

INTERIM REPORT

2025



SINCE 1986
Perfecting Your Smile

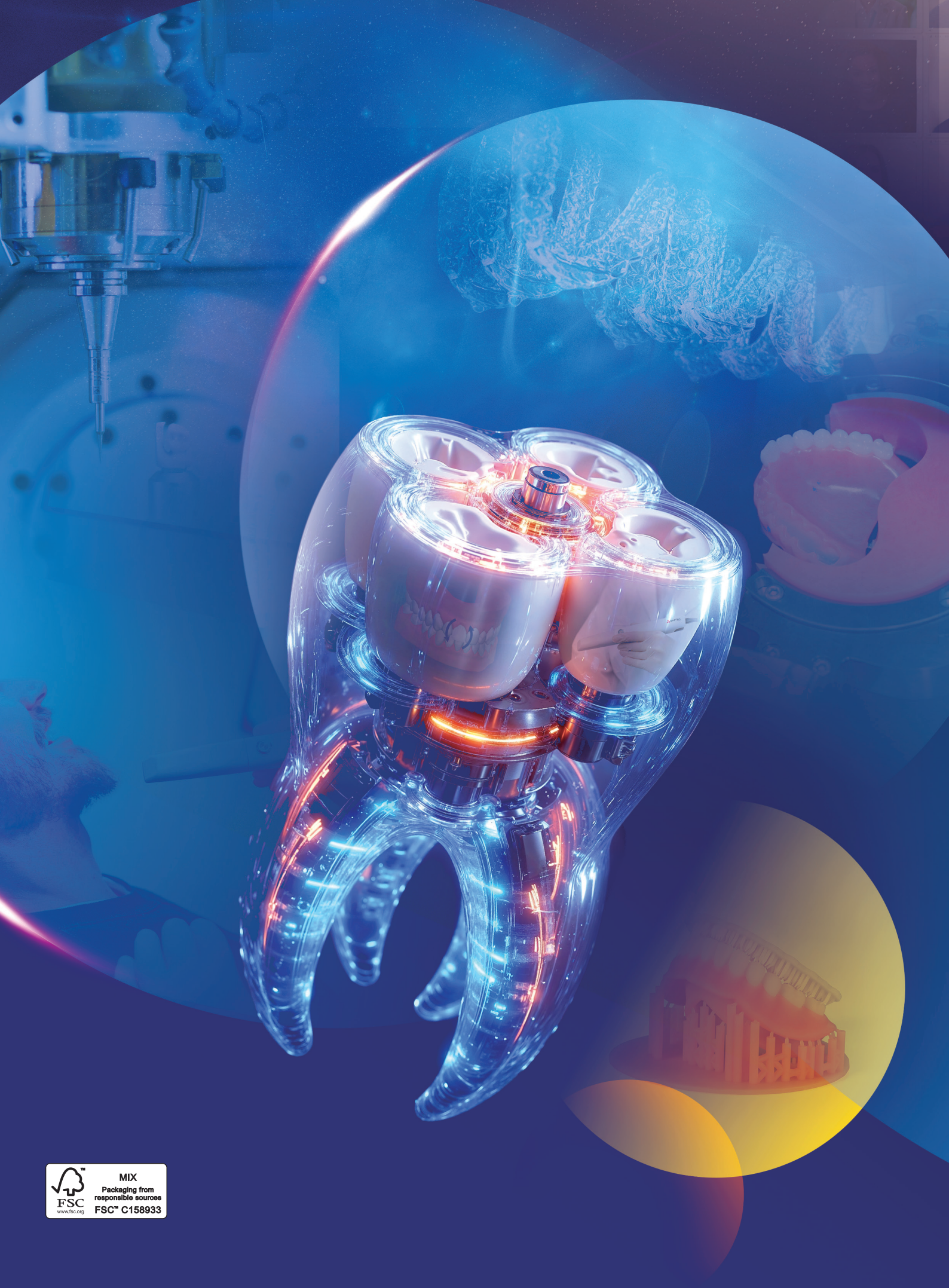
**MODERN DENTAL
GROUP LIMITED**

現代牙科集團有限公司

(a company incorporated in the Cayman Islands with limited liability)

Stock code: 3600





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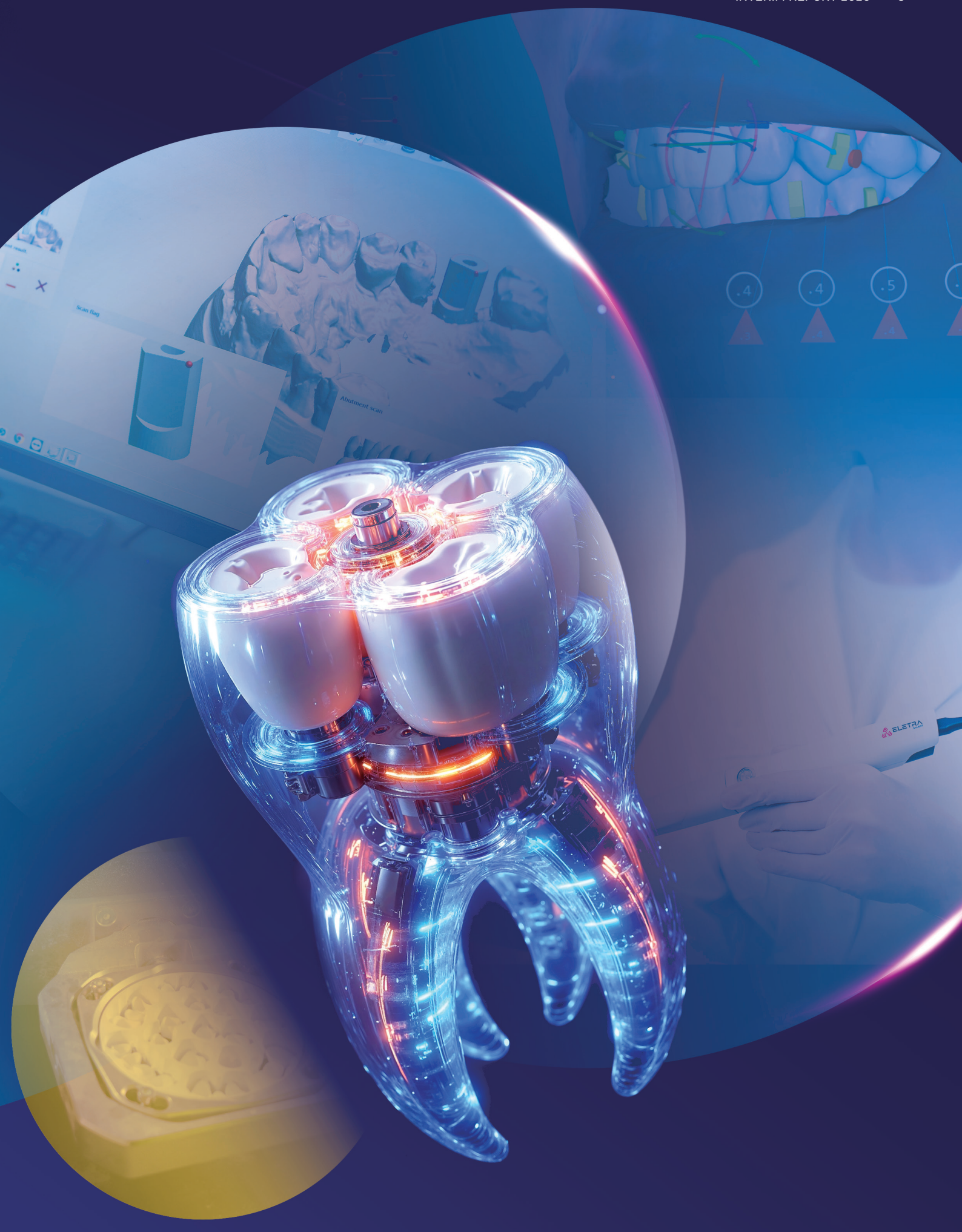
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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Modern Dental Group Limited (the “**Company**”, stock code: 3600) and its subsidiaries (which are collectively referred to as the “**Group**” or “**Modern Dental**”) is a leading global dental prosthetic device provider with a focus on providing custom-made prostheses to customers in the growing prosthetics industry. Our product portfolio is broadly categorised into three product lines: (i) fixed prosthetic devices such as crowns and bridges; (ii) removable prosthetic devices such as removable dentures; and (iii) others such as orthodontic devices, sports guards and anti-snoring devices, raw materials, dental equipment (including intra-oral scanners), clear aligner and the services of educational events and seminars rendered. Including in “others” segment, the sales of TrioClear (our own clear aligner) is approximately HK\$27,259,000 (six months ended 30 June 2024: HK\$22,346,000), represented an increase of 22.0%.



MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2025, the Group's multi-dimensional strategies and continuous enhancement of operational efficiency and productivity as supported by the ongoing trend of digitalisation in the dental industry have resulted in the Group reporting record revenues, net profit and EBITDA numbers during this period. This occurred in a period of challenging macro-economic environment with general softness in demand for dental procedures and trade war uncertainties. The Group has been proactive in its approach to deal with the unprecedented international trade environment leveraging its international production facilities located in Thailand, Vietnam and Mainland China.

The global digitalization trend continues to drive consolidation within the dental prosthetics industry, enabling the Group to further expand its market share. Our ongoing digital transformation initiatives are enhancing both customer and patient experiences while improving operational efficiency, further differentiating the Group from competitors and positioning us to outperform industry peers.

The Group's underlying fundamentals remain solid, and we are well positioned to capitalise on emerging opportunities going forward.

RESULT HIGHLIGHTS

- The Revenue for the six months ended 30 June 2025 was approximately HK\$1,834,814,000 (six months ended 30 June 2024: HK\$1,701,831,000), representing an increase of approximately HK\$132,983,000 or 7.8% as compared with that of the six months ended 30 June 2024. The increase in the revenue was mainly due to the continued organic growth of the Group (mainly in Europe and Australia regions) and accelerated by our acquisition of Hexa Ceram Company Limited ("**Hexa Ceram**"), Thailand's largest dental laboratory, which was completed in January 2025.
- The Gross Profit Margin for the six months ended 30 June 2025 was approximately 54.8% (six months ended 30 June 2024: 53.7%). Gross profit for the six months ended 30 June 2025 was approximately HK\$1,005,476,000 (six months ended 30 June 2024: HK\$913,991,000), representing an increase of approximately HK\$91,485,000 or 10.0% as compared with that of the six months ended 30 June 2024.
- The Group's EBITDA for the six months ended 30 June 2025 was approximately HK\$456,711,000 (six months ended 30 June 2024: HK\$375,571,000), representing an increase of approximately HK\$81,140,000 or 21.6% as compared with that of six months ended 30 June 2024.
- The Group's Net Profit for the six months ended 30 June 2025 was approximately HK\$288,650,000 (six months ended 30 June 2024: HK\$214,355,000) representing an increase of approximately HK\$74,295,000 or 34.7% as compared with that of six months ended 30 June 2024.
- Basic earnings per share for the six months ended 30 June 2025 amounted to HK30.37 cents (six months ended 30 June 2024: HK22.59 cents).
- The Board declared an interim dividend of HK10.7 cents (six months ended 30 June 2024: HK8.0 cents) per ordinary share for the six months ended 30 June 2025. The interim dividend will be payable on Thursday, 9 October 2025 to shareholders of the Company (the "**Shareholders**") whose names appear on the Register of Members of the Company on Tuesday, 16 September 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth summary of key financial results for the six months ended 30 June 2025, 31 December 2024 and 30 June 2024:

	Six months ended			Changes	
	30 June 2025 (unaudited) HK\$'000	31 December 2024 (unaudited) HK\$'000	30 June 2024 (unaudited) HK\$'000	30 June 2025 vs 31 December 2024 %	30 June 2025 vs 30 June 2024 %
Revenue	1,834,814	1,662,187	1,701,831	10.4	7.8
Gross Profit	1,005,476	884,880	913,991	13.6	10.0
Gross Profit Margin (%)	54.8%	53.2%	53.7%	3.0	2.0
EBITDA	456,711	333,225	375,571	37.1	21.6
EBITDA Margin (%)	24.9%	20.0%	22.1%	24.5	12.7
Adjusted EBITDA	457,561	352,897	388,584	29.7	17.8
Adjusted EBITDA Margin (%)	24.9%	21.2%	22.8%	17.5	9.2
Profit from Core Operations	295,021	213,087	229,318	38.5	28.7
Profit from Core Operations Margin (%)	16.1%	12.8%	13.5%	25.8	19.3
Net Profit	288,650	192,588	214,355	49.9	34.7
Net Profit Margin (%)	15.7%	11.6%	12.6%	35.3	24.6

The following table sets forth a breakdown of the revenue generated from the aforesaid markets for the six months ended 30 June 2025 and 2024:

	Original currency	Six months ended 30 June 2025		2024		Change in currency growth rate (%)	Original currency growth rate (%)
		Conversion rate*	Revenue (HK\$'000)	Conversion rate*	Revenue (HK\$'000)		
<u>Market</u>							
Europe	EUR	8.519	920,255	8.452	822,914	+0.8	+10.9
North America	US\$	7.750	365,680	7.750	385,325	—	-5.1 [^]
Greater China	RMB	1.086	293,176	1.100	335,752	-1.3	#
Australia	AUD	4.941	137,858	5.148	127,902	-4.0	+12.3
Others			117,845		29,938		++
Total			1,834,814		1,701,831		

[^] The increase in sales in original currency of the North America market (ex-MicroDental) was approximately 1.6% and the decrease in sales in original currency of MicroDental was approximately 7.0%.

The decrease in sales in original currency of the Mainland China market was approximately 9.8% and the decrease in sales in original currency of the Hong Kong market was approximately 17.6%.

++ The increase in sales in Others was mainly due to the acquisition of Hexa Ceram, which contributed HK\$88.7 million to Others in the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

* The conversion rate shall not be taken as a representation that respective original currency could actually be converted into HK\$ at that rate, or at all.

MANAGEMENT DISCUSSION AND ANALYSIS

Additional highlights:

- For the six months ended 30 June 2025, together with approximately 26,818 digital solution cases contributed from Hexa Ceram (six months ended 30 June 2024: Nil), the Group's digital solution cases (overseas and domestic) that are produced from its Mainland China, Thailand and Vietnam production facilities (which, for the avoidance of doubt, does not include digital solution cases produced in the Group's non-Mainland China, non-Thailand and non-Vietnam production facilities or overseas/satellite dental laboratories) increased to approximately 457,653 cases reflecting an increase of 24.4% as compared with the same period in 2024 (approximately 367,869[#] cases) as a result of our clients' continued adoption of intra-oral scanners.

