Sisram Medical Ltd
復銳醫療科技有限公司*

(Incorporated in Israel with limited liability)

(Stock Code: 1696)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2020

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2020:

- Revenue was US$71.7 million, decreased by 16.0% as compared to that for the six months ended June 30, 2019.

- Profit for the period attributable to owners of the parent was US$5.5 million, which represent 7.7% of revenue for the six months ended June 30, 2020. Such percentage decreased by 7.8% as compared to that for the corresponding period in 2019.

INTERIM DIVIDEND

- The Board resolved not to declare any interim dividend for the six months ended June 30, 2020.

RESULTS HIGHLIGHTS

The board of directors (the "**Board**") of Sisram Medical Ltd (the "**Company**" or "**Sisram**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**we**") for the six months ended June 30, 2020 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2019. The results have been prepared in accordance with International Financial Reporting Standards (the "**IFRSs**").

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Six months ended June 30, 2020 US$'000 (Unaudited)	2019 US$'000 (Unaudited)
REVENUE	4	71,736	85,432
Cost of sales		(31,834)	(36,460)
Gross profit		39,902	48,972
Other income and gains		988	1,438
Selling and distribution expenses		(19,834)	(20,122)
Administrative expenses		(8,088)	(7,586)
Research and development expenses		(4,955)	(4,944)
Other expenses		(1,271)	(1,674)
Finance costs		(348)	(511)
PROFIT BEFORE TAX	5	6,394	15,573
Income tax expense	6	(656)	(1,708)
PROFIT FOR THE PERIOD		5,738	13,865
Attributable to:			
Owners of the parent		5,504	13,209
Non-controlling interests		234	656
		5,738	13,865
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For profit for the period (US cents)	7	1.24	2.99

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended June 30, 2020	2019
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
PROFIT FOR THE PERIOD	5,738	13,865
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(306)	179
Effective portion of changes in fair value of hedging instruments arising during the period	160	78
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(146)	257
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement loss of a defined benefit plan	(50)	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(50)	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(196)	257
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,542	14,122
Attributable to:		
Owners of the parent	5,308	13,466
Non-controlling interests	234	656
	5,542	14,122

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at June 30, 2020 *US$'000* *(Unaudited)*	As at December 31, 2019 *US$'000* *(Audited)*
NON-CURRENT ASSETS			
Plant and equipment		10,576	5,328
Right-of-use assets		7,452	8,921
Goodwill		111,183	111,183
Other intangible assets		55,955	58,630
Deferred tax assets		4,833	4,791
Trade receivables	8	6,228	6,183
Other non-current assets		191	211
Total non-current assets		196,418	195,247
CURRENT ASSETS			
Inventories		37,117	33,018
Trade receivables	8	51,693	50,438
Prepayments, other receivables and other assets		3,201	4,195
Tax receivables		–	2,204
Derivative financial instruments		309	32
Cash and bank balances		99,071	107,792
Total current assets		191,391	197,679
CURRENT LIABILITIES			
Contract liabilities		2,981	4,308
Trade payables	9	8,712	11,992
Other payables and accruals		28,250	17,881
Interest-bearing bank and other borrowings		802	2,410
Tax payables		746	–
Lease liabilities		3,022	2,921
Total current liabilities		44,513	39,512
NET CURRENT ASSETS		146,878	158,167
TOTAL ASSETS LESS CURRENT LIABILITIES		343,296	353,414

	As at June 30, 2020 *US$'000* *(Unaudited)*	As at December 31, 2019 *US$'000* *(Audited)*
NON-CURRENT LIABILITIES		
Contract liabilities	123	684
Interest-bearing bank and other borrowings	311	402
Lease liabilities	4,836	6,469
Deferred tax liabilities	10,289	10,645
Other long-term liabilities	2,503	9,644
Total non-current liabilities	18,062	27,844
NET ASSETS	325,234	325,570
EQUITY		
Equity attributable to owners of the parent		
Share capital	1,254	1,254
Reserves	323,980	324,316
Total equity	325,234	325,570

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended June 30, 2020 (the "**Reporting Period**") has been prepared in accordance with International Accounting Standards ("**IASs**") 34 *Interim Financial Reporting* approved by the International Accounting Standards Board. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements as at December 31, 2019.

