanctions for non-compliance were levied against Sisram Medical.

ESG DATABOOK

Compliance

Aspect	Main laws and regulations identified by jurisdictions
Environmental Protection	**Israel:** *Packaging Law (Packaging Management Law) 2011.* **PRC:** *Environmental Protection Law of the PRC, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes, Energy Conservation Law of the PRC, Directory of National Hazardous Wastes 2021, Regulation on the Safety Management of Hazardous Chemicals, Provisions on the Supervision and Administration of Occupational Health at Work Sites.* **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, Air (Prevention and Control of Pollution) Act 1981, The Indian Forest Act, 1927, E-Waste (Management) Rules, 2022* **EU:** *German Environmental Protection Act (Bundes-Immissionsschutzgesetz), Austrian Environmental Protection Act, Umweltschutzgesetz (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, Law for the Protection of employees in time of War (Amendment No. 5- "Haravot Barzel" War), 2023, Law on increasing credit points for parents in income tax and increasing work grant, 2023,etc.* **PRC:** *Labor Contract Law of the PRC, Labor Law of the PRC, etc.* **U.S.:** *Title VII of the Civil Rights Act of 1964, Age Discrimination in Employment Act, Fair Labor Standards Act, etc.* **India:** *Employees Compensation Act 1923, The Payment of Wages Act 1926, The Maternity Benefit Act 1970, Employees Provident Funds and Miscellaneous provision Act 1952, The Payment of Gratuity Act, 1972, etc, Employee State Insurance Act (ESIC)* **EU:** *Buergerliches Gesetzbuch (German Civil Code), Bundesurlaubsgesetz (National Vacation Law), Obligationenrecht (OR, Code of Obligations), Arbeitsgesetz (Labor law), etc.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*

Aspect	Main laws and regulations identified by jurisdictions
Child Labor and Forced Labor	**Israel:** *Youth Labor Law 1953 and its Amendment No.21, 2023* **U.S.:** *Fair Labor Standards Act, various relevant state laws.* **India:** *Child and Adolescent Labor (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 Labor and Protection of Young People in the Workplace, Jugendarbeitsschutzgesetz (Youth Employment Protection Act).* **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 Labor Inspection (Organization) Law 1954, The Safety at Work Regulations (Safety Glasses) 1947, Regulations of the Labor Supervision Organization (Provision of Information and Employee Training) 1999, Safety at Work (Occupational Hygiene and Safety Dealing with Laser Radiation) Regulations 2005, etc.* **PRC:** *Labor Law of the PRC, Law of the PRC on the Prevention and Control of Occupational Diseases, etc.* **U.S.:** *Occupational Safety and Health Act.* **India:** *The Factories Act, 1948, The Contract Labor (Regulation & Abolition), Mines Act 1952, Dock Workers Act 1986, Contract Labor Act 1970, Inter-State Migrant Workers Act 1979, etc.* **EU:** *Arbeitsschutzgesetz (Labor Protection Law), Unfallverhuetungsvorschift (Accident Prevention Regulation), Arbeitsgesetz (Labor law),etc.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*

Aspect	Main laws and regulations identified by jurisdictions
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), Safety at Work (Occupational Hygiene and Safety Dealing with Laser Radiation) Regulations 2005, etc.* **PRC:** *Regulations on Supervision and Administration of Medical Devices, Measures for the Supervision and Administration of Medical Devices, Measures for the Administration of Medical Device Adverse Event Monitoring and Re-evaluation, etc.* **U.S.:** *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, the Medical Device Regulation (MDR) and Medizinprodukterecht-Durchführungsgesetz (MPDG), Medical Devices Implementation Act, Austrian Trade Law (Gewerberecht), Medizinprodukteverordnung (MepV, Medical Devices Ordinance), etc.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*
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.* **U.S.:** *Copyright Act, Patent Act, 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, Urheberrechtsgesetz (URG, Copyright Act).* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*
Product Labelling	**PRC:** *Provisions on the Administration of Instructions and Labels of Medical Devices.* **U.S.:** *Federal Trade Commission Act, etc.* **India:** *Food Safety and Standards Act 2006, The Legal Metrology Act 2009, Legal Metrology (Packaged Commodities) Rules 2011.* **EU:** *EU MDD 93/42/EEC, Medical Device Regulation (MDR), Medizinprodukteverordnung (MepV,Medical Devices Ordinance), etc.* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*