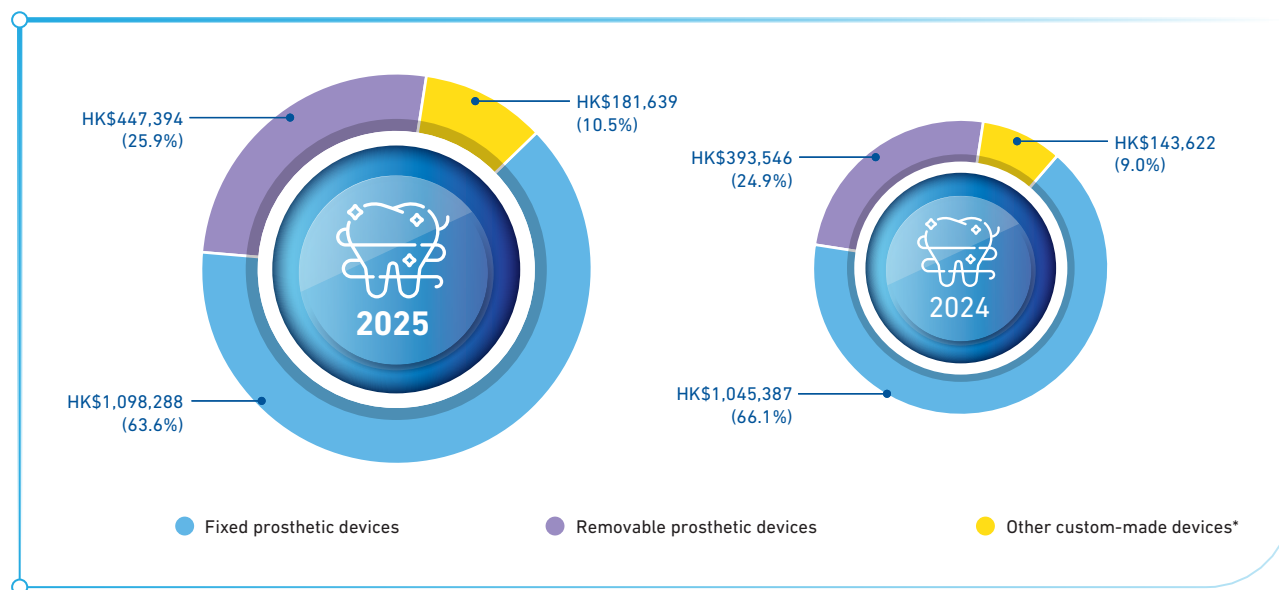
[#] Volume of digital cases in 2024 is adjusted to align with the methodologies applied in 2025.

PRODUCT CATEGORY

The figures below set forth the breakdown of revenue (in thousand Hong Kong dollars and percentage) and sales volume (in number of cases and percentage) of custom-made products by product category for the six months ended 30 June 2025 and 2024 respectively:

BREAKDOWN OF REVENUE OF CUSTOM-MADE PRODUCTS

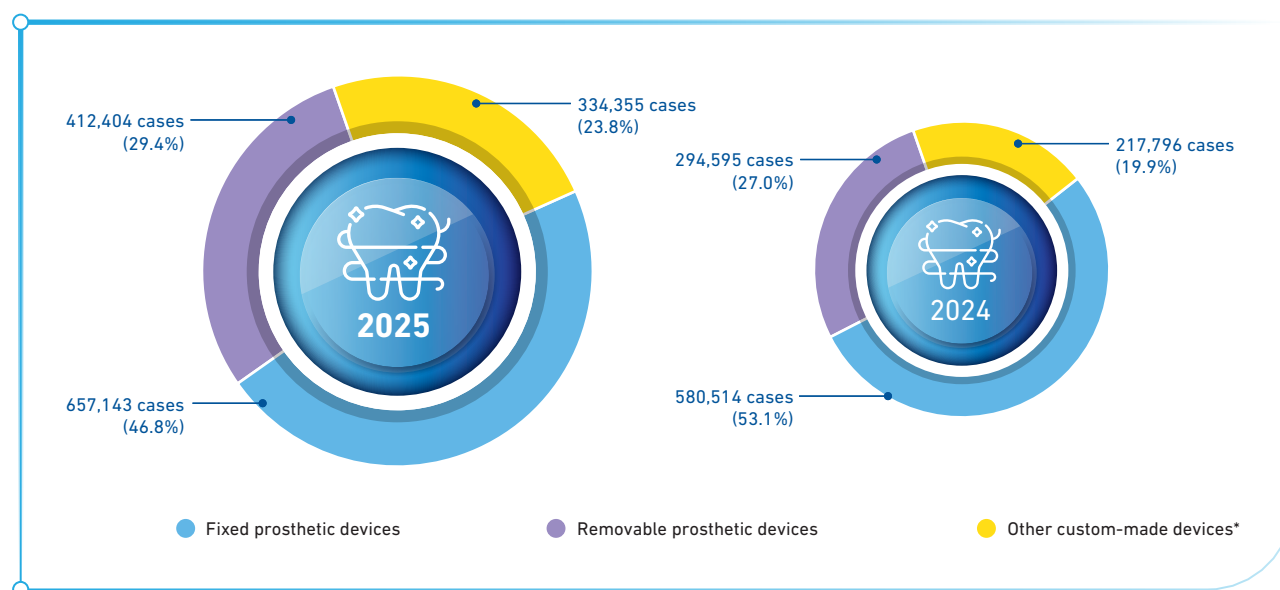
(HK\$'000 and %)



MANAGEMENT DISCUSSION AND ANALYSIS

BREAKDOWN OF SALES VOLUME OF CUSTOM-MADE PRODUCTS

(no. of cases and %)



* Raw materials revenue, dental equipment (including intra-oral scanners) revenue, clear aligner revenue and services revenue of educational events and seminars are subtracted from the Group's revenue.

FIXED PROSTHETIC DEVICES

Our fixed prosthetic devices, including crowns and bridges, are used for restorative dental procedures. Crowns are fixed replacements for a single tooth while bridge treatments permanently replace several adjacent teeth.

During the period under review, the fixed prosthetic devices business segment recorded a revenue of approximately HK\$1,098,288,000, representing an increase of approximately HK\$52,901,000 as compared with the six months ended 30 June 2024. This business segment accounted for approximately 63.6% of the Group's revenue of custom-made products as compared with approximately 66.1% in the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

REMOVABLE PROSTHETIC DEVICES

Our removable prosthetic devices primarily comprise dentures. As prostheses are used to replace natural teeth, they must provide functional biting and chewing surfaces and must also appear and feel natural.

During the period under review, the removable prosthetic devices business segment recorded a revenue of approximately HK\$447,394,000, representing an increase of approximately HK\$53,848,000 as compared with the six months ended 30 June 2024. This business segment accounted for approximately 25.9% of the Group's revenue of custom-made products as compared with approximately 24.9% in the six months ended 30 June 2024.

OTHER CUSTOM-MADE DEVICES

Other custom-made devices include orthodontic devices, anti-snoring devices, and sports guards.

During the period under review, the other customers-made devices business segment recorded a revenue of approximately HK\$181,639,000, representing an increase of approximately HK\$38,017,000 as compared with the six months ended 30 June 2024. This business segment accounting for approximately 10.5% of the Group's revenue of custom-made products as compared with approximately 9.0% in the six months ended 30 June 2024.

OTHERS

Others include raw materials, dental equipment (including intra-oral scanners), clear aligners and the services of educational events and seminars rendered. During the six months ended 30 June 2025, others recorded a revenue of approximately HK\$107,493,000, representing an decrease of approximately HK\$11,783,000 as compared with the six months ended 30 June 2024. The decrease was mainly attributed to the decrease in sales of dental equipment.



MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCT CATEGORY

The following table sets forth the breakdown of sales volume, revenue, and average selling price ("ASP") by product category for the six months ended 30 June 2025 and 2024 respectively:

Product category	Six months ended 30 June					
	2025			2024		
	Sales Volume (number of cases)	Revenue (HK\$'000)	ASP (HK\$ per case)	Sales Volume (number of cases)	Revenue (HK\$'000)	ASP (HK\$ per case)
Fixed prosthetic devices	657,143	1,098,288	1,671	580,514	1,045,387	1,801
Removable prosthetic devices	412,404	447,394	1,085	294,595	393,546	1,336
Other custom-made devices	334,355	181,639	543	217,796	143,622	659
Subtotal	1,403,902	1,727,321	1,230	1,092,905	1,582,555	1,448
Others*	N/A	107,493	N/A	N/A	119,276	N/A
Total		1,834,814			1,701,831	

* Others include revenue from raw materials, dental equipment (including intra-oral scanners), clear aligners and the service of educational events and seminars rendered.

SALES VOLUME AND AVERAGE SELLING PRICE

For the six months ended 30 June 2025, the sales volume and ASP of the Group's products across its markets were 1,403,902 cases (six months ended 30 June 2024: 1,092,905 cases) and HK\$1,230 per case (six months ended 30 June 2024: HK\$1,448 per case), representing an increase of 28.5% and a decrease of 15.1%, respectively, due to the acquisition of Hexa Ceram with lower ASP in Thailand market.

Excluding the contribution by Hexa Ceram, the sales volume and ASP of the Group's products across its markets were 1,101,402 cases (six months ended 30 June 2024: 1,092,905 cases) and HK\$1,480 per case (six months ended 30 June 2024: HK\$1,448 per case), representing an increase of 0.8% and 2.2%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

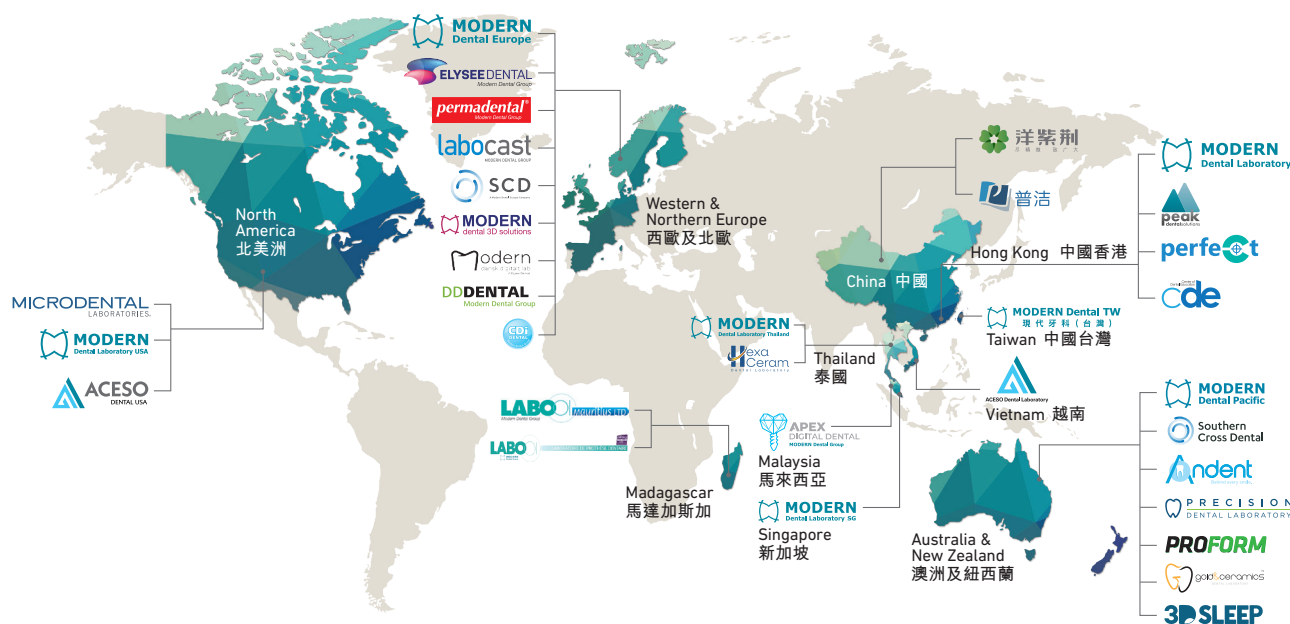
The slight increase in ASP (Ex-Hexa Ceram) in HK\$ was mainly due to annual rise in product price in overseas countries and the change in product mix offset by the decrease in price for certain products related to the dental implant treatment in Mainland China market as a result of the implementation of the volume-based procurement policies for dental implant treatment.

The increase in volume was mainly due to increase in market share driven by the digitalisation trend in dental industry.

For the six months ended 30 June 2025, together with approximately 26,818 digital solution cases contributed from Hexa Ceram (six months ended 30 June 2024: Nil), the Group's digital solution cases (overseas and domestic) that are produced from its Mainland China, Thailand and Vietnam production facilities (which, for the avoidance of doubt, does not include digital solution cases produced in the Group's non-Mainland China, non-Thailand and non-Vietnam production facilities or overseas/satellite dental laboratories) increased to approximately 457,653 cases reflecting an increase of 24.4% as compared with the same period in 2024 (approximately 367,869[#] cases) as a result of our clients' increased adoption of intra-oral scanners.

[#] Volume of digital cases in 2024 is adjusted to align with the methodologies applied in 2025.

GEOGRAPHIC MARKET



The trademarks represent reputable brands and logos associated with such brands in each country or region; are widely recognised by practitioners in the dental industry; and are registered, where appropriate, with minimal renewal costs.

MANAGEMENT DISCUSSION AND ANALYSIS

By leveraging on our sales and distribution network, we achieved a leading position in the dental prosthetics industry across Europe, North America, Greater China, Australia, and other countries. The following table sets forth a breakdown of the revenue generated from the aforesaid markets in their respective original currency against HK\$ for the six months ended 30 June 2025 and 2024, respectively:

	Original currency	Six months ended 30 June					
		2025		2024			Original currency growth rate (%)
		Conversion rate*	Revenue (HK\$'000)	Conversion rate*	Revenue (HK\$'000)	Change in currency (%)	
<u>Market</u>							
Europe	EUR	8.519	920,255	8.452	822,914	+0.8	+10.9
North America	US\$	7.750	365,680	7.750	385,325	—	-5.1 [^]
Greater China	RMB	1.086	293,176	1.100	335,752	-1.3	#
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Others			117,845		29,938		++
Total			1,834,814		1,701,831		

[^] The increase in sales in original currency of the North America market (ex-MicroDental) was approximately 1.6% and the decrease in sales in original currency of MicroDental was approximately 7.0%

[#] The decrease in sales in original currency of the Mainland China market was approximately 9.8% and the decrease in sales in original currency of the Hong Kong market was approximately 17.6%.

⁺⁺ The increase in sales in Others was mainly due to the acquisition of Hexa Ceram, which contributed HK\$88.7 million to Others in the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

* The conversion rate shall not be taken as a representation that respective original currency could actually be converted into HK\$ at that rate, or at all.

EUROPE

The revenue generated from sales in the European markets, including France, Germany, the Netherlands, Belgium, Denmark, Sweden, Norway, Spain, the United Kingdom and other European countries, accounted for the largest portion of our revenue for the period under review.