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value. The interim condensed consolidated financial statements are presented in U.S. dollars and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of the following revised IFRSs for the first time for the Reporting Period's financial information.

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

The nature and impact of the revised IFRSs are described below:

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

(b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

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

During the Reporting Period, no monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases.

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

3. OPERATING SEGMENT INFORMATION

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

4. REVENUE

An analysis of revenue is as follows:

	Six months ended June 30,	
	2020	**2019**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Revenue from contracts with customers		
Sale of goods	67,284	77,297
Services provided	4,452	8,135
	71,736	85,432

Disaggregated revenue information for revenue from contracts with customers

	Six months ended June 30, 2020	2019
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Types of goods or services		
Sale of goods	67,284	77,297
Services provided	4,452	8,135
Total revenue from contracts with customers	71,736	85,432
Timing of revenue recognition		
Goods transferred at a point in time	67,284	77,297
Services transferred over time	4,452	8,135
Total revenue from contracts with customers	71,736	85,432

5. PROFIT BEFORE TAX

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

	Six months ended June 30, 2020	2019
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Cost of inventories sold	20,508	25,366
Cost of services and others	11,326	11,094
Provision for impairment of inventories	303	637
Impairment of trade receivables	716	575
Foreign exchange differences, net	252	462

6. INCOME TAX

The Israeli corporate tax rates applicable to the Company were 23% for the six months ended June 30, 2019 and 2020. Each entity in the Group is taxable based on its standalone results as measured by the local tax system.

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

Nova Medical Israel Ltd. ("**Nova**") is taxed based upon the tax law in Israel, the country of residence. Income was taxed at corporate income tax rate of 23% for the six months ended June 30, 2019 and 2020.

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

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

Applicable benefits under the new regime include:

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

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

The following applies to SPTE:

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

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

As of June 30, 2020, Alma enjoyed a new preferential effective tax rate of 9.48%, for being a SPTE for the period ended June 30, 2020.

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

Rate Reduction

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

The income of the Alma Lasers GmbH, a subsidiary incorporated in Germany, is taxed based upon the tax law in Germany, the country of residence. Income was taxed at a flat corporate income tax rate of 15% during the Reporting Period and was also subject to additional trade income taxes of 15.825% as applicable.

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

The income of Alma Medical Private Limited, a subsidiary incorporated in India, is taxed based upon the tax law in India, the country of residence. Income was taxed at a corporate income tax rate of 30.9% during the Reporting Period (which was not a flat rate but included many deductions/exemptions/rebates as per the Income Tax Act 1961) and the Company was also subject to withholding taxes as per the provisions of the said Income Tax Act 1961.

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

The income of Alma Medical Australia Pty Ltd, a subsidiary incorporated in Australia, is taxed at the rate of 26%.

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

	Six months ended June 30,	
	2020	**2019**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Current	1,054	1,260
Deferred	(398)	448
Total tax charge for the period	656	1,708

7. 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 six months ended June 30, 2020 and 2019 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 442,155,600 (for the six months ended June 30, 2019: 442,155,600) in issue during the period.

The calculation of basic earnings per share is based on:

	Six months ended June 30,	
	2020	**2019**
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	5,504	13,209

	Six months ended June 30,	
	2020	**2019**
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	442,155,600	442,155,600

No adjustment has been made to the basic earnings per share presented for the six months ended June 30, 2019 and 2020 as the Group had no potentially dilutive ordinary shares in issue during those periods.