Aspect	Main laws and regulations identified by jurisdictions
Product Advertising	**Israel:** *Consumer Protection Law 1981 and its amendment No.65, 2023 and Amendment No.66,2023* **PRC:** *Advertising Law of the People's Republic of China.* **U.S.:** *Federal Trade Commission Act.* **India:** *Code for Self-Regulation in Advertising, Drugs and Magic Remedies (Objectionable Advertisements) Act 1954.* **EU:** *Gesetz gegen unlauteren Wettbewerb (Act against Unfair advertising Practices, Bundesgesetz gegen den unlauteren Wettbewerb (UWG, Federal law against unfair competition).* **Other jurisdictions:** *the Group adheres to relevant local laws in regulations.*
Customer Data Protection and Privacy	**Israel:** *Consumer Protection Law 1981 and its Amendment No.65, 2023 and Amendment No.66, 2023* **PRC:** *The Law of the PRC on the Protection of Rights and Interests of Consumers.* **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, Bundesgesetz über den Datenschutz (revDSG, Swiss Federal Act on Data Protection), etc.* **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), United Nations Convention against Corruption.* **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 mentioned above with respect to environmental protection (including those relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste); employment; child labor and forced labor; occupational health and safety, and privacy matters related to products and service; and bribery, extortion, fraud, money laundering and other corruption-related aspects.

Environment[1]

	Indicator	Unit	2022 Alma Lasers	2022 Sisram Medical	2023 Alma Lasers	2023 Sisram Medical	2024 Alma Lasers	2024 Sisram Medical
Energy	Total diesel fuel consumed by the Group's motor vehicles[2]	Liters	116,052.65	571.58	82,563.00	59.75	80,258.64	40.00
	Total gasoline consumed by the Group's motor vehicles[2]	Liters	141,504.11	784.43	137,029.00	650.05	132,509.99	347.64
	Total purchased electricity consumption	MWh	1,445.78	241.83	1,639.59	323.73	1,651.73	319.23
	Electricity consumption intensity	kWh/ US$1,000 of sales	4.08	13.66	4.73	24.93	4.83	43.36
Water	Total water consumption	Tons	2,925.00	512.00	3,670.70	938.05	4,607.40	1,308.00
	Water consumption intensity	kg/ US$1,000 of sales	8.30	28.90	10.60	72.25	13.48	177.64
Packaging Materials	Total packaging material used[3]	Tons	398.92	14.26	259.53	10.72	198.01	9.92
	Packaging material consumption intensity	kg/ US$1,000 of sales	1.13	0.81	0.75	0.83	0.58	1.35
	Total amount of packaging materials recycled[3]	Tons	35.03	0.00	29.12	0.00	38.65	0.00
Air Emissions[4]	NOx emissions[2]	g	184,614.86	1,608.52	190,150.85	787.43	154,363.71	495.06
	SOx emissions[2]	g	3,948.56	20.70	3,343.59	10.52	3,240.06	5.75
	PM emissions[2]	g	13,592.79	73.59	14,000.40	57.98	11,365.47	36.45
GHG Emissions	GHG emissions (Scope 1)[5]	tCO_2-eq	632.03	3.20	532.32	1.56	515.89	0.86
	GHG emissions (Scope 2)[6]	tCO_2-eq	1,105.15	137.91	1,242.54	184.62	1,250.01	171.30
	Total GHG emissions (Scope 1 & Scope 2)	tCO_2-eq	1,737.18	141.12	1,774.87	186.19	1,765.90	172.16
	GHG emissions intensity	$kgCO_2$-eq/ US$1,000 of sales	4.90	8.00	5.13	14.34	5.17	23.38
Hazardous Waste	Total discharge of hazardous waste	Tons	0.00	0.00	0.00	0.00	0.00	0.00
	Hazardous waste intensity	g/US$1,000	0.00	0.00	0.00	0.00	0.00	0.00
Non-Hazardous Waste	Total discharge of non-hazardous waste	Tons	1.30	1.18	8.86	0.60	10.51	0.66
	Non-hazardous waste intensity	g/US$1,000	4.64	66.66	25.58	46.21	31.00	89.64
	Total office paper recycled	Tons	0.31	0.00	0.33	0.00	0.97	0.00

