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## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO TENANCY AGREEMENTS**

Reference is made to the Announcement of the Company dated 31 December 2020 in relation to continuing connected transactions relating to the Tenancy Agreements. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated.

As disclosed in the Announcement, on 31 December 2020 (after trading hours), the following Tenancy Agreements have been entered into by the Group:

- (i) Most Wealth (as landlord) and MDLCL (as tenant) entered into the Tenancy Agreement I in respect of the Premises I for a term of two years commencing from 1 January 2021 to 31 December 2022;
- (ii) Mr. Chan Kwun Fung and Mr. Chan Kwun Pan and Landlord C (as landlords) and YZJSZ (as tenant) entered into the Tenancy Agreement II in respect of the Premises II for a term of two years commencing from 1 January 2021 to 31 December 2022;
- (iii) Mr. Chan Kwun Fung, Mr. Chan Kwun Pan and Landlord C (as landlords) and MDLSZ (as tenant) entered into the Tenancy Agreement III in respect of the Premises III for a term of two years commencing from 1 January 2021 to 31 December 2022;

- (iv) Landlord B (as landlord) and MDLSZ (as tenant) entered into the Tenancy Agreement IV in respect of the Premises IV for a term of two years commencing from 1 January 2021 to 31 December 2022;
- (v) Landlord C (as landlord) and MDLSZ (as tenant) entered into the Tenancy Agreement V in respect of the Premises V for a term of two years commencing from 1 January 2021 to 31 December 2022;
- (vi) Landlord A (as landlord) and MDLSZ (as tenant) entered into the Tenancy Agreement VI in respect of the Premises VI for a term of two years commencing from 1 January 2021 to 31 December 2022; and
- (vii) Mr. Chan Kwun Fung and Mr. Chan Kwun Pan (as landlords) and MDLCL (as tenant) entered into the Tenancy Agreement VII in respect of the Premises VII for a term of two years commencing from 1 January 2021 to 31 December 2022.

Landlord A, Landlord B and Landlord C are associates of Mr. Chan Kwun Fung, Mr. Chan Kwun Pan and Mr. Ngai Shing Kin, respectively, and are therefore connected persons of the Company pursuant to Rule 14A.07(4) and Rule 14A.12 of the Listing Rules. Further, Most Wealth is held as to 37.5%, 37.5% and 25% by Mr. Chan Kwun Fung, Mr. Chan Kwun Pan and Mr. Ngai Shing Kin, respectively. Most Wealth is an associate of Mr. Chan Kwun Fung and Mr. Chan Kwun Pan and are therefore a connected person of the Company under Rule 14A.07(4) and Rule 14A.12 of the Listing Rules.

The Board wishes to clarify that the transactions under the Tenancy Agreements shall be classified as connected transactions of the Company instead of continuing connected transactions of the Company under the application of IFRS 16.

Under IFRS 16, which came into effect on leases entered into after 1 January 2019, the Group as lessee shall recognise a lease as a right-of-use asset and a lease liability. The right-of-use asset represents its right to use the underlying leased assets over the lease term and the lease liability represents its obligation to make lease payments.

The transactions under the Tenancy Agreements should be regarded as acquisition of assets under the definition of transaction set out in Rule 14.04(1)(a) and Rule 14A.24(1) of the Listing Rules. The value of the right-of-use assets recognised by the Company under the Tenancy Agreements which is the present value of total consideration payables throughout the lease term under the Tenancy Agreements in accordance with IFRS 16 are set out below:

	<b>Value of right-of use assets</b>
	<i>Approximate HK\$'000</i>
	<i>(unaudited)</i>
Tenancy Agreement I	6,646
Tenancy Agreement II	3,237
Tenancy Agreement III	1,014
Tenancy Agreement IV	415
Tenancy Agreement V	415
Tenancy Agreement VI	935
Tenancy Agreement VII	<u>312</u>
 Total	 <u><u>12,974</u></u>

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregate value of right-of-use assets under the Tenancy Agreements is more than 0.1% but less than 5%, the Tenancy Agreements remain subject to announcement and reporting requirements only and are exempt from independent shareholders' approval under Chapter 14A of the Listing Rules. Furthermore, as the Tenancy Agreements are now regarded as acquisition of assets, the annual cap and annual review requirements under Chapter 14A of the Listing Rules are no longer applicable.

Save for the information stated above, all the information in the Announcement remains unchanged.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement of the Company dated 31 December 2020 in relation to continuing connected transactions relating to the Tenancy Agreements;
“associate(s)”, “connected person(s)” and “controlling shareholder(s)”	has the meaning ascribed to this term under the Listing Rules;
“Board”	the board of Directors;
“Company”	Modern Dental Group Limited (stock code: 3600), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“IFRS 16”	International Financial Reporting Standards 16 <i>Leases</i> ;
“Landlord A”	Ms. Kan Ying Fong, spouse of Mr. Chan Kwun Fung;
“Landlord B”	Ms. Cheng Suk Wai, spouse of Mr. Chan Kwun Pan;
“Landlord C”	Ms. So Hok Pan, associate of Mr. Ngai Shing Kin;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MDLCL”	Modern Dental Laboratory Company Limited (現代牙科器材有限公司), a company incorporated in Hong Kong and the wholly-owned subsidiary of the Company;