8. TRADE RECEIVABLES

	As at June 30, 2020	**As at December 31, 2019**
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Trade receivables	59,268	57,350
Impairment	(1,347)	(729)
	57,921	56,621

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

	As at June 30, 2020	**As at December 31, 2019**
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Within 1 month	14,594	15,949
1 to 2 months	6,557	7,575
2 to 3 months	3,037	3,918
3 months to 1 year	27,505	22,996
Over 1 year	6,228	6,183
	57,921	56,621

9. TRADE PAYABLES

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

	As at June 30, 2020 *US$'000* *(Unaudited)*	**As at December 31, 2019** *US$'000* *(Audited)*
Within 1 month	3,809	8,982
1 to 2 months	1,949	2,596
2 to 3 months	2,447	266
Over 3 months	507	148
	8,712	11,992

10. DIVIDENDS

The Board resolved not to declare any interim dividend for the period ended June 30, 2020. (for the six months ended June 30, 2019: Nil).

No dividends were paid during the period ended June 30, 2020 (for the six months ended June 30, 2019: Nil). Dividends in the sum of US$6,264,000 will be paid in August 2020 by the Company.

11. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the Reporting Period's presentation and disclosures.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

The Company is a leading global provider of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which feature its innovative and proprietary technologies. Alma, the Company's core subsidiary, is also engaged in the injectables market with a distribution agreement from IBSA Derma, a Swiss cosmeceutical company and a leading subsidiary of IBSA Pharma Corporation, for the distribution of its products in Israel, Hong Kong, India and Mainland China. The "Alma" brand, as well as the brands of many of the Group's products such as "Soprano", "Harmony", "ClearLift", "Accent", "FemiLift" and "BeautiFill" are widely recognized and well regarded among treatment providers and treatment recipients worldwide. The Group also sells its treatment systems via distributors and direct sales customers in over 90 countries and jurisdictions worldwide.

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

2. BUSINESS REVIEW OF FIRST HALF OF 2020

In the first half of 2020, Sisram's established global sales and distribution network recorded a total revenue of US$71.7 million for the Reporting Period, representing a decrease of 16.0% when compared to the corresponding period in 2019. The decrease was primarily attributable to the COVID-19 impact on the global economy. The prevalence, magnitude, and trends of the economic effects created by the pandemic across the globe are depicted in Sisram's business results. As a global company, active across over 90 countries worldwide, we experienced the macroeconomics impact in each country, yet thanks to our global spread, we were able to mitigate these effects overall. China, which was the first to be affected from the pandemic, was also the first to bounce back, with our Chinese operation demonstrating an impressive revenue increase during the Reporting Period in comparison with the corresponding period last year. Our North American subsidiary did not fully shut down and maintained its high revenue stream during the Reporting Period, with a slight positive increase in revenue when compared with the corresponding period in 2019. These two major markets, along with the South Korean subsidiary, have compensated greatly for the revenue decrease in Europe and Latin America countries that went through longer periods of shutdown. Encouraging back-to-routine signs are seen also among countries such as Poland, Japan, Italy, the Netherlands, etc., with recovering demand showing as at June 2020.

Profit for the period attributable to owners of the parent was US$5.5 million, which represent 7.7% of revenue for the Reporting Period. Such percentage decreased by 7.8% as compared to that for the corresponding period in 2019.

During the Reporting Period, gross profit of the Group amounted to US$39.9 million compared to US$49.0 million for the corresponding period in 2019, representing a decrease of 18.5%. The gross profit margin decreased to 55.6% for the Reporting Period from 57.3% for the corresponding period in 2019, primarily due to fixed manufacturing expenses such as salaries, facilities expenses and other fixed expenses. The establishment of direct operation offices in chosen territories has enabled the Company to shorten the supply chain, gain a higher brand visibility and ensure consistency among the communications with the target clientele. With this methodology in place, revenue derived from direct sales amounted to 54.2% of total revenue versus 45.8% of the total revenue attributed to sales via distributors.

During the Reporting Period, the Group recorded profit before tax of US$6.4 million and recorded profit for the period of US$5.7 million, representing a decrease of 58.9% and 58.6% respectively, when compared to the corresponding period in 2019. The decrease in profit before tax and profit for the period was mainly due to the decrease in revenue, the decrease in gross profit (US$9.1 million) and a decrease in sales expenses (US$0.3 million), mainly related to the direct operation in North America.