1. The reporting scope Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK and Alma Thailand in 2024. The reporting scope of Sisram Medical included Sisram Medical Ltd, Sisram Tiainjin, Xingyuanda and Foshion.

2. Sisram Medical offers the option of working from home, leading to a reduction in the use of the Group's vehicles, thus there is a significant reduction in diesel and gasoline consumed.

3. The recycled packaging materials include wood boards and paper. The increase in the amount of packaging materials recycled and the overall reduction in packaging material usage are due to the enhancement of the Group's environmental awareness.

4. The calculation is based on factors stated in the *How to Prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs* published by HKEx in May 2021.

5. The calculations of GHG (Scope 1) for Alma Lasers and Sisram Medical are based on factors stated in the *GHG Emissions from Transport or Mobile Sources* published by WRI (5/2015) and the *Guide to Accounting Methods and Reporting of Greenhouse Gas Emissions from enterprises in other industrial sectors* published by National Development and Reform Commission of the PRC (11/2015).

6. The calculations of GHG (Scope2) for Alma Lasers and Sisram Medical are based on factors stated in the *GHG Emissions from Stationary Combustion* published by WRI (5/2015). 0.5703 tCO_2/MWh released by the Ministry of Ecology and Environment of China in February 2023 was selected as the emission factor for purchased electricity in Mainland China in 2022–2023, and with reference to the Announcement of the Ministry of Ecology and Environment of China and the National Bureau of Statistics on the *Release of CO_2 Emission Factors for Electricity in 2022* (12/2024), 0.5366 tCO_2/MWh was selected as the emission factor for purchased electricity in Mainland China in 2024.

Employee Rights and Benefits[1]

Indicator		Unit	2022 Alma Lasers	2022 Sisram Medical	2023 Alma Lasers	2023 Sisram Medical	2024 Alma Lasers	2024 Sisram Medical
Total number of employees		No. of ppl	740	111	969	111	936	79
Gender	Male	No. of ppl	460	75	586	64	569	42
	Female	No. of ppl	280	36	383	47	367	37
Age Group	<30y	No. of ppl	28	23	157	20	171	6
	30–50y	No. of ppl	549	68	678	84	617	68
	>50y	No. of ppl	163	20	134	7	148	5
Employment type	Full-time	No. of ppl	722	111	953	110	921	79
	Part-time	No. of ppl	18	0	16	1	15	0
Geographical region	Israel	No. of ppl	399	0	387	8	377	0
	U.S.	No. of ppl	205	0	227	0	213	0
	Germany, Austria & Switzerland	No. of ppl	55	0	48	0	46	0
	India	No. of ppl	49	0	51	0	49	0
	Australia	No. of ppl	19	0	20	0	20	0
	South Korea	No. of ppl	9	0	9	0	8	0
	China Mainland	No. of ppl	0	111	182	103	164	79
	Hong Kong	No. of ppl	4	0	7	0	7	0
	Japan	No. of ppl	/	/	10	0	17	0
	UK	No. of ppl	/	/	17	0	19	0
	UAE	No. of ppl	/	/	11	0	10	0
Total employee turnover rate[2, 3]		%	15.00	46.00	14.86	53.15	23.08	40.51
Gender	Male	%	14.29	33.33	14.16	51.56	23.55	76.19
	Female	%	15.00	72.22	15.93	55.32	22.34	40.54
Age Group	<30y	%	12.26	34.78	22.93	75.00	35.67	116.67
	30–50y	%	16.52	52.94	14.16	47.62	21.07	52.94
	>50y	%	9.77	35.00	8.96	57.14	16.89	80.00
Geographical region	Israel	%	14.00	46.00	13.18	12.50	16.71	0.00
	U.S.	%	5.00	0.00	28.19	0.00	29.11	0.00
	Germany, Austria & Switzerland	%	1.00	0.00	27.08	0.00	28.26	0.00
	India	%	1.00	0.00	11.76	0.00	22.45	0.00
	Australia	%	0.00	0.00	45.00	0.00	55.00	0.00
	South Korea	%	0.00	0.00	0.00	0.00	0.00	0.00
	China Mainland	%	0.00	46.00	0.00	56.31	23.17	40.51
	Hong Kong	%	0.00	0.00	0.00	0.00	14.29	0.00
	Japan	%	/	/	0.00	0.00	52.94	0.00
	UK	%	/	/	5.88	0.00	31.58	0.00
	UAE	%	/	/	0.00	0.00	20.00	0.00