“MDLSZ”	Modern Dental Laboratory (Shenzhen) Company Limited (現代牙科器材(深圳)有限公司), a company established in the PRC and the wholly-owned subsidiary of the Company;
“Most Wealth”	Most Wealth International Limited, a company incorporated in Hong Kong and held as to 37.5%, 37.5% and 25% by Mr. Chan Kwun Fung, Mr. Chan Kwun Pan and Mr. Ngai Shing Kin, respectively;
“Mr. Chan Kwun Fung”	Mr. Chan Kwun Fung, an executive Director, the chairman and the controlling shareholder of the Company;
“Mr. Chan Kwun Pan”	Mr. Chan Kwun Pan, an executive Director and the controlling shareholder of the Company;
“Mr. Ngai Shing Kin”	Mr. Ngai Shing Kin, an executive Director and the chief executive officer;
“PRC”	the People’s Republic of China but for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC, and Taiwan;
“Premises I”	Units 1701 — 1707 and 1709 — 1716, 17/F., CEO Tower, 77 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong;
“Premises II”	B1 BC-C101 and C102, B501-506 and 515, B601-613 and 615, B701-713 and 715, B801-813 and 815, Block B, Tower 7, Shiling Industrial Zone, Xinwei Village, Xili, Nanshan District, Shenzhen, the PRC (深圳市南山區西麗新圍村石嶺工業區7棟B座, B1 BC區C101及102, B501-506及515, B601-613及615, B701-713及715及B801-813及815);
“Premises III”	B101-104 and B507-513, Block B, Tower 7, Shiling Industrial Zone, Xinwei Village, Xili, Nanshan District, Shenzhen, the PRC (深圳市南山區西麗新圍村石嶺工業區7棟B座, B101-104及B507-513);

“Premises IV”	1821, 1916, 1921 and 1932, Commercial and residential building No. 9, Northern District, Liu Xian Ju, Xinggao Road, Xili, Nanshan District, Shenzhen, the PRC (深圳市南山區西麗新高路留仙居北區9號商住樓1821, 1916, 1921及 1932);
“Premises V”	1826, 1922, 1924 and 1925, Commercial and residential building No. 9, Northern District, Liu Xian Ju, Xinggao Road, Xili, Nanshan District, Shenzhen, the PRC (深圳市南山區西麗新高路留仙居北區9號商住樓1826, 1922, 1924及 1925);
“Premises VI”	1901, 1902, 1907, 1909, 1926, 1927, 1931, 1933 and 1934, Commercial and residential building No. 9, Northern District, Liu Xian Ju, Xinggao Road, Xili, Nanshan District, Shenzhen, the PRC (深圳市南山區西麗新高路留仙居北區9號商住樓 1901, 1902, 1907, 1909, 1926, 1927, 1931, 1933 及 1934);
“Premises VII”	Unit 25, 11/F, Metro Centre I, 32 Lam Hing Street, Kowloon Bay, Kowloon;
“Share(s)”	ordinary share(s) of US\$0.1 each in the share capital of the Company;
“Shareholders”	the holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreement I”	the tenancy agreement dated 31 December 2020, entered into between Most Wealth (as landlord) and MDLCL (as tenant) in respect of the Premises I;
“Tenancy Agreement II”	the tenancy agreement dated 31 December 2020 entered into among Mr. Chan Kwun Fung, Mr. Chan Kwun Pan and Landlord C (as landlords) and YZJSZ (as tenant) in respect of the Premises II;
“Tenancy Agreement III”	the tenancy agreement dated 31 December 2020 entered into among Mr. Chan Kwun Fung, Mr. Chan Kwun Pan and Landlord C (as landlords) and MDLSZ (as tenant) in respect of the Premises III;
“Tenancy Agreement IV”	the tenancy agreement dated 31 December 2020 entered into among Landlord B (as landlord) and MDLSZ (as tenant) in respect of the Premises IV;

“Tenancy Agreement V”	the tenancy agreement dated 31 December 2020 entered into among Landlord C (as landlord) and MDLSZ (as tenant) in respect of the Premises V;
“Tenancy Agreement VI”	the tenancy agreement dated 31 December 2020 entered into among Landlord A (as landlord) and MDLSZ (as tenant) in respect of the Premises VI;
“Tenancy Agreement VII”	the tenancy agreement dated 31 December 2020 entered into among Mr. Chan Kwun Fung and Mr. Chan Kwun Pan (as landlords) and MDLCL (as tenant) in respect of the Premises VII;
“Tenancy Agreements”	the Tenancy Agreement I, the Tenancy Agreement II, the Tenancy Agreement III, the Tenancy Agreement IV, the Tenancy Agreement V, the Tenancy Agreement VI and the Tenancy Agreement VII;
“US\$”	United States dollars, the lawful currency of the United States;
“YZJSZ”	Yangzhijin Dental Laboratory (Shenzhen) Company Limited (洋紫荊牙科器材(深圳)有限公司), a company established in the PRC and the wholly-owned subsidiary of the Company; and
“%”	per cent.

By order of the Board  
**Modern Dental Group Limited**  
**Chan Kwun Fung**  
*Chairman and Executive Director*

Hong Kong, 15 January 2021

*As at the date of this announcement, the board of directors of the Company comprises Chan Kwun Fung, Chan Kwun Pan, Ngai Shing Kin, Ngai Chi Ho Alwin, Chan Chi Yuen, Chan Ronald Yik Long and Chan Yik Yu as executive Directors, and Cheung Wai Bun Charles J.P., Chan Yue Kwong Michael, Wong Ho Ching and Cheung Wai Man William as independent non-executive Directors.*