During the Reporting Period, the Group recorded an adjusted net profit of US$8.6 million representing a decrease of 47.2% when compared with the corresponding period of 2019. The adjusted net profit margin for the Reporting Period was 12.1%. The decrease in the adjusted net profit is mainly attributable to the outbreak of the COVID-19 which has had a significant impact on the global medical aesthetics industry. As a whole, the lower Profit for the Period reflects the Company's decision to prioritize the use of its resources to maintain its ongoing operations with minimal cutbacks in order to maintain its flexibility and resilience capabilities. Following the initial signs of recovery in market demand in June 2020, the Company is further enhancing its competitive position by expanding its scope of business and maintaining continuous and stable development of its business.

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

1. Support employees and business partners during these challenging times.

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

3. Continue its strategic projects – upgrading IT infrastructures (ERP, CRM), our new campus, R&D projects, clinical studies, etc.

4. Protect its financial assets and company value.

R&D

- R&D investments are in the same level as in the corresponding period in 2019.

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

- We have launched 2 new products – (1) Opus Plasma – the first plasma skin resurfacing technology that swept the North American market by storm with an outstanding demand, and (2) "Harmony XL PRO" special edition with the new, groundbreaking applicator – doubling the power of previous solutions, providing visibly younger looking skin.

- On the clinical research front, our provisional application in the USA for a patent on harvesting high quality stromal vascular fraction (SVF) cells and adipose-derived stromal cells (ASCs) from lipoaspirate fat has progressed according to plan. This patent and technology are expected to further expand our surgical and regenerative medicine applications.

Sales and Marketing

As a multi-national operation, Sisram is required to adjust its performance according to each country/state limitations (USA, DACH, India, etc). This practice of global outlook with local focus that we call Glocalization methodology has been fully exploited during the COVID-19 outbreak to (1) monitor the pandemic rhythm and expression in each country, (2) plan the return to routine, and (3) coordinate the efforts across all subsidiaries and execute the plan. Adjusting to the new market dynamics, we have performed the following activities:

- Upgrading webinars activities as a substitute to cancelled conferences, trainings, and sales meetings.

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

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

- Organising weekly video meetings with all distributors – making sure that we support our customers with solid answers, fast service, and positive reactions.

Business Development

- During the Reporting Period, we have continuously explored new business opportunities, following the charted guidelines – strengthen our Asia-Pacific ("**APAC**") position, diverse our business and create synergistic value with Alma.

Operations

On the operations front, we have focused on the following spearheads:

- Addressing the pandemic effect
    - Following the lockdowns in several territories and components supply shipments delays, we have analyzed and activated alternative sources of supply – mainly by replacing plastic parts with CNC machining metal parts.
    - Enhance inbound materials visibility in response to decline in suppliers "on time delivery" performances.
    - Evaluate and exercise alternative outbound logistics options, as air transportation was less available.
    - Provide required IT tools to allow employees to work from home when applicable.
- Ensuing the continuation of our future business plans:
    - Global ERP project was initiated in January 2020 with the "go live" of the new ERP infrastructure in the headquarter. We plan to continue its deployment with "go live" in our rest companies till the mid of next year. Alma's new campus project is in execution phase with 91% of plan accomplished. The campus will consolidate five operation sites into one with future expansion capacity of 50%. Facility transition is planned to take place in August 2020.
    - Competitive procurement project, including advanced supply control structural methods, has been designed and is in implementation process.

3. OUTLOOK FOR SECOND HALF OF 2020

In the second half of 2020, Sisram intends to adopt a constructive disruption strategy by evaluating and implementing near-future technologies, ventures, and synergies so as to bolster our global position. The Group's efforts throughout 2020 will strategically focus on digitalization, brand and eco-system building and lean innovation.

The fourth industrial revolution is happening NOW. The new business environment (as we came to learn these days) is composed of disruptive technologies and trends such as the Internet of Things (IoT), robotics, virtual reality (VR) and artificial intelligence (AI), that are changing the way we live, work and consume.

Prior to COVID-19, Sisram identified the necessary tools and working paradigms to facilitate its future success in this new era. As we perceive it, COVID-19 is expected to play as a significant catalyst, accelerating this revolution. These days we are outlining Sisram's digital transformation strategy with two major objectives in sight:

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

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

We will continue to the pursuit of our mission to provide modular, cost-effective and high-performance systems based on the very latest clinical research and cutting-edge technologies, and to adhere to corporate vision of "Enhancing Quality of Life".