The Group has been the frontrunner providing comprehensive digital solutions offerings, ranging from numerous minimal invasive and aesthetic prosthetic solutions to intra-oral scanners and clear aligners, and is well positioned to capture the opportunities arising from the accelerated digitalisation trend of the dental industry. The Group continues to aggressively gain market share from international and domestic competitors through our established dental ecosystem solutions with a focus on education and digitalisation, which is available within close proximity to our clients; effectively meeting our clients' high expectations through our various onshore and offshore resources. The Group is committed and will continue to equip ourselves to provide the state-of-the-art digital solutions offering to the dental community in the market.

During the period under review, the European market recorded a revenue of approximately HK\$920,255,000, representing an increase of approximately HK\$97,341,000 as compared with the six months ended 30 June 2024. This geographic market accounted for approximately 50.2% of the Group's total revenue as compared with approximately 48.4% for the six months ended 30 June 2024. The increase of revenue from the European market was attributable to the increase in sales order volume driven by the launch of new products, such as digital dentures, and our state-of-the-art digital workflows.

MANAGEMENT DISCUSSION AND ANALYSIS

NORTH AMERICA

The revenue generated from sales in the North American market, including the United States and Canada, represented the second largest portion of our revenue in the period under review.

During the period under review, the North American market recorded a revenue of approximately HK\$365,680,000, representing a decrease of approximately HK\$19,645,000 as compared with the six months ended 30 June 2024. This geographic market accounted for approximately 19.9% of the Group's total revenue as compared with approximately 22.6% in the six months ended 30 June 2024.

A significant portion of our business in the North America region comprises higher-end products manufactured domestically by MicroDental Laboratories, Inc. and its subsidiaries ("**MicroDental Group**"), which contributed approximately HK\$278,819,000 (six months ended 30 June 2024: HK\$299,813,000) to the Group's revenue, approximately HK\$20,942,000 (six months ended 30 June 2024: HK\$26,219,000) to the Group's Adjusted EBITDA; and approximately HK\$4,151,000 (six months ended 30 June 2024: HK\$8,593,000) to the Group's net profit for the six months ended 30 June 2025. While demand for discretionary cosmetic treatments remained soft throughout 1st half of 2025, our centralised digital workflows and network-wide production oversight enabled us to deliver enhanced service quality and operational efficiencies to our North American customers.

Our diversified supply bases in the US, China, Vietnam and Thailand continue to provide greater flexibility to navigate US tariff uncertainties—an advantage that sets us apart from competitors. Although digitalisation of imported product lines initially drove growth in mass-market cases, implementation of the US tariff in April 2025 introduced new uncertainties and contributed to a subsequent decline in sales for our import-focused business unit.

GREATER CHINA

Our Greater China market comprises of Mainland China, Hong Kong and Macau. The revenue generated from sales in the Greater China market accounted for the third largest portion of our revenue in the period under review.

The Group is optimistic in its mid/long-term outlook for this market in particular where the latest procurement-related government measures are expected to (i) standardise the pricing of dental prosthetics and develop price transparency, which would level the playing field; (ii) allow the Group's leading brand name and reputation to be a key consideration for its client and customer; and (iii) have the Group benefit from its large production team and its ability to allocate resources efficiently according to the customer or client.

Hong Kong is a market that continues to be dominated by us, as we seek to further reinforce our position by operating an in-house laboratory in Hong Kong's only dental postgraduate training facility under The University of Hong Kong. The Group is committed to support the development of the dental community in the region for long-term by (i) increasing promotions of our latest state-of-the-art innovative solutions and products offering; (ii) continuing to expand the depth and width of our products portfolios offering, such as adding mid-end products and clear aligners products in the Mainland China; and (iii) increasing the level of support and cooperation with the dental school of The University of Hong Kong.

During the period under review, the Greater China market recorded a revenue of approximately HK\$293,176,000, representing a decrease of approximately HK\$42,576,000 as compared with six months ended 30 June 2024. This geographic market accounted for approximately 16.0% of the Group's total revenue as compared with approximately 19.7% in the six months ended 30 June 2024. The Mainland China market faced headwinds from the volume-based procurement policies and a prolonged period of intense price competition. This also led to aggressive promotions for dental implant treatments by Mainland China dental clinics in Hong Kong (which experienced a notable decrease in patient visits in Hong Kong). The Group's has deliberately pivoted away from low-margin segments and stay focused on serving mid- and high-value customers, ensuring long-term sustainable profitability of the Group's business.

MANAGEMENT DISCUSSION AND ANALYSIS

AUSTRALIA

The Australian market includes both Australia and New Zealand. Through our various brands, which offer onshore-and offshore-made products, at multiple price points ranging from economy and standard to premium/boutique, the Group is able to effectively penetrate the entire Australian market. We have invested in local production capacity to provide faster service to our customers, and to provide choices around where the products are made. The Group is one of the largest players in the Australian market and is a preferred supplier to the major corporate dental groups in the market.

During the period under review, the Australian market recorded a revenue of approximately HK\$137,858,000 representing an increase of approximately HK\$9,956,000 as compared with the six months ended 30 June 2024. This geographic market accounted for approximately 7.5% of the Group's total revenue as compared with approximately 7.5% in the six months ended 30 June 2024. The double digit increase in revenue from Australia reflected a strong uptake of new digital products driven by the digitalisation trend in dental industry and the revenue contribution from the acquisition of Digital Sleep which is partially offset by the depreciation of AUD against HK\$ by 4.0% compared with the six months ended 30 June 2024.

OTHERS

Other markets primarily include Indian Ocean countries, Malaysia, Taiwan, Singapore and Thailand. For the six months ended 30 June 2025, these markets recorded a revenue of approximately HK\$117,845,000, representing an increase of approximately HK\$87,907,000 as compared with the six months ended 30 June 2024. This geographic market accounted for approximately 6.4% of the Group's total revenue as compared with approximately 1.8% for the corresponding period in 2024. The increase in revenue from Other markets was primarily driven by the revenue contribution from the newly acquired Hexa Ceram.

FUTURE PROSPECTS AND STRATEGIES

The global macroeconomic environment remains uncertain, with geopolitical challenges creating headwinds for businesses worldwide. However, the Group's well-diversified global presence, spanning multiple regions and markets, positions it uniquely to navigate these challenges. Unlike competitors who operate in single countries or limited regions, the Group's balanced and diversified country risk strategy ensures resilience and stability, even in turbulent times. This global footprint, combined with our ability to adapt to local market conditions, places the Group in the best position to outperform competitors and capitalize on emerging opportunities.

The dental industry has historically demonstrated remarkable resilience and stability, even during tough economic periods. This stability is underpinned by irreversible demographic trends, such as aging populations and increasing awareness of oral health, which drive consistent demand for dental prosthetics. The Group's ability to thrive in uncertain conditions, as evidenced by its performance, further reinforces its position as a market leader.

Digitalisation is an irreversible trend driving the consolidation of the dental prosthetics industry. The Group is taking full advantage of this trend, leveraging its centralized digital workflows, advanced production capabilities, and global network to enhance operational efficiencies and deliver superior customer experiences. Our continued investment in digitalisation not only strengthens our competitive edge but also accelerates the consolidation of the industry, enabling the Group to capture a larger market share.

Following our landmark acquisitions in previous years, including the recent acquisition of Hexa Ceram, Thailand's largest dental laboratory, in January 2025, the Group's global distribution and sales network is further diversified with a larger presence in South East Asia region. This expansion, coupled with our diversified supply bases in the US, China, Vietnam, and Thailand, provides the Group with unparalleled flexibility to navigate challenges in connection with trade uncertainties and other geopolitical risks.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is committed to reinforcing its worldwide leading position through strategic initiatives, including acquisitions, joint ventures, and partnerships. These efforts will further expand and complement our product offerings, particularly in clear aligner products, and strengthen our distribution and sales networks. Our investments in mass scale production facilities will enhance our production capabilities, drive innovation, and support our research and development efforts, ensuring that we remain at the cutting edge of the industry.

With the Board's extensive experience and determination to overcome short-term challenges, the Group is well-positioned to seize new business opportunities while remaining cautious and prudent in safeguarding Shareholders' interests.

The Board is deeply grateful for the relentless efforts of our people, customers, and suppliers, who have worked tirelessly to deliver on our commitment to patients despite the ongoing macroeconomic challenges. Their dedication is a testament to the Group's resilience and unwavering focus on long-term growth.

FINANCIAL REVIEW

REVENUE

During the period under review, the revenue of the Group amounted to approximately HK\$1,834,814,000 representing an increase of approximately 7.8% as compared with approximately HK\$1,701,831,000 in the six months ended 30 June 2024. The increase was largely attributable to the continued organic growth of the Group (mainly in Europe and Australia regions) and accelerated by our acquisition of Hexa Ceram Company Limited ("**Hexa Ceram**"), Thailand's largest dental laboratory, which was completed in January 2025. This was partially offset by the prolonged intense price competition in the Greater China region and softness in North American demand amid the US tariff pressures.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit for the six months ended 30 June 2025 was approximately HK\$1,005,476,000, which was approximately 10.0% higher than that of the six months ended 30 June 2024. The increase in the gross profit margin of approximately 1.1 percentage points compared with the corresponding period in 2024 was mainly attributable to (i) continuous enhancement of operational efficiency and productivity—supported by the accelerating digitalisation trend in the dental industry and China's low inflation environment; (ii) favourable foreign currency movements (mainly the appreciation of Euro against RMB since April 2025). It was partially offset by the lower gross profit margin of sales contribution from newly acquired Hexa Ceram since January 2025.

The gross profit margins of Fixed Prosthetic Devices business segment, Removable Prosthetic Devices business segment and Others business segment were approximately 57.5%, 54.2% and 45.4% respectively. The following table sets forth the breakdown of our gross profit and gross profit margin by product category.

Product category	Six months ended 30 June			
	2025		2024	
	Gross profit HK\$'000	Gross profit margin (%)	Gross profit HK\$'000	Gross profit margin (%)
Fixed prosthetic devices	631,439	57.5	584,174	55.9
Removable prosthetic devices	242,659	54.2	218,834	55.6
Others	131,378	45.4	110,983	42.2
Total	1,005,476	54.8	913,991	53.7

MANAGEMENT DISCUSSION AND ANALYSIS

SELLING AND DISTRIBUTION EXPENSES

During the period under review, the selling and distribution expenses increased by approximately 3.1% from approximately HK\$230,896,000 for the six months ended 30 June 2024 to approximately HK\$238,044,000 for the six months ended 30 June 2025, accounting for approximately 13.0% of the Group's revenue, as compared with approximately 13.6% for corresponding period in 2024. The increase in the selling and distribution expenses was mainly due to the increase in selling and distribution expenses following the acquisition of Hexa Ceram.

ADMINISTRATIVE EXPENSES

During the period under review, the administrative expenses increased by approximately 10.2% to approximately HK\$417,636,000 for the six months ended 30 June 2025 from approximately HK\$378,833,000 for the six months ended 30 June 2024, accounting for approximately 22.8% of the Group's revenue, as compared with approximately 22.3% for corresponding period in 2024. The increase in the administrative expenses was primarily attributable to i) increase in labour costs due to increase in number of headcount and ii) the acquisition of Hexa Ceram.

OTHER OPERATING EXPENSES

During the period under review, the other operating expenses decreased by approximately 75.0% from approximately HK\$9,283,000 for the six months ended 30 June 2024 to approximately HK\$2,364,000 for the six months ended 30 June 2025, accounting for approximately 0.1% of the Group's revenue, as compared with approximately 0.5% for the corresponding period in 2024. Other operating expenses mainly represented (i) write-off of property, plant and equipment, net, of approximately HK\$1,672,000 (six months ended 30 June 2024: HK\$2,192,000); and (ii) exchange losses, net, incurred of Nil (six months ended 30 June 2024: HK\$6,018,000).

FINANCE COSTS

During the period under review, the finance costs decreased by approximately 15.2% from approximately HK\$25,706,000 for the six months ended 30 June 2024 to approximately HK\$21,788,000 for the six months ended 30 June 2025, accounting for approximately 1.2% of the Group's revenue, as compared with approximately 1.5% for the corresponding period in 2024. The decrease in finance costs was mainly due to the decrease in the interest rate (i.e. HIBOR) and the bank loans balance when compared with six months ended 30 June 2024.

INCOME TAX EXPENSE

During the period under review, the income tax expense increased by approximately 8.7% from approximately HK\$68,735,000 for the six months ended 30 June 2024 to approximately HK\$74,746,000 for the six months ended 30 June 2025.

PROFIT FOR THE PERIOD AND PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit for the period increased by approximately 34.7% from approximately HK\$214,355,000 for the six months ended 30 June 2024 to approximately HK\$288,650,000 for the six months ended 30 June 2025.

Profit attributable to owners of the Company amounted to approximately HK\$285,247,000, representing an increase of approximately HK\$69,998,000, or approximately 32.5%, as compared with corresponding period in 2024.

The increase in profit and profit attributable to owners of the Company was predominately due to (i) the continuous enhancement of operational efficiency and productivity—supported by the accelerating digitalisation trend in the dental industry and China's low inflation environment; (ii) favourable foreign currency movements (mainly the appreciation of Euro against RMB since April 2025); and (iii) the profit contributions from acquisitions of Hexa Ceram and Digital Sleep.

MANAGEMENT DISCUSSION AND ANALYSIS

NON-IFRS MEASURES

To supplement our consolidated financial statements, which are presented in accordance with the International Financial Reporting Standards (the "IFRS"), the Company also assesses the operating performance based on a measure of adjusted earnings before interest, tax, depreciation and amortisation (the "EBITDA") as additional financial measures. By means of these financial measures, the management of the Group is able to evaluate their financial performance regardless of the items they do not consider indicative of the operating performance of their business.

EBITDA, ADJUSTED EBITDA AND PROFIT FROM CORE OPERATIONS

During the period under review, the Group incurred some one-off expenses, which are not indicative of the operating performance of the business of the period. Therefore, the Group arrived at an adjusted EBITDA (the "Adjusted EBITDA") and profit from core operations by eliminating the effects of certain non-cash or non-recurring items, including one-off cost in connection with acquisitions and relocations and amortisation of intangible assets.