1. The reporting scope Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK, Alma Thailand and Sisram Medical Ltd in 2024. The reporting scope of Sisram Medical included Sisram Tianjin, Xingyuanda and Foshion. In 2024, the payrolls of employees in Sisram Medical Ltd moved to Alma Ltd., but the employees are still working at the same working place that is under Sisram Medical Ltd.

2. Total employee turnover rate = Total employee turnover/Number of employees.

3. In 2024, Alma Lasers made adjustments inside the departments, resulting in an increase in turnover rate.

Occupational Health and Safety[1]

Indicator	Unit	2022 Alma Lasers	2022 Sisram Medical	2023 Alma Lasers	2023 Sisram Medical	2024 Alma Lasers	2024 Sisram Medical
Number of work-related fatalities in past three years	No. of ppl	0	0	0	0	0	0
Lost days due to work-related injury[2]	No. of days	0	270	62	280	50	360

1. The reporting scope Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK, Alma Thailand and Sisram Medical Ltd in 2024. The reporting scope of Sisram Medical included Sisram Tianjin, Xingyuanda and Foshion.

2. The increase in lost days due to work-related injury in Sisram Medical is caused by a traffic accident and an industrial accident. Sisram Medical provided injured employees days off to recover and appropriate compensation, all in accordance with the requirements of local laws and regulations, and the matter has been reasonably resolved with the employees.

Development and Training[1, 2]

Indicator		Unit	2022 Alma Lasers	2022 Sisram Medical	2023 Alma Lasers	2023 Sisram Medical	2024 Alma Lasers	2024 Sisram Medical
Percentage of employees who received training		%	78.60	100.00	66.67	98.20	53.21	100.00
Gender	Male	%	78.45	100.00	63.65	98.44	50.79	100.00
	Female	%	79.85	100.00	71.28	97.87	56.95	100.00
Employee category	Senior	%	88.71	100.00	70.00	66.67	80.26	100.00
	Middle-level	%	80.00	100.00	40.00	100.00	54.84	100.00
	Supervisory-level	%	88.71	100.00	82.86	100.00	50.00	100.00
	General	%	80.00	100.00	69.28	98.78	50.35	100.00
Average training hours completed per employee[3]		Hour	8.15	3.10	5.36	10.50	3.04	6.53
Gender	Male	Hour	8.30	3.08	5.26	11.68	2.80	7.33
	Female	Hour	7.89	3.14	5.51	8.89	3.41	5.62
Employee category	Senior	Hour	17.65	18.00	10.32	7.17	6.72	5.00
	Middle-level	Hour	1.46	18.25	1.34	8.16	2.33	4.64
	Supervisory-level	Hour	4.95	1.95	11.31	4.50	3.89	4.50
	General	Hour	4.76	1.66	5.04	11.41	2.68	7.25

1. The reporting scope Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK, Alma Thailand and Sisram Medical Ltd in 2024. The reporting scope of Sisram Medical included Sisram Tianjin, Xingyuanda and Foshion.

2. The percentage of trained employees and the total training hours have decreased, mainly due to the company's refinement of training courses and the optimization of employee groups involved in various training programs.