We plan to focus on the following targets:

1. Develop our market share in the new territories such as Australia and South Korea;

2. Continue the North America's sales and marketing focus following the successful results achieved in 2019;

3. Explore untapped direct operation opportunities worldwide;

4. Focus R&D and clinical resources to explore the combination of energy sources and regenerative medicine applications, develop technologies, products and protocols that will best utilize the findings of the Company's research;

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

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

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

4. FINANCIAL REVIEW

During the Reporting Period, the unaudited interim results and the summary of financial results are as follows:

A. Revenue

During the Reporting Period, revenue of the Group decreased from US$85.4 million to US$71.7 million, representing a decrease of 16.0% when compared to the corresponding period in 2019. The overall decrease was primarily attributable to a decrease in the sales volume of main consoles and applicators for the Company's different products, due to the COVID-19 impact on the global economy. The pandemic significantly disrupted the global medical aesthetics industry in general and the clinical operations of hospitals, aesthetic clinics and doctors' practices in specific. As at the date of this announcement, the clinical operation of medical aesthetics practices have not been fully back to its normal level prior to the outbreak of COVID-19, although significant improvement is seen in June 2020 as compared to the Reporting Period.

Revenue by main product segments

We generate revenue from the following revenue streams: (i) sale of goods; and (ii) services and others. The revenue from sale of goods amounted to US$67.3 million, representing a decrease of 13.0% as compared to the corresponding period in 2019. The revenue from service and others amounted to US$4.5 million, representing a decrease of 45.3% as compared to the corresponding period in 2019, which was mainly attributed to the overall impact of COVID-19 on market demand.

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

	Six months ended June 30				
	2020		**2019**		**YOY %**
	(US$ in thousands, except for percentages)				
Sale of Goods:					
Non-invasive medical aesthetics:					
Core	48,923	68.2%	60,150	70.4%	(18.7%)
Beauty	7,062	9.8%	4,649	5.4%	51.9%
Subtotal	55,985	78.0%	64,799	75.8%	(13.6%)
Minimally invasive	9,405	13.1%	11,171	13.1%	(15.8%)
Non-EBD*	1,894	2.6%	1,327	1.6%	42.7%
Subtotal	67,284	93.7%	77,297	90.5%	(13.0%)
Services and Others	4,452	6.3%	8,135	9.5%	(45.3%)
Total	71,736	100.0%	85,432	100.0%	(16.0%)

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

We have derived a substantial majority of our revenue from our Core product line, representing 68.2% of our total revenue for the Reporting Period. This includes our flagship non-invasive medical aesthetics treatment systems: "Soprano", "Harmony" and "Accent" platforms, as well as our Aesthetic Precision product line. Revenue from the sale of our Core product line was US$48.9 million for the six months ended June 30, 2020, representing a decrease of 18.7% in comparison with a revenue of US$60.2 million in the corresponding period in 2019. The decrease is attributed the overall decline in sales volume due to the pandemic impact.

The significant increase in our Beauty product line revenue by 51.9%, amounting to US$7.1 million is attributed to a new product portfolio perspective we adopted prior to the pandemic outbreak. This outlook proved to be essential post the pandemic as it promotes the development of Value for Money products, an entry-level product, catering to vast customers segment, offering affordable treatments for consumers and quick return on investment for the customers.

Revenue from our Minimally invasive product line decreased by 15.8% and amounted to US$9.4 million compared to US$11.2 million for the corresponding period in 2019. The decrease is too attributed the overall decline in sales volume due to the pandemic impact.