The table below indicates the profit for the six months ended 30 June 2025 and 2024, reconciling the Adjusted EBITDA for the periods presented to the most comparable financial measures calculated in accordance with the IFRS:

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
EBITDA and Adjusted EBITDA		
Net profit	288,650	214,355
Add:		
Tax	74,746	68,735
Finance costs	21,788	25,706
Depreciation of right-of-use assets	24,949	26,900
Depreciation of property, plant and equipment	43,936	39,633
Amortisation of intangible assets	5,521	3,769
Less:		
Bank interest income	(2,879)	(3,527)
EBITDA	456,711	375,571
Add:		
One-off cost in connection with acquisitions	850	2,796
One-off cost in connection with relocations	—	10,217
Adjusted EBITDA	457,561	388,584
Adjusted EBITDA Margin	24.9%	22.8%

MANAGEMENT DISCUSSION AND ANALYSIS

The table below indicates the profit for the six months ended 30 June 2025 and 2024, reconciling the profit from core operations for the periods presented to the most comparable financial measures calculated in accordance with the IFRS:

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Profit from Core Operations		
Net Profit	288,650	214,355
Add:		
One-off cost in connection with acquisitions	850	2,796
One-off cost in connection with relocations	—	10,217
Amortisation of intangible assets	5,521	3,769
Less:		
Tax credit related to one-off cost in connection with relocations	—	(1,819)
Profit from Core Operations	295,021	229,318
Profit from Core Operations Margin	16.1%	13.5%

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

CASH FLOWS

The table below summarises the Group's cash flows for the six months ended 30 June 2025 and 2024:

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Net cash flows from operating activities	289,742	210,840
Net cash flows used in investing activities	(246,137)	(93,477)
Net cash flows used in financing activities	(326,777)	(119,413)

The Group derives its working capital mainly from cash on hand, net cash generated from operating activities and financing activities. The Board expects that the Group will rely on the internally generated funds and the available bank facilities in the absence of unforeseen circumstances. There were no material changes in the funding and financial policies of the Group.

The Group's balance of cash and cash equivalents was approximately HK\$558,034,000 as of 30 June 2025 (31 December 2024: HK\$816,825,000), which was mainly denominated in HK\$, RMB, US\$, EUR, AUD and Thai Baht ("THB").

OPERATING ACTIVITIES

Net cash flows from operating activities was approximately HK\$289,742,000 for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$210,840,000). The increase in net cash flows from operating activities was primarily attributable to increase in net profit when compared with six months ended 30 June 2024.

INVESTING ACTIVITIES

The Group recorded a net cash outflow used in investing activities of approximately HK\$246,137,000 for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$93,477,000). The outflow was mainly attributable to i) net cash outflows for the acquisition of Hexa Ceram of approximately HK\$196,089,000; ii) net cash outflows for the acquisition of Digital Sleep approximately of HK\$14,804,000; and iii) approximately HK\$36,740,000 used primarily for expansion of our production facilities, such as construction costs of a factory building in Vietnam and upgrade of our computer-aided/manufacturing equipment.

FINANCING ACTIVITIES

The Group recorded a net cash outflow used in financing activities of approximately HK\$326,777,000 for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$119,413,000). The outflow was mainly attributable to (i) net repayment of interest bearing bank borrowings of approximately HK\$174,184,000; (ii) payment for dividend of approximately HK\$86,367,000; (iii) repurchase of the Company's ordinary shares of approximately HK\$22,440,000; (iv) payment for lease liabilities of approximately HK\$22,379,000; and (v) payment for interest expenses of approximately HK\$21,407,000.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE AND RESEARCH AND DEVELOPMENT EXPENSES

During the period under review, the Group's capital expenditure amounted to approximately HK\$36,740,000 was primarily used for used for construction and renovation of factory premises and improvement on our production equipment. All of the capital expenditure was financed by internal resources and bank borrowings. The management is committed to invest in research and development activities and keep abreast of the latest development of the technologies in the dental prosthetic market. In 2025, the Group has invested in acquisition of the latest state-of-the-art machineries of approximately HK\$13,855,000 (six months ended 30 June 2024: HK\$45,591,000) and incurred research and development cost of approximately HK\$17,696,000 (six months ended 30 June 2024: HK\$25,415,000). The aggregate amounts collectively represented approximately 1.7% of the revenue of the Group (six months ended 30 June 2024: 4.2%).

CAPITAL STRUCTURE

FUNDING AND TREASURY POLICIES

The management of the Group is dedicated to controlling the treasury activities of the Group by seeking opportunities to realise the Group's business strategies with an aim to obtain a higher return for the Shareholders at an appropriate risk exposure.

BANK BORROWINGS

Bank borrowings of the Group as of 30 June 2025 amounted to approximately HK\$576,857,000 as compared to approximately HK\$737,151,000 as of 31 December 2024. As of 30 June 2025, bank borrowings were denominated in HK\$ and THB amounted to approximately HK\$568,036,000 and HK\$8,821,000 respectively. As of 30 June 2025, all bank borrowings were at floating interest rates.

CASH AND CASH EQUIVALENTS

The amount in which cash and cash equivalents were held are set out in the paragraph headed "Liquidity and Financial Resources" on page 18 of this Interim Report.

GEARING RATIO

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital (equity attributable to owners of the Company) plus net debt. Net debt includes interest-bearing bank borrowings, trade payables, other payables and accruals, lease liabilities less cash and cash equivalents and pledged deposits. As of 30 June 2025, the gearing ratio of the Group was approximately 18% (31 December 2024: 14%), reflecting that the Group's financial position was at a sound level.

DEBT SECURITIES

As of 30 June 2025 and 31 December 2024, the Group did not have any debt securities.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As of 30 June 2025 and 31 December 2024, the Group did not have any material contingent liabilities or guarantees.

CHARGE OF GROUP ASSETS

During the period under review, Modern Dental Laboratory Company Limited, a subsidiary of the Company, entered into certain bank loans facility agreements (the "**Facility Agreements**") for certain term loans and a revolving credit, secured by corporate guarantees of the Company and certain of its subsidiaries. Pursuant to the Facility Agreements, if the aggregate shareholding of Mr. Chan Kwun Fung, Mr. Chan Kwun Pan, Dr. Chan Ronald Yik Long, Ms. Chan Yik Yu, Mr. Ngai Chi Ho Alwin and Mr. Ngai Shing Kin, directly or indirectly, in the Company's share capital ceases to be at least 50%, the commitment under the Facility Agreements will be cancelled and all the outstanding amounts under the Facility Agreements will become immediately due and payable.

Pledged bank deposits of the Group as of 30 June 2025 amounted to approximately HK\$209,000 as compared to approximately HK\$194,000 as of 31 December 2024.

As at 30 June 2025, the net book value of Land and buildings and plant and machinery pledged as security for banking facilities granted to a subsidiary of the Group amounted to approximately HK\$6,464,000 (31 December 2024: Nil) and HK\$7,417,000 (31 December 2024: Nil), respectively.

COMMITMENTS

The Group had no significant capital commitments as of 30 June 2025 and 31 December 2024.

SIGNIFICANT INVESTMENTS HELD, DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 21 November 2024, Modern Dental Asia Pacific Limited (the "**Purchaser**") (an indirect wholly-owned subsidiary of the Company), Acheval Holdings Limited ("**Vendor A**") (the legal and beneficial owner of 52,500 shares in Hexa Ceram Company Limited (the "**Target Company**") as at 21 November 2024), Mr. Anucha Meekiatchaikun ("**Mr. Meekiatchaikun**") (as warrantor) and the Company (as guarantor) entered into the sale and purchase agreement A, pursuant to which, amongst others, the Purchaser has conditionally agreed to purchase, and Vendor A has conditionally agreed to sell 52,500 shares in the Target Company, representing 25% of the registered capital of the Target Company, at a total consideration of THB326,216,000.

MANAGEMENT DISCUSSION AND ANALYSIS

On 21 November 2024, the Purchaser, Hexa Europe B.V. ("**Vendor B**") (the legal and beneficial owner of 102,900 shares in the Target Company as at 21 November 2024) and the Company (as guarantor) entered into the sale and purchase agreement B, pursuant to which, amongst others, the Purchaser has conditionally agreed to purchase, and Vendor B has conditionally agreed to sell 102,900 shares in the Target Company, representing 49% of the registered capital of the Target Company, at a total consideration of THB612,743,000.

In connection with the acquisitions of shares, concurrent with the signing of the sale and purchase agreements on 21 November 2024, the Purchaser (as option holder), Mr. Meekiatchaikun (as grantor) and the Company (as guarantor) have also entered into the option agreement, pursuant to which (i) Mr. Meekiatchaikun has granted the call option to the Purchaser for it (and/or its designated person) to purchase some or all of the shares in the Target Company held by Mr. Meekiatchaikun, being 54,600 shares as at 21 November 2024 (the "**Option Shares**"); and (ii) the Purchaser has granted the put option to Mr. Meekiatchaikun to require the Purchaser (and/or its designated person) to purchase some or all of the Option Shares held by Mr. Meekiatchaikun.

The Acquisitions will enable the Group to integrate an established sales and distribution network in Thailand, providing it with access to the Target Company's extensive customer base, which would enable the Group to further expand and complement its product-offering, distribution and sales networks.

For further details of the acquisition of Hexa Ceram, please refer to the announcements of the Company dated 21 November 2024, 25 November 2024 and 9 January 2025.

Saved as disclosed above, and in this Interim Report, the Group had no significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures for the six months ended 30 June 2025 and there is no plan for material investments or capital assets as at the date of this Interim Report.

OFF-BALANCE SHEET TRANSACTIONS

As of 30 June 2025, the Group did not enter into any material off-balance sheet transactions.

IMPORTANT EVENTS AFTER THE PERIOD UNDER REVIEW

Subsequent to the end of the six months ended 30 June 2025 and up to the date of this Interim Report, the Company repurchased 1,900,000 of its shares on the Stock Exchange at an aggregate consideration of approximately HK\$8,097,000 (before expenses).

On 15 August 2025, the Company cancelled a total of 4,100,000 shares in respect of shares repurchased from 30 May 2025 to 28 July 2025.

Save as disclosed above, the Group has no important events after the period under review up to the date of this Interim Report.

MANAGEMENT DISCUSSION AND ANALYSIS

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Group's business, financial condition and results of operations are subject to various business risks and uncertainties. The factors set out below are those that the Group believes could result in the Group's financial condition or results of operations differing materially from expected or historical results. There may be other risks in addition to those set out below which are not known to the Group or which may not be material now but could turn out to be material in the future.

GLOBAL ECONOMY AND CROSS COUNTRIES OPERATIONS

As a global business, the Group is exposed to the development of the global economy and continued changes in government policies, political, social, legal and regulatory requirements as well as the industries and geographical markets in which it operates. As a result, the Group's financial condition and results of operations may be influenced by the general state of the economy and operating environment of markets in which it operates. Any significant decrease in the level of economic growth in the global or regional or a specific economy could adversely affect the Group's financial condition or results of operations. On the other hand, the Group's global business covering different regions and countries also mitigates the Group's reliance on any single region or country.

In general, credit and financial markets have experienced significant fluctuations both in the United States and worldwide, adding to the prevailing uncertainty. Furthermore, geopolitical risks and political turbulence have added to the complexity of the global economic outlook. Changes in government policies, regulations, or political environments in different countries can impact our operations, supply chains, or market access. Trade competition between nations has escalated, resulting in trade disputes and protectionist measures that disrupt international commerce and supply chains.

MERGERS AND ACQUISITIONS RISK

Goodwill and intangible assets arising from mergers and acquisitions accounted for significant portion in the Group's total assets. If there is any impairment on the goodwill and intangible assets, it will affect the profit of the Group.

The Group mitigates such risk by engagement of legal and financial advisers to carry out due diligence for material acquisitions. The Group has also annually engaged external valuer, Brilliant Appraisal Limited, to assess the impairment of material goodwill and intangible assets and no material changes in key assumptions have been made in the current period. The key assumptions for 31 December 2024, such as the pre-tax discount rates (ranged between 15% and 21%); the budgeted sales growth rates (ranged between 0% and 10%); and budgeted EBITDA margins (ranged between 7% and 36%), are determined with reference to historical performance of the Group; market research of the prosthetic devices industry and the specific business plans of the Group.

CENTRALISATION OF PRODUCTION FACILITIES

The production of the Group relied heavily on its existing production facilities in Shenzhen, Mainland China and in Dongguan, Mainland China. If there are disruptions to the production sites in Shenzhen and Dongguan, the Group may suffer from interruptions to its business. The management has started a new production facility in Vietnam and the Group has acquired Hexa Ceram which operates a large scale production facilities in Thailand in January 2025 to further mitigate the risk. A key exception is North America, where MicroDental - an onshore manufacturing operation - already represents over 75% of regional revenue in the North America region. Apart from this, the Group has already had various smaller scale production sites in different parts of the world, such as the United States, Europe and Australia, etc, and will continue to explore opportunities around the world.

MANAGEMENT DISCUSSION AND ANALYSIS

INTEREST RATE RISK

Our exposure to the interest rate risk relates primarily to our long-term debt obligations with floating interest rates. We manage our interest rate exposure with a focus on reducing our overall cost of debt and exposure to changes in interest rate. Our management continues to monitor the cash flows of our operation and the debt markets, where we would expect to refinance these borrowings with a lower cost of debt when desirable. For the six months ended 30 June 2025, the interest rate on floating-rate bank loans was approximately HIBOR+0.69% to HIBOR+0.80% per annum for term loans denominated in Hong Kong Dollars and 2% to prime rates per annum for term loans denominated in THB. The Group had not entered into any type of interest rate agreements or derivative transactions to hedge against the fluctuations in interest rates.

FOREIGN CURRENCY RISK

In light of the nature of our business, we are exposed to various foreign currencies, among which, RMB, EUR, AUD, US\$ and THB are mostly used apart from HK\$. To minimise the impact of foreign currency rate volatility, we monitor foreign currency risk at operational level closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

CREDIT RISK

The credit risk of other financial assets, which comprise trade receivables, financial assets included in prepayments, deposits and other receivables, amount due from related parties, pledged deposits and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since we trade only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within our Group as the customer bases of our trade receivables are widely dispersed.

LIQUIDITY RISK

Our policy is to maintain sufficient cash and cash equivalents and to have available funding through bank borrowings.

OTHER INFORMATION

DIVIDENDS

The Board declared an interim dividend of HK10.7 cents (six months ended 30 June 2024: HK8.0 cents) per ordinary share for the six months ended 30 June 2025. The interim dividend will be payable on Thursday, 9 October 2025 to Shareholders whose names appear on the Register of Members of the Company on Tuesday, 16 September 2025.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 12 September 2025 to Tuesday, 16 September 2025, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30 June 2025, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 11 September 2025, for the purpose of effecting the share transfers.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"), the Company has established the remuneration committee of the Company (the "**Remuneration Committee**") to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualifications, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and the senior management personnel are eligible participants of the Share Option Scheme and the Pre-IPO RSU Scheme (both as defined below).

EMPLOYEE AND REMUNERATION POLICY

The Group had a total of 8,594 (31 December 2024: 7,106) dedicated full-time employees at our production facilities, service centers, points of sales and other sites as of 30 June 2025, mainly including 5,924 (31 December 2024: 4,861) production staff members, 855 (31 December 2024: 757) general management staff members and 553 (31 December 2024: 475) customer service staff members.

Total staff costs of the Group (including the Directors' and chief executive's remuneration) for the six months ended 30 June 2025 was approximately HK\$824,628,000 (six months ended 30 June 2024: approximately HK\$786,274,000). The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees.

In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and contributions to benefit plans (including pensions). Employees of the Group are the eligible participants of the Share Option Scheme (as defined below). During the period under review, the relationship between the Group and our employees had been stable. We had not experienced any strikes or other labor disputes which materially affected our business activities.