3. Average training hours completed per employee = Total number of training hours received by employees/Number of employees.

Supply Chain[1]

Indicator		Unit	2022 Alma Lasers	2022 Sisram Medical	2023 Alma Lasers	2023 Sisram Medical	2024 Alma Lasers	2024 Sisram Medical
Total number of suppliers		No.	565	182	431	50	616	98
Geographical region	MENA (Middle East & North Africa)	No.	284	2	253	2	435	4
	Europe	No.	130	0	83	1	89	6
	North America	No.	77	0	50	0	50	1
	China	No.	56	169	35	44	35	84
	Asia Pacific (except China)	No.	18	11	10	3	9	3
Number of suppliers received assessment on environment, labor and social compliance		No.	30	0	15	43	13	54
Number of suppliers passed assessment on environment, labor and social compliance		No.	23	0	13	43	10	54

1. Since 2023, the Group has redefined the number of suppliers to include only those providing raw materials. Additionally, the reporting scope of Alma Lasers included Alma Israel, and the reporting scope of Sisram Medical included Sisram Medical Ltd, Foshion and Xingyuanda.

Product Liability[1]

Indicator	Unit	2022 Alma Lasers	2022 Sisram Medical	2023 Alma Lasers	2023 Sisram Medical	2024 Alma Lasers	2024 Sisram Medical
Percentage of total products recalled due to safety and health reasons	%	0	0	0	0	0	0
Number of products and service-related complaints received[2]	No.	8,486	1,086	11,591	522	17,968	575
Percentage of products & services related complaints handled by the company	%	100	100	100	100	100	100

1. The reporting scope Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK and Alma Thailand in 2024. The reporting scope of Sisram Medical included Sisram Tianjin, Xingyuanda and Foshion.

2. In 2024, the subsidiaries began to report complaints received in the CRM system to Alma Lasers for further processing, leading to an increase in the number of products and service-related complaints received.

Anti-corruption[1]

Indicator	Unit	2022 Alma Lasers	2022 Sisram Medical	2023 Alma Lasers	2023 Sisram Medical	2024 Alma Lasers	2024 Sisram Medical
Percentage of the Board of Directors trained in anti-corruption[2]	%		0.00		0.00		0.00
Average training hours about anti-corruption received by the Board of Directors[3]	Hour		0.00		0.00		0.00
Percentage of employees trained in anti-corruption[2]	%	0.00	0.00	0.00	43.24	0.00	49.37
Average training hours about anti-corruption received by all employees[3]	Hour	0.00	0.00	0.00	2.26	0.00	1.35
Number of concluded legal cases regarding corrupt practices brought against the Group or its employees	No.	0	0	0	0	0	0

1. The reporting scope Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK and Alma Thailand in 2024. The reporting scope of Sisram Medical included Xingyuanda, Sisram Tianjin, and Foshion.

2. Percentage of the Board of Directors trained in anti-corruption = Number of Board of Directors trained in anti-corruption/Number of directors; Percentage of the employees trained in anti-corruption = Number of employees trained in anti-corruption/Number of employees.

3. Average training hours about anti-corruption received by the Board of Directors = Total training hours about anti-corruption received by the Board of Directors/Number of directors; Average training hours about anti-corruption received by employees = Total training hours about anti-corruption received by employees/Number of employees.

Community Investment[1]

Indicator		Unit	2022 Alma Lasers	2022 Sisram Medical	2023 Alma Lasers	2023 Sisram Medical	2024 Alma Lasers	2024 Sisram Medical
Total investment on community engagement work		USD	52,140	0	3,719	0	7,167	0
Corporate Charitable Donations Made		USD	15,000	0	2,089	0	4,854	0
Focus Area	Education	USD	0	0	0	0	0	0
	Environmental Concerns	USD	5,000	0	0	0	0	0
	Social Welfare	USD	0	0	2,394	0	7,167	0
	Health	USD	1,140	0	0	0	0	0
	Culture & Sport	USD	0	0	0	0	0	0
	Other	USD	46,000	0	1,325	0	0	0
Average hours contributed to community engagement work by employees[2]		Hour	0.95	0.00	3.87	0.00	5.58	0.00

1. The reporting scope Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK and Alma Thailand in 2024. The reporting scope of Sisram Medical included Sisram Tianjin, Xingyuanda and Foshion.