Revenue by geographic segments

The following table sets forth our revenue by geographic segments for the six months ended in the years indicated (measured by the location of our direct sales customers and our distributors):

	Six months ended June 30				
	2020		**2019**		**YOY %**
	(US$ in thousands, except for percentages)				
Europe	16,367	22.8%	25,051	29.3%	(34.7%)
North America	22,848	31.9%	22,203	26.0%	2.9%
APAC	21,779	30.4%	21,474	25.1%	1.4%
Middle East and Africa	7,581	10.5%	10,494	12.3%	(27.8%)
Latin America	3,161	4.4%	6,210	7.3%	(49.1%)
Total	71,736	100.0%	85,432	100.0%	(16.0%)

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

The revenue derived from Europe decreased by 34.7% to US$16.4 million in the Reporting Period from US$25.1 million for the corresponding period in 2019. The decrease is in line with the volume of the pandemic impact on this continent.

The revenue derived from North America increased by 2.9% to US$22.9 million in the Reporting Period from US$22.2 million for the corresponding period in 2019. The increase is attributed to the moderate impact of the pandemic on this territory, with business operation only partially closed, which enabled our North American subsidiary to maintain its high revenue stream during the Reporting Period, with a slight positive increase in revenue when compared to the corresponding period in 2019.

The revenue derived from APAC increased by 1.4% to US$21.8 million in the Reporting Period from US$21.5 million for the corresponding period in 2019. The increase is mainly attributed to our Chinese operation, with China, being the first country to be affected from the pandemic, was also the first to bounce back, demonstrating an impressive revenue increase during the Reporting Period in comparison with the corresponding period last year. Our recently formed South Korean subsidiary also contributed to the regional growth, showing constant revenue increase.

The revenue derived from Middle East and Africa decreased by 27.8% to US$7.6 million in the Reporting Period from US$10.5 million for the corresponding period in 2019. The decrease is mainly attributed to the impact of the pandemic on these territories.

The revenue derived from Latin America decreased by 49.1% to US$3.2 million in the Reporting Period from US$6.2 million for the corresponding period in 2019. The decrease is in line with the volume of the pandemic impact on this territory.

B. Cost of sales

During the Reporting Period, the cost of sales primarily comprised of the costs of production materials, and to a lesser extent, remuneration of production employees, the cost of rendering of services, and overheads and other miscellaneous costs relating to production. For the Reporting Period, the cost of sales of the Group decreased by 12.7% to US$31.8 million from US$36.5 million for the corresponding period in 2019, which is mainly due to decrease in sales volume.

C. Gross profit and gross profit margin

During the Reporting Period, gross profit of the Group decreased by 18.5% to US$39.9 million from US$49.0 million for the corresponding period in 2019 for the reasons set out in Revenue and Cost of sales above.

The gross profit margin decreased to 55.6% for the Reporting Period from 57.3% for the corresponding period in 2019. The decrease relates mainly due to fixed manufacturing expenses such as salaries, facilities expenses and other fixed expenses.

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 digital activities.

During the Reporting Period, selling and distribution expenses of the Group decreased by 1.4% to US$19.8 million from US$20.1 million for the corresponding period in 2019, the decrease resulted from lower commission expenses, and decrease of marketing events due to the pandemic.

Selling and distribution expense also include one time amortisation of deferred revenues asset arising from Nova's acquisition in the amount of US$0.5 million.

E. Administrative expenses

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

During the Reporting Period, administrative expenses of the Group increased by 6.6% to US$8.1 million from US$7.6 million for the corresponding period in 2019. The increase is mainly attributed to the consolidation of two new subsidiaries (Alma Korea Limited and Alma Medical Australia Pty Ltd) expenses, we established a new IT team to manage and support the new ERP system, in addition one-time lease improvements depreciation in accordance with the moving to the new campus and the revaluation of contingent consideration related to the acquisition of Nova.

Administrative expenses also include amortization of intangible assets arising from the acquisitions of Alma and Nova. During the Reporting Period, the amortization expense amounted to US$3.1 million, the same amount in the corresponding period in 2019.

F. R&D

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

During the Reporting Period, R&D expenses are US$5.0 million, close amount to the corresponding period in 2019.

G. Finance costs

Finance costs are comprised mainly of interest on bank loans. During the Reporting Period, finance costs also include interest on lease liabilities, which were recognized upon the adoption of IFRS 16 – *Leases* on January 1, 2019. Finance costs decreased to US$0.3 million in the Reporting Period from US$0.5 million for the corresponding period in 2019, since lower interests are recorded on debts during the Reporting Period due to the repayment of bank loans.