OTHER INFORMATION

SHARE OPTION SCHEME

A share option scheme (the “**Share Option Scheme**”) was adopted pursuant to the written resolutions of the Shareholders passed on 25 November 2015 (the “**Share Option Scheme Adoption Date**”).

The purpose of the Share Option Scheme is to enable the Company to grant options to the eligible participants including any employee, Director, supplier, customer, shareholder, research, development or other technological support personnel and advisor of the Group and invested entity of the Group and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group as the Directors determine, as incentives or rewards for their contribution to the Group.

The maximum number of the ordinary shares of the Company (the “**Shares**”) which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group must not exceed 30% of the issued share capital of the Company from time to time. No options may be granted under the Share Option Scheme or any other share option schemes adopted by the Group if the grant of such option exceeds the limit.

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes adopted by the Group as from the Share Option Scheme Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all issued share capital of the Company upon 15 December 2015 (i.e. 100,000,000 Shares, representing 10.7% of the issued share capital of the Company as at the date of this Interim Report). The limit of 10% may be refreshed at any time by approval of the Shareholders in a general meeting provided that the total number of the Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other option schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of our Group) previously granted under the Share Option Scheme and any other share option schemes of our Group will not be counted.

Unless approved by Shareholders in a general meeting, the maximum number of Shares underlying the options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

Where any grant of options to a substantial shareholder or an independent non-executive Director or any of their respective associates would result in the Shares allotted and issued and to be allotted and issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the offer date of each offer, in excess of HK\$5 million;

such further grant of options must be approved by Shareholders in general meeting.

A consideration of HK\$1.0 is payable on acceptance of the grant of an option within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

OTHER INFORMATION

Pursuant to the Share Option Scheme, the participants may subscribe for the Shares on the exercise of an option at the price determined by the Board provided that it shall be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is offered to a participant, which must be a business date (the "**Offer Date**"); (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Offer Date; and (c) the nominal value of a Share.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine, which may not expire later than 10 years from the Offer Date of the option subject to the provisions of early termination thereof. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Share Option Scheme Adoption Date.

As at 30 June 2025, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme and therefore the total number of Shares available for grant under the Share Option Scheme was 100,000,000 Shares, representing 10.7% of the issued share capital of the Company as of the date of this Interim Report.

Remarks:

1. Pursuant to Rule 17.03A of the Listing Rules, the participants of a scheme shall only comprise directors and employees of the issuer or any of its subsidiaries and the persons who provide services to the issuer group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the issuer group.
2. Pursuant to Rule 17.03F of the Listing Rules, the vesting period for options shall not be less than 12 months.
3. Pursuant to Rule 17.04(3) of the Listing Rules, where any grant of options or awards to an independent non-executive director or a substantial shareholder of the listed issuer, or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of shares in issue, such further grant of options or awards must be approved by shareholders of the listed issuer in general meeting in the manner set out in Rule 17.04(4). Pursuant to Rule 17.04(4) of the Listing Rules, the listed issuer must send a circular to the shareholders. The grantee, his/her associates and all core connected persons of the listed issuer must abstain from voting in favour at such general meeting. The listed issuer must comply with the requirements under rules 13.40, 13.41 and 13.42.

PRE-IPO RESTRICTED SHARE UNIT SCHEME

A restricted share unit scheme (the "**Pre-IPO RSU Scheme**") was adopted pursuant to the written resolutions of the Shareholders passed on 19 June 2015 (the "**Pre-IPO RSU Scheme Adoption Date**"). The purpose of the Pre-IPO RSU Scheme is to give incentives thereto in order to retain key employees for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. The Pre-IPO RSU Scheme shall be valid and effective for a period of 10 years commencing on the Pre-IPO RSU Scheme Adoption Date, under the administration of the Board and the trustee.

As at 30 June 2025, no outstanding restricted share units were granted or vested pursuant to the Pre-IPO RSU Scheme.

OTHER INFORMATION

MANDATORY PROVIDENT FUND RETIREMENT BENEFIT SCHEME

The Group operates a defined contribution mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK\$1,500 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK\$1,500. The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Director	Capacity	Number of Shares and underlying Shares interested	Total number of Shares and underlying Shares interested	Approximate percentage of shareholding
Mr. Chan Kwun Fung	Beneficial owner	466,000 <i>(Note 1)</i>	474,388,263	50.52%
	Other	3,450,000 <i>(Note 1)</i>		
	Interest of controlled corporation	470,472,263 <i>(Note 1)</i>		
Mr. Chan Kwun Pan	Beneficial owner	3,450,000 <i>(Note 1)</i>	474,388,263	50.52%
	Other	466,000 <i>(Note 1)</i>		
	Interest of controlled corporation	470,472,263 <i>(Note 1)</i>		
Dr. Yau Ka Po	Beneficial owner	300,000	300,000	0.03%

Notes:

- Mr. Chan Kwun Fung and Mr. Chan Kwun Pan signed a confirmation letter on 10 August 2015 confirming their acting-in-concert arrangement whereby they operate the Group collectively, through discussions, and reached consensus between themselves before making any commercial decisions for the Group on a unanimous basis. As such and by virtue of the SFO, (i) each of Mr. Chan Kwun Fung and Mr. Chan Kwun Pan is deemed to be interested in the 470,472,263 Shares owned by Tria Holdings Limited, (ii) Mr. Chan Kwun Fung is deemed to be interested in the 3,450,000 Shares owned by Mr. Chan Kwun Pan, and (iii) Mr. Chan Kwun Pan is deemed to be interested in the 466,000 Shares owned by Mr. Chan Kwun Fung.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2025, none of the Directors and chief executives of the Company has any interest or short position in the Shares, underlying Shares or 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 notified to the Company and the Stock Exchange pursuant to Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or any of its Associated Corporations" in this Interim Report, at no time during the six months ended 30 June 2025 was the Company or any of its subsidiaries 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; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the persons other than the Directors, whose interests have been disclosed in the above section headed "Directors' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or any of its Associated Corporations", had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company, pursuant to Section 336 of the SFO, were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of Shareholder	Capacity	Number of Shares interested	Total number of Shares and underlying Shares interested	Approximate percentage of shareholding
Triera Holdings Limited <i>(Note 1)</i>	Beneficial owner	470,472,263	470,472,263	50.11%
Prosperity Worldwide Investment Holdings Limited <i>(Note 2)</i>	Beneficial owner	93,849,653	93,849,653	10.00%
Mr. Ngai Shing Kin	Beneficial owner	4,191,345	98,040,998	10.44%
	Interest of controlled corporation	93,849,653 <i>(Note 3)</i>		
NCHA Holdings Limited	Beneficial owner	62,844,370	62,844,370	6.69%
Mr. Ngai Chi Ho Alwin	Beneficial owner	277,934	63,122,304	6.72%
	Interest of controlled corporation	62,844,370 <i>(Note 4)</i>		

OTHER INFORMATION

Notes:

1. Trieria Holdings Limited is a company incorporated in the British Virgin Islands and is owned as to 50%, 20%, 16% and 14% by Mr. Chan Kwun Fung, Mr. Chan Kwun Pan, Dr. Chan Ronald Yik Long and Ms. Chan Yik Yu, respectively.
2. Prosperity Worldwide Investment Holdings Limited is a company incorporated in the British Virgin Islands and is wholly owned by Mr. Ngai Shing Kin.
3. These Shares were held by Prosperity Worldwide Investment Holdings Limited, which is wholly owned by Mr. Ngai Shing Kin.
4. These Shares were held by NCHA Holdings Limited, which is wholly-owned by Mr. Ngai Chi Ho Alwin.

Save as disclosed herein, as at 30 June 2025, no person, other than the Directors whose interests are set out in the section headed "Directors' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or any of its Associated Corporations" above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

During the six months ended 30 June 2025, the Company repurchased 5,427,000 of its Shares on the Stock Exchange at an aggregate consideration of approximately HK\$22,440,000 (before expenses), details of the repurchase are summarised as follows:

Month	Number of Shares repurchased	Price per Share		Aggregate consideration paid (before expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
January 2025	1,700,000	4.18	3.95	6,959
April 2025	1,527,000	4.28	3.73	6,264
May 2025	100,000	4.05	3.97	402
June 2025	2,100,000	4.28	4.08	8,815
	5,427,000			22,440

Out of 5,427,000 repurchased Shares, 3,227,000 Shares of approximately HK\$13,223,000 (before expenses) were cancelled during the six months ended 30 June 2025, while the remaining 2,200,000 Shares of approximately HK\$9,217,000 (before expenses) were pending cancellation as at 30 June 2025.

The repurchase of the Shares were effected by the Directors, pursuant to the mandate from Shareholders received at the annual general meetings on 30 May 2024 and 29 May 2025, with a view to benefiting Shareholders as a whole by enhancing the net assets value per share and earnings per share of the Group.

Save as disclosed above, during the six months ended 30 June 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

OTHER INFORMATION

CHANGES OF DIRECTORS' INFORMATION

Subsequent to the date of the annual report of the Company for the year ended 31 December 2024, changes in the information of the Directors are as follows:

1. Mr. Chan Kwun Fung was re-designated as a non-executive Director with effect from 1 April 2025.
2. Ms. Chan Yik Yu has been appointed as a member of the nomination committee of the Company with effect from 29 May 2025.
3. Dr. Cheung Wai Bun Charles, J.P. was redesigned as an advisor at Metropolitan Bank (China) Limited with effect from 1 April 2025.

Save as disclosed in this Interim Report, there are no changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE

During the six months ended 30 June 2025, the Company has complied with the applicable code provisions of Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Board is committed to maintaining high corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to formulate its business strategies and policies, and to enhance its transparency and accountability. During the six months ended 30 June 2025, the Company has applied the principles as set out in the code provisions of Part 2 of the CG Code contained in Appendix C1 to the Listing Rules which are applicable to the Company.

In the opinion of the Directors, during the six months ended 30 June 2025, the Company has complied with all applicable code provisions as set out in the CG Code, save and except for code provision C.2.1. Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. Chan Ronald Yik Long ("**Dr. Chan**") is both our Chairman and Chief Executive Officer, and is responsible for the overall management of our Group and directing the strategic development and business plans of our Group. We believe Dr. Chan is instrumental to our growth and business expansion. Our Board considers that the roles of chairman and chief executive being vested in the same person is beneficial to the business prospects, management and overall strategic direction of our Group by ensuring consistent leadership within our Group and facilitating more effective and efficient overall strategic planning and decision-making for our Group. In addition, the Board meets regularly to consider major matters affecting the operations of the Group and all Directors are properly and promptly briefed on such matters with adequate, complete and reliable information. In addition, under the supervision of the Board which is comprised of four executive Directors, one non-executive Director and four independent non-executive Directors as at the date of this Interim Report, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

After considering all the corporate governance measures that have been taken, the Board considers that the balance of power and authority will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. Thus, the Company does not segregate the roles of Chairman and Chief Executive Officer.

OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Securities Dealing Code containing the provisions set out in the Model Code as set out in Appendix C3 to the Listing Rules, and after having made specific enquiries with regard to securities transactions by the Directors, all Directors have confirmed their compliance with the required standards set out in the Model Code regarding Directors' securities transactions during the six months ended 30 June 2025.

REVIEW OF INTERIM RESULTS

The Audit Committee consists of Dr. Cheung Wai Bun Charles, J.P., Dr. Chan Yue Kwong Michael and Dr. Yau Ka Po, who are independent non-executive Directors. The Group's interim results for the six months ended 30 June 2025, including the accounting principles and practices adopted by the Group, have been reviewed by the Audit Committee.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth.

MODERN DENTAL AND THE COMMUNITY

As a global company, the Company is committed to being a company that cares for the community, through engaging in sponsorships, donations, oral health seminars and workshops, voluntary dental consultation and social services. We aim to provide services to the public and make positive contribution to the society.

During the period under review, the Group also co-organised the "Angel Smile Scaling Project" with Modern Dental Global Foundation, delivering complimentary dental scaling service to low-income families who lack regular access to dental care in Hong Kong.

We will continue to be actively involved in community activities and dedicate our efforts to the future generation with a view to taking up our social responsibility with proactive efforts.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
REVENUE	4	1,834,814	1,701,831
Cost of sales		(829,338)	(787,840)
Gross profit		1,005,476	913,991
Other income and gains	4	37,749	14,761
Selling and distribution expenses		(238,044)	(230,896)
Administrative expenses		(417,636)	(378,833)
Other operating expenses		(2,364)	(9,283)
Finance costs	6	(21,788)	(25,706)
Share of profits/(losses) of associates		3	(944)
PROFIT BEFORE TAX	5	363,396	283,090
Income tax expense	7	(74,746)	(68,735)
PROFIT FOR THE PERIOD		288,650	214,355
ATTRIBUTABLE TO:			
Owners of the Company		285,247	215,249
Non-controlling interests		3,403	(894)
		288,650	214,355
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	8	HK30.37 cents	HK22.59 cents
Diluted	8	HK30.37 cents	HK22.59 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	288,650	214,355
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	197,667	(46,102)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	(2,057)	(5,344)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	195,610	(51,446)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	484,260	162,909
ATTRIBUTABLE TO:		
Owners of the Company	479,283	163,880
Non-controlling interests	4,977	(971)
	484,260	162,909

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	813,925	755,331
Right-of-use assets		202,955	199,984
Goodwill	11	1,241,823	1,098,868
Intangible assets	12	390,542	200,431
Investments in associates		2,801	2,755
Equity investments designated at fair value through other comprehensive income	13	5,478	7,535
Deferred tax assets		40,070	40,459
Long term prepayments and deposits	15	29,677	20,911
Total non-current assets		2,727,271	2,326,274
CURRENT ASSETS			
Inventories		191,517	169,153
Trade receivables	14	771,719	613,579
Prepayments, deposits and other receivables	15	100,707	68,915
Current tax assets		51,875	79,915
Pledged deposits	16	209	194
Cash and cash equivalents	16	558,034	816,825
Total current assets		1,674,061	1,748,581
CURRENT LIABILITIES			
Trade payables	17	71,935	65,517
Other payables and accruals	18	275,995	275,574
Due to an associate		338	154
Lease liabilities		47,931	50,915
Interest-bearing bank borrowings	19	65,439	115,910
Tax payable		75,925	70,189
Total current liabilities		537,563	578,259
NET CURRENT ASSETS		1,136,498	1,170,322
TOTAL ASSETS LESS CURRENT LIABILITIES		3,863,769	3,496,596

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		3,863,769	3,496,596
NON-CURRENT LIABILITIES			
Lease liabilities		143,809	136,151
Interest-bearing bank borrowings	19	511,418	621,241
Deferred tax liabilities		20,634	13,544
Other non-current liabilities	18	111,866	86
Total non-current liabilities		787,727	771,022
NET ASSETS		3,076,042	2,725,574
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	72,769	73,166
Treasury shares		(9,255)	(7,879)
Reserves		2,926,140	2,650,581
Non-controlling interests		2,989,654 86,388	2,715,868 9,706
TOTAL EQUITY		3,076,042	2,725,574