2. Average hours contributed to community engagement work by employees= Total hours contributed to community engagement work by employees/Total number of employees contributed to community engagement work.

ESG REPORTING GUIDE CONTENT INDEX

PART B: Mandatory Disclosure Requirements	
Mandatory disclosure	**Relevant chapters in Report**
Governance Structure	1.2 ESG Governance Structure
Reporting Principle	About This Report
Reporting Scope	About This Report

PART C: "Comply or explain" Provisions

Subject Areas, Aspects, General Disclosures and KPIs	Relevant chapters in Report
A. Environment	
A1. Emissions	2.1 Emissions and Waste Management ESG Databook
A1.1 A1.2 A1.3 A1.4	ESG Databook
A1.5 A1.6	2.3 Climate Change
A2. Use of Resources	2.2 Use of Resources ESG Databook
A2.1 A2.2	ESG Databook
A2.3 A2.4 A2.5	2.2 Use of Resources ESG Databook
A3. The Environment and Natural Resources A3.1	2.2 Use of Resources
A4. Climate Change A4.1	2.3 Climate Change
B. Social	
Employment and Labor Practices	
B1. Employment	3.1 Employee Rights and Benefits 3.2 Inclusion and Diversity
B1.1 B1.2	ESG Databook
B2. Health and Safety	3.4 Occupational Health and Safety
B2.1 B2.2	ESG Databook
B2.3	3.4 Occupational Health and Safety
B3. Development and Training	3.3 Development and Training
B3.1 B3.2	ESG Databook
B4. Labor Standards B4.1 B4.2	3.1 Employee Rights and Benefits
Operation practices	
B5. Supply Chain Management	4.3 Supply Chain Management
B5.1 B5.2	ESG Databook
B5.3 B5.4	4.3 Supply Chain Management
B6. Product Responsibility	4.1 Product Stewardship 4.2 Cultivating Good Customer Relationship ESG Databook
B6.1 B6.2	4.1 Product Stewardship ESG Databook
B6.3 B6.4	4.1 Product Stewardship
B6.5	4.2 Cultivating Good Customer Relationship
B7. Anti-corruption B7.1 B7.2 B7.3	4.4 Ethical Business Conduct ESG Databook
Community	
B8. Community Investment B8.1 B8.2	3.5 Community Investment ESG Databook

DIRECTORS

Executive Directors

Mr. Yi LIU (劉毅) *(Chairman)*
Mr. Lior Moshe DAYAN *(Chief Executive Officer)*
Mr. Jiahong LI (李家宏) *(Chief Financial Officer)*
(appointed on March 19, 2025)

Non-executive Directors

Mr. Yifang WU (吳以芳)
Ms. Rongli FENG (馮蓉麗)

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. Qianli Fang (方前厲)

AUTHORIZED REPRESENTATIVES

Mr. Yi LIU (劉毅)
Ms. Qianli Fang (方前厲)

HEADQUARTERS, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN ISRAEL

Ofek Building 15
HaHarash Street 18
Industrial Park
Caesarea 3079895
Israel

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Lee Garden One
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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
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

HONG KONG LEGAL ADVISER

Freshfields
55/F, One Island East
Taikoo Place, Quarry Bay
Hong Kong

ISRAELI LEGAL ADVISER

Yigal Arnon & Co. Law Firm
5 Azrieli Center
Tel Aviv 6702501
Israel

STOCK SHORT NAME

SISRAM MED

STOCK CODE

01696

COMPANY WEBSITE

www.sisram-medical.com

In this annual report, the following expressions have the meanings set out below unless the context requires otherwise.