H. Income tax expense

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

During the Reporting Period, income tax expense decreased to US$0.7 million, representing a decrease of 61.6% from US$1.7 million for the corresponding period in 2019. This was primarily attributable to the lower income before tax.

I. Profit for the period

As a result of the foregoing, during the Reporting Period, our profit for the period decreased by 58.6% to US$5.7 million from US$13.9 million for the corresponding period in 2019. The net profit margin of the Group for the six months ended in June 30, 2020 and 2019 were 8.0% and 16.2%, 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; (ii) changes in contingent consideration arising from the acquisition of Nova; and (iii) deferred tax liability arising from other intangible assets, which primarily relates acquisitions. The Group calculates adjusted net profit margin by dividing adjusted net profit by revenue.

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

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

	Six months ended June 30		
	2020	**2019**	**YOY %**
	US$'000	*US$'000*	
PROFIT FOR THE PERIOD	5,738	13,865	58.6%
Adjusted for:			
Amortization of other intangible assets arising from the Alma acquisitions	2,305	2,305	0.0%
Amortization of other intangible assets arising from the Nova acquisitions	812	283	186.9%
Contingent consideration arising from acquisitions	262	274	(4.4%)
Deduct: deferred tax arising from other intangible assets	(471)	(349)	35.0%
Adjusted net profit	8,646	16,378	(47.2%)
Adjusted net profit margin	12.1%	19.2%	

5. DEBT STRUCTURE, LIQUIDITY AND SOURCES OF FUNDS

A. Treasury policy

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

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

B. Gearing ratio

As at June 30, 2020 and June 30, 2019, the Group's cash and cash equivalents exceeded the total debt. As such, no gearing ratio was presented.

C. Interest coverage

During the Reporting Period, the interest coverage, which is calculated by EBIT (Earnings Before Interest and Taxes) divided by financial costs was 19.4 times as compared with 31.5 times for the corresponding period in 2019. The interest coverage decreased mainly because the Group's EBIT during the Reporting Period decreased by 58% to US$6.7 million from US$16.1 million for the corresponding period in 2019, and finance cost decreased by 31.9% to US$0.3 million from US$0.5 million for the corresponding period in 2019.

D. Available facilities

As at June 30, 2020, Sisram did not have any unutilized banking facilities. Sisram is mainly financing its operations through cash generated from operating activities.

E. Interest rate

As at June 30, 2020, total interest-bearing bank and other borrowings at a floating interest rate amounted to US$1.1 million (As at December 31, 2019: US$2.8 million).

F. Maturity structure of outstanding debts

The following tables sets forth the maturity structure of outstanding debts as at June 30, 2020 and December 31, 2019.

	June 30, 2020 *US$'000*			December 31, 2019 *US$'000*		
	Effective interest rate *(%)*	*Maturity*	*US$'000*	**Effective interest rate** *(%)*	*Maturity*	*US$'000*
Current						
Bank loan, secured (a)/(b)	3.25-3.65	2020	209	3.25-3.65	2020	958
Current portion of long-term bank loans, secured	PRIME+ (1.9-2.2)	2020	593	6-month LIBOR+3.75	2020	1,452
Bank loan, secured (a)/(b)			802			2,410
Non-current						
Bank loan, secured (a)/(b)	PRIME+ (1.9-2.2)	2021-2022	311	6-month LIBOR+ 3.25-3.65	2021-2022	402
			1,113			2,812

Notes: LIBOR stands for London Interbank Offered Rate.
PRIME stands for Israel Interbank Offered Rate.