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company										
	Share capital	Share premium	Treasury shares	Statutory reserve	Capital reserve	Exchange reserve	Assets	Retained profits	Total	Non-controlling interests	Total equity
							revaluation reserve				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2025 (audited)	73,166	279,871	(7,879)	38,657	557,443	(399,027)	(31,925)	2,205,562	2,715,868	9,706	2,725,574
Profit for the period	—	—	—	—	—	—	—	285,247	285,247	3,403	288,650
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	196,093	—	—	196,093	1,574	197,667
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	(2,057)	—	(2,057)	—	(2,057)
Total comprehensive income/(loss) for the period	—	—	—	—	—	196,093	(2,057)	285,247	479,283	4,977	484,260
Transfer from retained profits	—	—	—	2,448	—	—	—	(2,448)	—	—	—
2024 final dividend	—	(86,367)	—	—	—	—	—	—	(86,367)	—	(86,367)
Shares repurchased (note 21(b))	—	—	(22,440)	—	—	—	—	—	(22,440)	—	(22,440)
Shares cancelled (note 21(b))	(397)	(20,666)	21,063	—	397	—	—	(397)	—	—	—
Acquisition of subsidiaries (note 20)	—	—	—	—	—	—	—	—	—	71,705	71,705
Recognition of put option liabilities arising from business combinations (note 18)	—	—	—	—	(96,690)	—	—	—	(96,690)	—	(96,690)
At 30 June 2025 (unaudited)	72,769	172,838 [#]	(9,256)	41,105 [#]	461,150 [#]	(202,934) [#]	(33,982) [#]	2,487,964 [#]	2,989,654	86,388	3,076,042

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company										
							Assets	Retained profits	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Capital reserve	Exchange reserve	revaluation reserve				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024 (audited)	73,501	382,294	(419)	28,301	557,108	(271,978)	(20,274)	1,883,746	2,632,279	10,822	2,643,101
Profit for the period	—	—	—	—	—	—	—	215,249	215,249	(894)	214,355
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	(46,025)	—	—	(46,025)	(77)	(46,102)
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	(5,344)	—	(5,344)	—	(5,344)
Total comprehensive income/(loss) for the period	—	—	—	—	—	(46,025)	(5,344)	215,249	163,880	(971)	162,909
2023 final dividend	—	(85,207)	—	—	—	—	—	—	(85,207)	—	(85,207)
Shares repurchased (note 21(a))	—	—	(8,542)	—	—	—	—	—	(8,542)	—	(8,542)
Shares cancelled (note 21(a))	(116)	(5,706)	5,822	—	116	—	—	(116)	—	—	—
At 30 June 2024 (unaudited)	73,385	291,381 [#]	(3,139)	28,301 [#]	557,224 [#]	(318,003) [#]	(25,618) [#]	2,098,879 [#]	2,702,410	9,851	2,712,261

[#] These reserve accounts comprise the consolidated reserves of approximately HK\$2,926,141,000 (unaudited) (30 June 2024: HK\$2,632,164,000 (unaudited)) in the interim condensed consolidated statements of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		363,396	283,090
Adjustments for:			
Finance costs	6	21,788	25,706
Bank interest income	4,5	(2,879)	(3,527)
Losses/(gains) on disposal of items of property, plant and equipment, net	4,5	441	(751)
Write-off of property, plant and equipment	5	1,672	2,192
(Gains)/losses on early termination of leases, net	5	(34)	17
Depreciation and amortisation	5	74,406	70,302
Share of (gains)/losses of associates		(3)	944
		458,787	377,973
Decrease in inventories		607	314
Increase in trade receivables		(74,360)	(76,841)
Increase in prepayments, deposits and other receivables		(33,806)	(13,632)
Increase/(decrease) in amounts due from related parties		(851)	71
Decrease/(increase) in amounts due from associates		184	(7,520)
Decrease in trade payables		(765)	(2,319)
Decrease in other payables and accruals		(20,446)	(17,405)
(Decrease)/increase in amount due to a related party		(3,000)	7
		326,350	260,648
Cash generated from operations		326,350	260,648
Interest received		2,879	3,527
Income tax paid		(39,487)	(53,335)
		289,742	210,840
Net cash flows from operating activities		289,742	210,840

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and intangible assets		(36,740)	(98,145)
Proceeds from disposal of items of property, plant and equipment		1,511	4,662
Acquisition of subsidiaries	20	(210,893)	—
Increase/(decrease) in pledged deposits	16	(15)	6
Net cash flows used in investing activities		(246,137)	(93,477)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings		270,000	100,000
Repayment of bank borrowings		(444,184)	(74,578)
Dividend paid		(86,367)	(85,207)
Interest paid		(16,498)	(21,749)
Repurchases of shares		(22,440)	(8,542)
Payment for the principal portion of lease liabilities		(22,379)	(25,543)
Payment for the interest portion of lease liabilities		(4,909)	(3,794)
Net cash flows used in financing activities		(326,777)	(119,413)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(283,172)	(2,050)
Effect of foreign exchange rate changes, net		24,381	(3,632)
Cash and cash equivalents at beginning of period		816,825	697,694
CASH AND CASH EQUIVALENTS AT END OF PERIOD		558,034	692,012
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	556,503	526,379
Non-pledged time deposits with original maturity of less than three months when acquired	16	1,531	165,633
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	16	558,034	692,012

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

1. CORPORATE AND GROUP INFORMATION

Modern Dental Group Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 5 July 2012 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised). The Company’s registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the production and distribution of dental prosthetic devices.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), including compliance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting*.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Modern Dental Group Limited and its subsidiaries since the 2024 annual financial statements. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2024.

The interim condensed consolidated financial statements are unaudited, but have been reviewed by the Audit Committee of the Company.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of following new and revised standards for the first time for the current period’s financial statements.

Amendments to IAS 21

Lack of Exchangeability

The adoption of these revised IASs and IFRSs did not have any significant effect on the financial position or performance of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the interim condensed consolidated financial statements requires management to make judgements, 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. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) The fixed prosthetic devices segment is a supplier of restorative dental procedures, such as crowns, bridges and implants.
- (b) The removable prosthetic devices segment produces full dentures and partial dentures. Dentures can be further classified as dentures with metal frameworks and dentures without metal frameworks.
- (c) The "others" segment comprises, principally, orthodontic devices, sport guards and anti-snoring devices, raw materials, dental equipments, (including intra-oral scanners), clear aligners and the service of educational events and seminars rendered.

Management monitors the revenue and cost of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment gross profit.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Six months ended 30 June					
	2025 (unaudited)			2024 (unaudited)		
	Revenue HK\$'000	Cost of sales HK\$'000	Gross profit HK\$'000	Revenue HK\$'000	Cost of sales HK\$'000	Gross profit HK\$'000
Fixed prosthetic devices	1,098,288	466,849	631,439	1,045,387	461,213	584,174
Removable prosthetic devices	447,394	204,735	242,659	393,546	174,712	218,834
Others	289,132	157,754	131,378	262,898	151,915	110,983
Total	1,834,814	829,338	1,005,476	1,701,831	787,840	913,991

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

3. OPERATING SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION

(A) REVENUE FROM EXTERNAL CUSTOMERS

	Six months ended 30 June	
	2025	2024
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Europe	920,255	822,914
North America	365,680	385,325
Greater China	293,176	335,752
Australia	137,858	127,902
Others	117,845	29,938
	1,834,814	1,701,831

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

(B) NON-CURRENT ASSETS

	30 June	31 December
	2025	2024
	(Unaudited) HK\$'000	(Audited) HK\$'000
Europe	824,787	729,078
Greater China	578,979	586,674
North America	482,831	494,257
Australia	375,919	326,415
Others	424,685	149,391
	2,687,201	2,285,815

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue		
Sale of goods transferred at a point in time	1,834,814	1,701,831
Other income		
Bank interest income	2,879	3,527
Foreign exchange gains, net	23,895	—
Government subsidies*	2,727	3,598
Others	8,214	6,885
	37,715	14,010
Gains		
Gains on early termination of leases, net	34	—
Gains on disposal of items of property, plant and equipment, net	—	751
	34	751
Other income and gains	37,749	14,761

- * Government subsidies contain the stabilisation subsidy and special fund of self-independent innovation industry from the government. There are no unfulfilled conditions or contingencies relating to these subsidies.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

5. PROFIT BEFORE TAX

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

	Notes	Six months ended 30 June	
		2025	2024
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
Cost of inventories sold [#]		829,338	787,840
Depreciation of right-of-use assets		24,949	26,900
Depreciation of property, plant and equipment	10	43,936	39,633
Amortisation of intangible assets	12	5,521	3,769
Lease payments not included in the measurement of lease liabilities		9,964	6,133
Research and development costs ^{##}		17,696	25,415
Auditors' remuneration		6,821	5,459
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		718,323	686,260
Pension scheme contributions		106,305	100,014
		824,628	786,274
Bank interest income	4	(2,879)	(3,527)
Losses/(gains) on disposal of items of property, plant and equipment, net*	4	441	(751)
Write-off of property, plant and equipment*	10	1,672	2,192
(Gains)/losses on early termination of leases, net*	4	(34)	17
Allowance for impairment of trade receivables, net	14	2,192	5,184
Foreign exchange (gains)/losses, net*	4	(23,895)	6,018

[#] Cost of inventories sold includes HK\$493,349,000 (unaudited) (six months ended 30 June 2024: HK\$475,514,000 (unaudited)) relating to employee benefit expense, lease payments not included in the measurement of lease liabilities and depreciation, which are also included in the respective total amounts disclosed above for each of these types of expenses.

^{##} Research and development costs includes HK\$14,544,000 (unaudited) (six months ended 30 June 2024: HK\$22,523,000 (unaudited)) relating to employee benefit expense, lease payments not included in the measurement of lease liabilities and depreciation, which are also included in the respective total amounts disclosed above for each of these types of expenses.

* Gains on disposal of items of property, plant and equipment, net, gains on early termination of leases, net and foreign exchange gains, net are included in "other income and gains" in the interim condensed consolidated statements of profit or loss. Losses on disposal of items of property, plant and equipment, net, write-off of property, plant and equipment, losses on early termination of leases, net, and foreign exchange loss, net are included in "other operating expenses" in the interim condensed consolidated statements of profit or loss.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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6. FINANCE COSTS

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Interest on bank loans, overdrafts and other loans	16,497	21,749
Less: amount capitalised on qualifying assets	—	(68)
	16,497	21,681
Interest on lease liabilities	4,910	3,794
Finance charges on bank loans	381	231
	21,788	25,706

7. INCOME TAX EXPENSE

The Group calculates the income tax expense for the period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Current	73,136	66,383
Deferred	1,610	2,352
	74,746	68,735

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the six months ended 30 June 2025 and 2024 attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the six months ended 30 June 2025 and 2024 attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2025 and 2024. The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2025	2024
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	285,247	215,249

	Number of shares Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	939,233,485	952,816,099

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

9. DIVIDENDS

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Interim dividend	100,029	75,752

The Board declared an interim dividend of HK10.7 cents per share for the six months ended 30 June 2025 (six months ended 30 June 2024: HK8.0 cents). The interim dividend is not recognised as a liability as at 30 June 2025 because they have been declared after the end of the reporting period.

In 2025, the calculation of the interim dividend is based on 934,850,000 (six months ended 30 June 2024: 946,898,000) ordinary shares in issue.

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Carrying amount at 1 January	755,331	727,424
Additions	34,437	139,845
Acquisition of subsidiaries (note 20)	50,017	—
Disposals	(1,952)	(7,896)
Write-off	(1,672)	(2,758)
Depreciation provided during the period/year	(43,936)	(79,934)
Exchange realignment	21,700	(21,350)
Carrying amount at 30 June/31 December	813,925	755,331

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11. GOODWILL

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Carrying amount at 1 January	1,098,868	1,159,640
Acquisition of subsidiaries (note 20)	46,687	—
Exchange realignment	96,268	(60,772)
Carrying amount at 30 June/31 December	1,241,823	1,098,868

12. INTANGIBLE ASSETS

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Carrying amount at 1 January	200,431	214,582
Additions	2,303	2,048
Acquisition of subsidiaries (note 20)	173,921	—
Amortisation provided during the period/year	(5,521)	(7,423)
Exchange realignment	19,408	(8,776)
Carrying amount at 30 June/31 December	390,542	200,431

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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13. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Listed equity investments in Hong Kong, at fair value Arrail Group Limited	5,478	7,535

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

14. TRADE RECEIVABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Trade receivables	822,246	658,622
Impairment	(50,527)	(45,043)
	771,719	613,579

The Group normally allows credit terms of 30 to 90 days to established customers, and extends credit terms up to 180 days for major customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any material collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

14. TRADE RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables as at 30 June 2025 and 31 December 2024, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	361,599	266,117
1 to 2 months	95,112	100,536
2 to 3 months	59,672	53,100
3 months to 1 year	193,397	153,113
Over 1 year	61,939	40,713
	771,719	613,579

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
At 1 January	45,043	45,487
Acquisition of a subsidiary	1,651	—
Impairment loss, net (note 5)	2,192	3,111
Amount written off as uncollectible	(228)	(2,325)
Exchange realignment	1,869	(1,230)
At 30 June/31 December	50,527	45,043

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Current		
Prepayments	62,361	34,990
Deposits and other receivables	37,230	33,660
Due from related parties (note 25(3))	1,116	265
	100,707	68,915
Non-current		
Prepayments	4,983	3,188
Deposits	24,694	17,723
	29,677	20,911

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Cash and bank balances	556,503	571,302
Time deposits	1,740	245,717
	558,243	817,019
Less: Pledged deposits	(209)	(194)
Cash and cash equivalents	558,034	816,825

17. TRADE PAYABLES

An ageing analysis of the trade payables as at 30 June 2025 and 31 December 2024, based on the invoice date, is as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	43,391	35,443
1 to 2 months	18,694	21,736
2 to 3 months	3,071	3,653
Over 3 months	6,779	4,685
	71,935	65,517

The trade payables are unsecured, non-interest-bearing and are normally repayable within one to three months or on demand. The carrying amounts of trade payables approximate to their fair values due to their relatively short maturity terms.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

18. OTHER PAYABLES AND ACCRUALS

	Notes	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Current			
Accruals		194,055	194,397
Other payables		50,132	55,483
Contract liabilities		26,324	11,983
Deferred revenue		5,190	5,617
Consideration payable		294	294
Due to a non-controlling shareholder	(a)	—	4,800
Due to a related party	25(3)	—	3,000
		275,995	275,574
Other non-current liabilities			
Put option liabilities	20	96,690	—
Due to a non-controlling shareholder	(a)	4,800	—
Deferred revenue		55	86
Others		10,321	—
		111,866	86

Notes:

- (a) The balance is unsecured, non-interest bearing and repayable within 2 year (unaudited). (31 December 2024 (audited): 1 year)
- (b) Other payables, consideration payable, accruals and due to a related party are unsecured and non-interest-bearing. The carrying amounts of other payables, consideration payable, accruals and due to a related party approximate to their fair values, except for amount due to a non-controlling shareholder mentioned in note (a).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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19. INTEREST-BEARING BANK BORROWINGS

	30 June 2025 (Unaudited)			31 December 2024 (Audited)		
	Effective/ contractual interest rate (%)	Maturity	HK\$'000	Effective/ contractual interest rate (%)	Maturity	HK\$'000
Current						
Current portion of long term bank loans – secured	Hong Kong Interbank Offered Rate ("HIBOR")+0.69 to HIBOR+0.72 2% to prime rate	2025-2026 2025-2026	60,772 4,667	HIBOR+0.725 to HIBOR+0.8 —	2025 —	115,910 —
			65,439			115,910
Non-current						
Long term bank loans – secured	HIBOR+0.69 to HIBOR+0.72 2% to prime rate	2026-2030 2026-2029	507,264 4,154	HIBOR+0.725 to HIBOR+0.8 —	2026-2029 —	621,241 —
			511,418			621,241
			576,857			737,151

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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19. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	65,439	115,910
In the second year	82,742	198,938
In the third to fifth years, inclusive	428,676	422,303
	576,857	737,151

Notes:

(a) As at 30 June 2025 (unaudited), certain of the Group's bank loans are secured by:

- (i) mortgages over the Group's Land and building situated in Thailand, which had an aggregate net carrying value at the end of the reporting period of approximately HK\$6,464,000;
- (ii) mortgages over the Group's plant and machinery, which had a net carrying value at the end of the reporting period of approximately HK\$7,417,000; and
- (iii) Guarantee by Thai Credit Guarantee Corporation and a director of the Group's subsidiary.