"2021 RSU Scheme"	the restricted share units scheme of the Company adopted by the Directors on September 9, 2021 and approved by the Shareholders on November 30, 2021 and amended by a resolution of the Shareholders on June 24, 2024
"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
"Amendment to Sublicense Agreement"	the amendment to sublicense agreement entered into between Sisram Tianjin and Fosun Industrial on December 15, 2022 to amend certain terms of the Sublicense Agreement
"Ample Up"	Ample Up Limited (能悅有限公司), a company incorporated in Hong Kong with limited liability, and a wholly owned subsidiary of Fosun Industrial
"APAC"	Asia-Pacific
"Articles of Association"	the articles of association of the Company currently in force
"AUD"	Australian Dollars, the lawful currency of Australia
"BLA"	Biologics License Application
"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 Ample Up
"CML Beijing"	Chindex (Beijing) International Trade Co. Ltd., a company established in the PRC with limited liability and 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 Main Board of the Stock Exchange
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules
"CPD"	continuous professional development
"DACH"	Germany, Austria and Switzerland
"Director(s)"	the director(s) of the Company

"EBD"	energy based devices
"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 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 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)
"Fosun Pharma Industrial"	Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.* (上海復星醫藥產業發展有限公司), a company established in the PRC with limited liability and a subsidiary of Fosun Pharma and the sub-licensor of the Sublicense Agreement
"Group", "we", "us" or "our"	the Company and its subsidiaries
"Head Licensor"	Revance Therapeutics, Inc., a company listed on NASDAQ (ticker symbol: RVNC)
"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

"Independent Non-executive Director(s)"	the independent non-executive director(s) of the Company
"INR"	Indian Rupees, the lawful currency of India
"IP"	Intellectual property
"Licensed Product"	finished form of the injectable pharmaceutical drug product containing daxibotulinumtoxinA, also referred to by Head Licensor as RT002
"Listing", "Global Offering" or "IPO"	the initial public offering of the Company's shares
"Listing Date"	September 19, 2017
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"M&A"	mergers & acquisitions
"Macao"	Macao Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers
"NIS"	New Israeli Shekels, the lawful currency 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
"Participants"	individuals who participate in the 2021 RSU Scheme, as defined in the rules of the 2021 RSU Scheme
"PRC"	the People's Republic of China, which for purpose of this annual report only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"R&D"	research and development
"Regulatory Milestone Payments"	the regulatory milestone payments payable by Sisram Tianjin directly to the Head Licensor under the Sublicense Agreement
"Related Entity"	a holding company or fellow subsidiary or associated company of the Company
"Reporting Period"	the year ended December 31, 2024
"RF"	radio frequency

"Royalty Payments"	the royalty payments payable by Sisram Tianjin to Fosun Pharma Industrial and/or the Head Licensor (as the case may be) as set out in the Sublicense Agreement
"RSU"	a restricted share unit, being a contingent right to receive Shares which is awarded under the 2021 RSU Scheme
"Sales Milestone Payments"	the sales milestone payments payable by Sisram Tianjin directly to the Head Licensor under the Sublicense Agreement
"Service Providers"	an individual consultant, individual independent contractor, or individual self-employed contractor who provides services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group and may include those in R&D, operations, sales and marketing and G&A (but excluding any professional service providers who provide assurance or are required to perform their services with impartiality and objectivity)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Share(s)"	the share(s) in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"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
"Sublicense"	the sublicense of rights by Fosun Pharma Industrial to Sisram Tianjin in consideration for the Upfront Payment, the Regulatory Milestone Payments, the Sales Milestone Payments and the Royalty Payments pursuant to the Sublicense Agreement
"Sublicense Agreement"	the sublicense agreement between Fosun Pharma Industrial and Sisram Tianjin dated October 26, 2022 with respect to the Sublicense
"Territory"	China mainland, Hong Kong, and Macao Special Administrative Region
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"UAE"	United Arab Emirates
"UK"	United Kingdom
"Upfront Payment"	the upfront payment payable by Sisram Tianjin to Fosun Pharma Industrial under the Sublicense Agreement

"US$"	United States Dollars, the lawful currency of the United States
"YOY"	year over year

* *For identification purpose only*