	June 30, 2020 *US$'000*	**December 31, 2019** *US$'000*
Within 1 year	802	2,410
1 to 2 years	248	297
2 to 5 years	63	105
Total	1,113	2,812

G. Collateral and pledged assets

On April 13, 2014, the Company entered into a loan agreement pursuant to which an unconditional guarantee agreement with the banks was entered into, pursuant to which, the Company granted and pledged to the banks a continuing security interest in all the Company's assets. In addition, the Company granted and pledged to the banks all of the issued and outstanding shares of Alma and a floating charge over all of the present and future assets of the Company as they may be from time to time. The Company also agreed not to sell, transfer, assign, mortgage, pledge, lease, grant a security interest in, or encumber any of its assets. The Company has met all the aforementioned financial covenants. The last repayment on the loan was paid in April 2020.

Nova, Alma's subsidiary, entered into loan agreements pursuant to which Nova pledged to the banks all of the issued and outstanding shares of Nova and a floating charge over all of the present and future assets of Nova as they may be from time to time. The remaining balance of such loan amounted to US$0.9 million as at June 30, 2020, which is fully covered by Nova cash balance.

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 the Reporting Period and the corresponding period of 2019.

	Six months ended June 30		
	2020	**2019**	**YOY%**
	US$'000	*US$'000*	
Net cash flows from/(used in) operating activities	(110)	8,570	(101.3%)
Net cash flows from investing activities	2,360	46,632	(94.9%)
Net cash flows used in financing activities	(3,150)	(2,479)	27%
Net increase/(decrease) in cash and cash equivalents	(900)	52,723	(101.7%)
Cash and cash equivalents at the beginning of the period	99,735	33,840	194.7%
Effect of foreign exchange rate changes, net	152	147	3.4%
Cash and cash equivalents at the end of the period	98,987	86,710	14.2%
Cash and cash equivalents			
Pledged bank balances for long term bank loans	84	58	44.8%
Term deposits with original maturity of more than three months	–	16,000	(100%)
Cash and bank balance at the end of the period	99,071	102,768	(3.6%)

Net cash flows used in operating activities

During the Reporting Period, the net cash flows used in operating activities were US$0.1 million, which was primarily attributable to: (i) the profit before tax of US$6.4 million; (ii) total adjustments for profit or loss items of US$5.5 million; (iii) working capital adjustments of US$14 million; and (iv) income tax received, net of US$2 million.

Net cash flows from investing activities

During the Reporting Period, the net cash flows provided by investing activities were US$2.4 million, which was primarily attributable to: (i) maturity of short term bank deposits with the amount of US$8 million, (ii) US$0.6 million interest received from term deposits and (iii) US$6.2 million in purchase of plant and equipment.

Net cash flows used in financing activities

During the Reporting Period, the net cash flows used in financing activities was US$3.2 million, which was primarily attributable to: (i) repayments on loan and interest of US$1.4 million; and (ii) payment of lease payments of US$1.7 million.

7. CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

During the Reporting Period, capital expenditures of the Group amounted to US$6.2 million, which mainly consisted of additions to the plant facility and ERP Costs.

As at June 30, 2020, the Group did not have any significant capital commitments.

8. CONTINGENT LIABILITIES

As at June 30, 2020, 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. SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for those disclosed in this announcement, there were no other significant investments held as at June 30, 2020. The Group did not have other plans for material investments and capital assets.

11. RISK MANAGEMENT

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

A. Foreign currency exposure

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

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

B. Interest rate exposure

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

12. EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the number of employees by function as at June 30, 2020:

Function	Number of Employees
Operations	186
R&D	69
Sales & Marketing	186
General and Administration	60
Total	501

Employees' headcount as at the end of Reporting Period decreased by 2% with the departure of 10 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.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2020.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Directors' and Chief Executive Officer's Dealing Policy on terms no less exacting than the required standard under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries to all of the directors of the Company, all directors of the Company confirmed that they have fully complied with the relevant requirements set out in its own code of conduct during the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited interim results of the Group for the six months ended June 30, 2020 prepared in accordance with IFRSs.

PUBLICATION OF INTERIM RESULTS AND 2020 INTERIM REPORT

This results announcement is published on the website of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at http://www.hkexnews.hk and on the website of the Company at http://www.sisram-medical.com. The 2020 interim report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company in due course and will be published on the websites of the Company and the Stock Exchange.

APPRECIATION

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

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

Hong Kong, August 20, 2020

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

* *For identification purpose only*