Saved as disclosed above, all other bank borrowings are secured by the corporate guarantees of the Company and certain of its subsidiaries.

As at 31 December 2024 (audited), all bank borrowings are secured by the corporate guarantees of the Company and certain of its subsidiaries.

(b) As at 30 June 2025 (unaudited), the Group's bank borrowings are denominated in HK\$ and Thai Baht amounted to approximately HK\$568,036,000 and HK\$8,821,000, respectively.

As at 31 December 2024 (audited), all the Group's bank borrowings are denominated in HK\$

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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20. BUSINESS COMBINATIONS

ACQUISITION OF HEXA CERAM COMPANY LIMITED ("HEXA CERAM")

On 21 November 2024, Modern Dental Asia Pacific Limited (the "**Purchaser**") (an indirect wholly-owned subsidiary of the Company), Acheval Holdings Limited ("**Vendor A**") (the legal and beneficial owner of 52,500 shares in Hexa Ceram as at 21 November 2024), Mr. Anucha Meekiatichaikun ("**Mr. Meekiatichaikun**") (as warrantor) and the Company (as guarantor) entered into the sale and purchase agreement A, pursuant to which, amongst others, the Purchaser has conditionally agreed to purchase, and Vendor A has conditionally agreed to sell 52,500 shares in Hexa Ceram, representing 25% of the registered capital of Hexa Ceram, at a total consideration of 326,216,000 Thai Baht (THB).

On 21 November 2024, the Purchaser, Hexa Europe B.V. ("**Vendor B**") (the legal and beneficial owner of 102,900 shares in the Hexa Ceram as at 21 November 2024) and the Company (as guarantor) entered into the sale and purchase agreement B, pursuant to which, amongst others, the Purchaser has conditionally agreed to purchase, and Vendor B has conditionally agreed to sell 102,900 shares in Hexa Ceram, representing 49% of the registered capital of Hexa Ceram, at a total consideration of THB612,743,000.

In connection with the acquisitions of shares, concurrent with the signing of the sale and purchase agreements on 21 November 2024, the Purchaser (as option holder), Mr. Meekiatichaikun (as grantor) and the Company (as guarantor) have also entered into the option agreement, pursuant to which (i) Mr. Meekiatichaikun has granted the call option to the Purchaser for it (and/or its designated person) to purchase some or all of the shares in Hexa Ceram held by Mr. Meekiatichaikun, being 54,600 shares as at 21 November 2024 (the "**Option Shares**"); and (ii) the Purchaser has granted the put option to Mr. Meekiatichaikun to require the Purchaser (and/or its designated person) to purchase some or all of the Option Shares held by Mr. Meekiatichaikun. The present value of a put option liability of approximately HK\$96,690,000 has been recognised in the consolidated statement of financial position within other payables and accruals. For further information of the option agreement, please refer to the announcements of the Company dated 21 November 2024.

The Acquisitions will enable the Group to integrate an established sales and distribution network in Thailand, providing it with access to the Target Company's extensive customer base, which would enable the Group to further expand and complement its product-offering, distribution and sales networks.

The Group has elected to measure the non-controlling interest in Hexa Ceram at the non-controlling interest's proportionate share of Hexa Ceram's identifiable net assets.

The Group is in the process of finalising the purchase price adjustments for the acquisition of Hexa Ceram within the measurement period. The values of consideration and goodwill are therefore provisional as of 30 June 2025. The finalisation of the values of consideration and goodwill is expected to be completed within 12 months of the acquisition date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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20. BUSINESS COMBINATIONS (CONTINUED)

ACQUISITION OF HEXA CERAM COMPANY LIMITED ("HEXA CERAM") (CONTINUED)

The provisional fair values of the identifiable assets and liabilities of Hexa Ceram as at the date of acquisition were as follows:

	Notes	Provisional fair value recognized on acquisition HK\$'000 (unaudited)
Property, plant and equipment	10	49,833
Right-of-use assets		5,287
Intangible assets	12	149,040
Other non-current assets		2,786
Inventory		19,039
Trade receivables		40,594
Prepayments, deposits and other receivables		966
Cash and cash equivalents		20,404
Trade payables		(4,815)
Other payables and accruals		(18,411)
Tax payables		(127)
Lease liabilities		(5,175)
Interest-bearing bank borrowings		(12,938)
Deferred tax liabilities		(6,429)
Other non-current liabilities		(9,002)
Total identifiable net assets at fair value		231,052
Non-controlling interests		(60,073)
Goodwill on acquisition	11	45,514
		216,493
Satisfied by:		
Cash		216,493

The fair value of the trade receivables as at the date of acquisition amounted to HK\$40,594,000. The gross contractual amounts of trade receivables were HK\$40,594,000, none of which is expected to be uncollectible.

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20. BUSINESS COMBINATIONS (CONTINUED)

ACQUISITION OF HEXA CERAM COMPANY LIMITED ("HEXA CERAM") (CONTINUED)

The Group incurred transaction costs of HK\$13,132,000 for this acquisition. These transaction costs had been expensed and were included in administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

Included in the goodwill of HK\$45,514,000 recognised above are mainly distribution channel, assembled workforce, know-how, etc., which are not recognised separately. They are not separable and therefore they do not meet the criteria for recognition as intangible assets under IAS 38 Intangible Assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of Hexa Ceram is as follows:

	HK\$'000
Cash consideration paid in the six months ended 30 June 2025	(216,493)
Cash and bank balances acquired	20,404
Net outflow of cash and cash equivalents included in cash flows from investing activities in 30 June 2025	(196,089)
Transaction costs of the acquisition included in cash flows from operating activities in 31 December 2024	(12,567)
Transaction costs of the acquisition included in cash flows from operating activities in 30 June 2025	(565)
Total net cash outflows	(209,221)

Since the acquisition, Hexa Ceram contributed HK\$103,147,000 to the Group's turnover and profit of HK\$12,710,000, including amortization of intangible assets recognized in the business combination of HK\$2,306,000, to the consolidated profit for the six months ended 30 June 2025.

Had the combination taken place at the beginning of the six months ended 30 June 2025, the revenue and the profit of the Group for the six months ended 30 June 2025 would have been HK\$1,834,814,000 and HK\$288,650,000, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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20. BUSINESS COMBINATIONS (CONTINUED)

ACQUISITION OF DIGITAL SLEEP DESIGN PTY LIMITED ("DIGITAL SLEEP")

On 28 February 2025, MDP Pty Limited, an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with independent third parties to acquire 55% equity interest of Digital Sleep Design Pty Limited ("**Digital Sleep**") at cash consideration of AUD\$3,154,000. The acquisition was completed on 28 February 2025. The acquisition will provide the Group with advance technology in anti-snoring devices to further expand the Group's product offering and services to its existing clients.

The Group has elected to measure the non-controlling interest in Digital Sleep at the non-controlling interest's proportionate share of Digital Sleep's identifiable net assets.

The Group is in the process of finalising the purchase price adjustments for the acquisition of Digital Sleep within the measurement period. The values of consideration and goodwill are therefore provisional as of 30 June 2025. The finalisation of the values of consideration and goodwill is expected to be completed within 12 months of the acquisition date.

The provisional fair values of the identifiable assets and liabilities of Digital Sleep as at the date of acquisition were as follows:

	Notes	Provisional fair value recognized on acquisition HK\$'000 (unaudited)
Property, plant and equipment	10	184
Intangible assets	12	24,881
Trade receivables		2,461
Cash and cash equivalents		587
Trade payables		(1,439)
Other payables and accruals		(824)
Total identifiable net assets at fair value		25,850
Non-controlling interests		(11,632)
Goodwill on acquisition	11	1,173
		15,391
Satisfied by:		
Cash		15,391

The fair value of the trade receivables as at the date of acquisition amounted to HK\$2,461,000. The gross contractual amounts of trade receivables were HK\$2,461,000, none of which is expected to be uncollectible.

The Group incurred transaction costs of HK\$285,000 for this acquisition. These transaction costs had been expensed and were included in administrative expenses in the consolidated statement of profit or loss.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

20. BUSINESS COMBINATIONS (CONTINUED)

ACQUISITION OF DIGITAL SLEEP DESIGN PTY LIMITED ("DIGITAL SLEEP")

Included in the goodwill of HK\$1,173,000 recognised above are mainly distribution channel, assembled workforce, know-how, etc., which are not recognised separately. They are not separable and therefore they do not meet the criteria for recognition as intangible assets under IAS 38 Intangible Assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of Digital Sleep is as follows:

	HK\$'000
Cash consideration paid in the six months ended 30 June 2025	(15,391)
Cash and bank balances acquired	587
Net outflow of cash and cash equivalents included in cash flows from investing activities in 30 June 2025	(14,804)
Transaction costs of the acquisition included in cash flows from operating activities in 30 June 2025	(285)
Total net cash outflows	(15,089)

Since the acquisition, Digital Sleep contributed HK\$7,428,000 to the Group's turnover and profit of HK\$1,139,000, including amortization of intangible assets recognized in the business combination of HK\$322,000, to the consolidated profit for the six months ended 30 June 2025.

Had the combination taken place at the beginning of the six months ended 30 June 2025, the revenue and the profit of the Group for the six months ended 30 June 2025 would have been HK\$1,838,429,000 and HK\$289,319,000, respectively.

21. SHARE CAPITAL

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
<u>Shares</u>		
Issued and fully paid:		
938,950,000 (31 December 2024: 944,077,000) ordinary shares of US\$0.01 each	9,390	9,441
Equivalent to HK\$'000	72,769	73,166

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

21. SHARE CAPITAL (CONTINUED)

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

	Notes	Number of shares in issue	Share capital HK\$'000	Treasury shares HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2024 (audited)		948,398,000	73,501	(419)	382,294	455,376
2023 final dividend		—	—	—	(85,164)	(85,164)
Shares repurchased	(a)	—	—	(25,054)	—	(25,054)
Shares cancelled	(a)	(4,321,000)	(335)	17,594	(17,259)	—
At 31 December 2024 and 1 January 2025 (audited)		944,077,000	73,166	(7,879)	279,871	345,158
2024 final dividend		—	—	—	(86,367)	(86,367)
Shares repurchased	(b)	—	—	(22,440)	—	(22,440)
Shares cancelled	(b)	(5,127,000)	(397)	21,063	(20,666)	—
At 30 June 2025 (unaudited)		938,950,000	72,769	(9,256)	172,838	236,351

Notes:

- (a) On 30 May 2024, the Company's shareholders granted a general mandate (the "**Repurchase Mandate 2024**") to the directors of the Company to repurchase shares of the Company at the annual general meeting. Pursuant to the Repurchase Mandate 2024, the Company is allowed to repurchase up to 94,839,800 shares, being 10% of the total number of issued shares of the Company as at the date of the general meeting, on the Hong Kong Stock Exchange.

For the year ended 31 December 2024, the Company repurchased 6,121,000 of its ordinary shares on the Hong Kong Stock Exchange at an aggregate consideration of HK\$25,054,000 (before expenses). Out of 6,121,000 repurchased ordinary shares, 4,221,000 ordinary shares of HK\$17,214,000 (before expenses), together with 100,000 ordinary shares of HK\$380,000 (before expenses) repurchased during the year ended 31 December 2023, were cancelled during the year ended 31 December 2024, while the remaining 1,900,000 ordinary shares of HK\$7,840,000 (before expenses) were pending cancellation as at 31 December 2024.

- (b) On 29 May 2025, the Company's shareholders granted a general mandate (the "**Repurchase Mandate 2025**") to the directors of the Company to repurchase shares of the Company at the annual general meeting. Pursuant to the Repurchase Mandate 2025, the Company is allowed to repurchase up to 94,407,700 shares, being 10% of the total number of issued shares of the Company as at the date of the general meeting, on the Hong Kong Stock Exchange.

For the six months ended 30 June 2025, the Company repurchased 5,427,000 of its ordinary shares on the Hong Kong Stock Exchange at an aggregate consideration of HK\$22,440,000 (before expenses). Out of 5,427,000 repurchased ordinary shares, 3,227,000 ordinary shares of HK\$13,223,000 (before expenses), together with 1,900,000 ordinary shares of HK\$7,840,000 (before expenses) repurchased during the year ended 31 December 2024, were cancelled during the six months ended 30 June 2025, while the remaining 2,200,000 ordinary shares of HK\$9,217,000 (before expenses) were pending for cancellation as at 30 June 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

22. PRE-IPO RESTRICTED SHARE UNIT SCHEME

The Company operates a pre-IPO restricted share unit scheme (the "**Pre-IPO RSU Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Pre-IPO RSU Scheme shall be subject to the administration of the board of directors (the "**Board**") and the Board may delegate the authority to an award committee (the "**Award Committee**"). Eligible participants of the Pre-IPO RSU Scheme include the Company's directors, other employees of the Group and any other person selected by the Board or the Award Committee from time to time. The Pre-IPO RSU Scheme became effective on 19 June 2015 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The offer of a grant of RSUs may be accepted within the time period and in a manner prescribed in the grant letter. The Board or the Award Committee (if authority is delegated) has the sole discretion to determine the vesting schedule and vesting criteria (if any) for any grant of award(s) to any grantee, which may also be adjusted and re-determined by the Board or the Award Committee from time to time. RSUs do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No RSUs were granted, vested and lapsed under the Pre-IPO RSU Scheme during the six months ended 30 June 2025 and 2024, and no RSUs were outstanding under the Pre-IPO RSU Scheme as at 30 June 2025 and 31 December 2024.

23. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2025 and 31 December 2024.

24. COMMITMENTS

The Group had no significant commitments as at 30 June 2025 and 31 December 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

25. RELATED PARTY TRANSACTIONS

(1) TRANSACTIONS WITH RELATED PARTIES

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Lease payment to Most Wealth International Limited	(a)	1,770	1,842
Lease payment to directors	(b)	438	480
Lease payment to directors and an associate of a substantial shareholder	(c)	—	1,032
Lease payment to an associate of a director	(d)	25	76
Lease payment to an associate of a substantial shareholder	(e)	25	76
Lease payment to an associate of a director	(f)	75	126
Lease payment to directors	(g)	468	534
Training fee paid to ShenZhen Nanshan District Modern Denture Technology Training Centre	(h)	—	55
Training fee paid to DongGuan Songshan Lake Modern Denture Occupational Training School	(i)	1,305	956
Sales of finished goods to Trident Dental Group Limited	(j)	9	64
Sales of finished goods to Kong Hong Holdings Limited	(k)	—	82
Sales of finished goods to Dr. William Cheung & Associates	(l)	157	334
Sales of finished goods to Precious Orthodontics and Kowloon Orthodontic Centre Limited	(m)	156	197
Purchase of finished goods from associates	(n)	156	4,806

Notes:

- (a) Most Wealth International Limited ("**Most Wealth**") is controlled by Mr. Chan Kwun Fung, Mr. Chan Kwun Pan and Mr. Ngai Shing Kin. The tenancy agreement with Most Wealth International Limited was determined after arm's length negotiation between the contracting parties on the basis of comparable market prices and conditions.
- (b) Tenancy agreements entered with Mr. Chan Kwun Fung and Mr. Chan Kwun Pan. The tenancy agreements were determined after arm's length negotiation between the contracting parties on the basis of comparable market prices and conditions.
- (c) Tenancy agreement entered with Mr. Chan Kwun Fung, Mr. Chan Kwun Pan and an associate ("**Landlord C**") of Mr. Ngai Shing Kin. The tenancy agreement was determined after arm's length negotiation between the contracting parties on the basis of comparable market prices and conditions.
- (d) Tenancy agreement entered with an associate ("**Landlord B**") of Mr. Chan Kwun Pan. The tenancy agreement was determined after arm's length negotiation between the contracting parties on the basis of comparable market prices and conditions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(1) TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Notes: (continued)

- (e) Tenancy agreement entered with Landlord C. The tenancy agreement was determined after arm's length negotiation between the contracting parties on the basis of comparable market prices and conditions.
- (f) Tenancy agreement entered with an associate ("**Landlord A**") of Mr. Chan Kwun Fung. The tenancy agreement was determined after arm's length negotiation between the contracting parties on the basis of comparable market prices and conditions.
- (g) Tenancy agreement entered with Mr. Chan Chi Yuen and Mr. Chan Kwun Pan. The tenancy agreement was determined after arm's length negotiation between the contracting parties on the basis of comparable market prices and conditions.
- (h) ShenZhen Nanshan District Modern Denture Technology Training Centre (the "**Centre**") and the Company has a common director, Mr. Chan Kwun Pan. The transactions with the Centre were made according to the published prices and conditions offered by the Centre to their major customers.
- (i) DongGuan Songshan Lake Modern Denture Occupational Training School (the "**School**") and the Company has a common director, Mr. Chan Chi Yuen. The transactions with the School were made according to the published prices and conditions offered by the School to their major customers.
- (j) Trident Dental Group Limited was ultimately 33.3% owned by Mr. Chan Ronald Yik Long. The transactions with Trident Dental Group Limited were made according to the published prices and conditions offered to the major customers of the Group.
- (k) Kong Hong Holdings Limited was ultimately 40% owned by Mr. Chan Ronald Yik Long. The transactions with Kong Hong Holdings Limited were made according to the published prices and conditions offered to the major customers of the Group.
- (l) Dr. William Cheung & Associates is ultimately 51% owned by Mr. Cheung Wai Man William. The transactions with Dr. William Cheung & Associates were made according to the published prices and conditions offered to the major customers of the Group.
- (m) Precious Orthodontics and Kowloon Orthodontic Centre Limited are ultimately 100% owned by Mr. Yau Ka Po. The transactions with Precious Orthodontics and Kowloon Orthodontic Centre Limited were made according to the published prices and conditions offered to the major customers of the Group.
- (n) The cost of purchases from associates were made according to the published prices and conditions offered by the associates to their major customers.

Mr. Chan Ronald Yik Long, Mr. Chan Kwun Fung, Mr. Chan Kwun Pan and Mr. Chan Chi Yuen are shareholders and directors of the Company. Mr. Cheung Wai Man William and Mr. Yau Ka Po are directors of the Company. Mr. Ngai Shing Kin is a substantial shareholder of the Company (2024: a substantial shareholder and a director of the Company).

The related party transactions in respect of items (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l) and (m) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) COMMITMENTS WITH RELATED PARTIES

- (a) For the purpose of operating the Company's business in Hong Kong, on 30 December 2022, Modern Dental Laboratory Company Limited ("**MDLCL**"), a wholly-owned subsidiary of the Company, entered into a tenancy agreement (the "**Tenancy Agreements I**") with Most Wealth International Limited, which is held as to 37.5%, 37.5% and 25% by Mr. Chan Kwun Fung and Mr. Chan Kwun Pan, directors and substantial shareholders of the Company, and by Mr. Ngai Shing Kin, a substantial shareholder of the Company (2024: executive director and substantial shareholder of the Company), respectively. Pursuant to the Tenancy Agreement I, Most Wealth International Limited shall lease premises to MDLCL.

On 31 December 2024, MDLCL renewed Tenancy Agreement I with Most Wealth International Limited for a term of two years from 1 January 2025 to 31 December 2026 at a monthly rent of HK\$295,000.

- (b) For the purposes of residential use, on 31 December 2024, Modern Dental Technology (Dongguan) Company Limited ("**MDLDG**"), a wholly-owned subsidiary of the Company, entered into a tenancy agreement (the "**Tenancy Agreements II**") with an associate ("**Landlord B**") of Mr. Chan Kwun Pan. Pursuant to the Tenancy Agreements II, Landlord B shall lease premises to MDLDG for a term of one year from 1 January 2025 to 31 December 2025 at a monthly rent of RMB3,820.
- (c) For the purposes of residential use, on 31 December 2024, MDLDG entered into a tenancy agreement (the "**Tenancy Agreement III**") with an associate ("**Landlord C**") of Mr. Ngai Shing Kin. Pursuant to the Tenancy Agreement III, Landlord C shall lease premises to MDLDG for a term of one year from 1 January 2025 to 31 December 2025 at a monthly rent of RMB3,820.
- (d) For the purposes of residential use, on 31 December 2024, MDLDG entered into a tenancy agreement (the "**Tenancy Agreement IV**") with an associate ("**Landlord A**") of Mr. Chan Kwun Fung. Pursuant to the Tenancy Agreement IV, Landlord A shall lease premises to MDLDG for a term of one year from 1 January 2025 to 31 December 2025 at a monthly rent of RMB11,460.
- (e) For the purpose of operating the Company's business in Hong Kong, on 30 December 2022, MDLCL entered into a tenancy agreement (the "**Tenancy Agreements V**") with Mr. Chan Kwun Fung and Mr. Chan Kwun Pan. Pursuant to the Tenancy Agreements VII, Mr. Chan Kwun Fung and Mr. Chan Kwun Pan shall lease premises to MDLCL.
- On 31 December 2024, MDLCL renewed Tenancy Agreement V with Mr. Chan Kwun Fung and Mr. Chan Kwun Pan for a term of two years from 1 January 2025 to 31 December 2026 at a monthly rent of HK\$14,500.
- (f) For the purposes of residential use, on 31 December 2024, MDLDG entered into a tenancy agreement (the "**Tenancy Agreement VI**") with Mr. Chan Chi Yuen, an executive director of the Company, and Mr. Chan Kwun Pan. Pursuant to the Tenancy Agreement VI, Mr. Chan Chi Yuen and Mr. Chan Kwun Pan shall lease premise to MDLDG for a term of two years from 1 January 2025 to 31 December 2026 at a monthly rent of RMB71,839.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) COMMITMENTS WITH RELATED PARTIES (CONTINUED)

- (g) For the purposes of residential use, on 30 December 2022, Dongguan Yangzhijin Dental Technology Company Limited ("YZJDG"), a wholly-owned subsidiary of the Company, entered into a tenancy agreement (the "**Tenancy Agreement VII**") with Mr. Chan Kwun Fung and Mr. Chan Kwun Pan. Pursuant to the Tenancy Agreement VII, Mr. Chan Kwun Fung and Mr. Chan Kwun Pan shall lease premise to YZJDG.

On 31 December 2024, YZJDG renewed Tenancy Agreement VII with Mr. Chan Kwun Fung and Mr. Chan Kwun Pan for a term of two years from 1 January 2025 to 31 December 2026 at a monthly rent of RMB53,770.

In accordance with IFRS 16, 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.

As at 30 June 2025, right-of-use assets of approximately HK\$10,410,000 and lease liabilities of approximately HK\$8,278,000 related to the leases were recognised in interim condensed consolidated statement of financial position. During the six months ended 30 June 2025, depreciation of these right-of-use assets of approximately HK\$2,655,000 and finance costs on these lease liabilities of approximately HK\$246,000 were recognised in interim condensed consolidated statement of profit or loss.

(3) BALANCES WITH RELATED PARTIES

As at 30 June 2025 and 31 December 2024, the Group's balances with related parties were as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Due from related parties (note 15):		
DongGuan Songshan Lake Modern Denture Occupational Training School	1,063	176
Trident Dental Group Limited	—	27
Dr. William Cheung & Associates	23	40
Precious Orthodontics and Kowloon Orthodontic Centre Limited	30	22
	1,116	265
Due to a related party (note 18):		
Most Wealth International Limited	—	3,000

The amounts due from/to related parties are unsecured, non-interest-bearing and repayable on demand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(4) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Short term employee benefits	28,651	31,848
Post-employment benefits	2,509	3,323
Total compensation paid to key management personnel	31,160	35,171

Save as disclosed above and elsewhere in the interim condensed consolidated financial statements, the Group did not have other related party transactions during the period.

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Financial assets				
Equity investments designated at fair value through other comprehensive income	5,478	7,535	5,478	7,535
Financial liabilities				
Interest-bearing bank borrowings	576,857	737,151	576,857	737,151
Due to a non-controlling shareholder	4,800	4,800	4,800	4,800
	581,657	741,951	581,657	741,951

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, trade payables, financial assets included in deposits and other receivables, amounts due from/to related parties and financial liabilities included in other payables and accruals approximate to their carrying amounts and accordingly no disclosure of the fair values of these items is presented.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department 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 valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank borrowings and an amount due to a non-controlling shareholder 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 changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings and amount due to a non-controlling shareholder as at 30 June 2025 and 31 December 2024 were assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

26. 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 30 June 2025	Fair value measurement using			Total (Unaudited) HK\$'000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active markets	Inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	(Unaudited)	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity investments designated at fair value through other comprehensive income	5,478	—	—	5,478

As at 31 December 2024	Fair value measurement using			Total (Audited) HK\$'000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active markets	Inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	(Audited)	(Audited)	(Audited)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity investments designated at fair value through other comprehensive income	7,535	—	—	7,535

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED:

As at 30 June 2025	Fair value measurement using			Total (Unaudited) HK\$'000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active markets (Level 1) (Unaudited) HK\$'000	Inputs (Level 2) (Unaudited) HK\$'000	inputs (Level 3) (Unaudited) HK\$'000	
Interest-bearing bank borrowings	—	576,857	—	576,857
Due to a non-controlling shareholder	—	4,800	—	4,800

As at 31 December 2024	Fair value measurement using			Total (Audited) HK\$'000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active markets (Level 1) (Audited) HK\$'000	Inputs (Level 2) (Audited) HK\$'000	inputs (Level 3) (Audited) HK\$'000	
Interest-bearing bank borrowings	—	737,151	—	737,151
Due to a non-controlling shareholder	—	4,800	—	4,800

27. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the six months ended 30 June 2025, the Company repurchased 1,900,000 of its Shares (as defined below) on the Stock Exchange at an aggregate consideration of approximately HK\$8,097,000 (before expenses).

On 15 August 2025, the Company cancelled a total of 4,100,000 shares in respect of shares repurchased from 30 May 2025 to 28 July 2025.

Save as disclosed above, the Group has no important events after the period under review up to the date of this Interim Report.

28. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2025.

CORPORATE INFORMATION

PLACE OF INCORPORATION

Cayman Islands

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Dr. CHAN Ronald Yik Long (*Chairman and appointed as Chief Executive Officer on 1 January 2025*)

Ms. CHAN Yik Yu (*Chief Marketing Officer*)

Mr. CHAN Kwun Pan

Mr. CHAN Chi Yuen

NON-EXECUTIVE DIRECTOR

Mr. CHAN Kwun Fung (*re-designated on 1 April 2025*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. CHEUNG Wai Bun Charles, J.P.

Dr. CHAN Yue Kwong Michael

Dr. CHEUNG Wai Man William

Dr. YAU Ka Po

BOARD COMMITTEES

AUDIT COMMITTEE

Dr. CHEUNG Wai Bun Charles, J.P. (*Chairman*)

Dr. CHAN Yue Kwong Michael

Dr. YAU Ka Po

REMUNERATION COMMITTEE

Dr. CHEUNG Wai Man William (*Chairman*)

Dr. CHEUNG Wai Bun Charles, J.P.

Dr. YAU Ka Po

Ms. CHAN Yik Yu

NOMINATION COMMITTEE

Dr. CHAN Yue Kwong Michael (*Chairman*)

Dr. CHEUNG Wai Bun Charles, J.P.

Dr. CHEUNG Wai Man William

Dr. CHAN Ronald Yik Long

Ms. Chan Yik Yu (*appointed on 29 May 2025*)

COMPANY SECRETARY

Mr. KWAN Ngai Kit

AUTHORISED REPRESENTATIVES

Dr. CHAN Ronald Yik Long (*appointed on 1 January 2025*)

Mr. KWAN Ngai Kit

AUDITOR

Ernst & Young

Certified Public Accountant

Registered Public Interest Entity Auditor

27/F., One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 01-07, 09-16

17/F., CEO Tower

77 Wing Hong Street

Cheung Sha Wan

Kowloon, Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

DBS Bank Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

COMPANY WEBSITE

www.moderndentalgp.com

STOCK CODE

3600