



ANNUAL REPORT
2025



MODERN
Dental Group

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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CHAIRMAN'S STATEMENT

MODERN DENTAL AIMS TO REINFORCE ITS WORLDWIDE LEADING POSITION THROUGH BUSINESS EXPANSION VIA OUR GLOBAL DISTRIBUTION NETWORK AND DIGITAL ECOSYSTEM.

Dr. Chan Ronald Yik Long

Chairman and
Chief Executive Officer



Dear shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Modern Dental Group Limited (the “**Company**”, stock code: 3600), I hereby present the annual results of the Company and its subsidiaries (which are collectively referred to as the “**Group**” or “**Modern Dental**”) for the year ended 31 December 2025.

Despite a subdued macroeconomic environment, the Group achieved record highs in Revenue (HK\$3,737 million), EBITDA (HK\$938 million), and Net Profit (HK\$601 million) in 2025. These results represent approximately 11% growth in revenue, 32% growth in EBITDA and 48% growth in Net Profit compared to 2024. Building on the strong momentum in the first half of 2025, the Group’s second half results benefited from improved operational efficiency, favourable foreign currency movements and the positive contributions from strategic acquisitions.

Building a Full Dental Ecosystem Through Digitalization

The global dental industry is undergoing rapid digital transformation, and Modern Dental Group is at the forefront of this evolution. Our continued investments in digital workflows, intra-oral scanner partnerships, and our proprietary dental solutions offerings have strengthened our position as more than just a dental prosthetics provider - we are a comprehensive dental ecosystem partner.

Key initiatives that drove our performance include:

- Increasing the proportion of digital solution cases to approximately 35–40% of total volume, delivering faster turnaround times, reduced errors and meaningful margin expansion;
- Enhancing our digital platforms to elevate customer and patient experiences;

CHAIRMAN'S STATEMENT

- Investing in research and development to pioneer innovative and digitally driven solutions;
- Achieving continued global growth in our proprietary TrioClear clear aligner business, marked by strong retention among new users and supported by high margins from full automation in our production processes;
- Expanding our education centers into a global knowledge hub empowering dentists to upgrade their dental practices alongside the digitalization wave.

With our Dongguan Phase 2 and Vietnam production facilities now in full operations, we have further boosted capacity to meet growing demand. Our ability to integrate digitalization across manufacturing, distribution, and customer engagement creates high entry barriers for competitors and solidifies our leadership in the industry.

Strategic Global Production Footprint Mitigates Risks

A key differentiator for Modern Dental Group is our geographically diversified production capabilities, which provide resilience against tariff uncertainties and supply chain disruptions. Unlike many competitors reliant on single-country production, we operate:

- China-based production with global leading expertise;
- Southeast Asian facilities (Vietnam and Thailand, via the newly acquired Hexa Ceram) for cost efficiency;
- Regional domestic digital production facilities for faster turnaround.

The acquisitions of Hexa Ceram (Thailand's largest dental laboratory, completed in January 2025) and Digital Sleep Design Pty Limited have been highly accretive, contributing meaningfully to both revenue growth and profitability while further enhancing our geographic reach and specialised capabilities.

Sustainable Growth and Commitment to Stakeholders

We remain dedicated to operational excellence, sustainability, and responsible business practices. By leveraging digital production technologies, we have achieved measurable reductions in material waste and carbon emissions while optimizing efficiency. Our focus on employee well-being, fair labor practices, and innovation ensures long-term value creation for all stakeholders.

Looking Ahead

The Board and management are confident in our ability to sustain strong momentum in 2026 and beyond — whether through organic growth, continued digital innovation, or selective acquisitions and joint ventures. With our resilient multi-country production platform, enhanced dental ecosystem, the Group is exceptionally well positioned to capture additional market share in the rapidly digitalising global dental industry and deliver sustainable returns to shareholders.


I extend my deepest gratitude to our dedicated team, loyal clients, shareholders, and partners for their unwavering support. Together, we are shaping the future of dentistry.

Dr. Chan Ronald Yik Long

Chairman and Chief Executive Officer

26 March 2026





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group 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 aligners and the services of educational events and seminars rendered. Included in “others” segment, the sales of TrioClear (our own clear aligner) is approximately HK\$59,733,000 (2024: HK\$47,587,000).

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 December 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.

RESULTS HIGHLIGHTS

- The Revenue for the year ended 31 December 2025 was approximately HK\$3,736,519,000 (2024: HK\$3,364,018,000), representing an increase of approximately 11.1%.
- The Gross Profit Margin for the year ended 31 December 2025 was approximately 55.8% (2024: 53.5%). Gross profit for the year ended 31 December 2025 was approximately HK\$2,084,952,000 (2024: HK\$1,798,871,000), representing an increase of approximately 15.9%.
- The Group's EBITDA for the year ended 31 December 2025 was approximately HK\$938,125,000 (2024: HK\$708,796,000), representing an increase of approximately 32.4%.
- The Group's Net Profit for the year ended 31 December 2025 were approximately HK\$601,249,000 (2024: HK\$406,943,000), representing an increase of approximately 47.7%.

MANAGEMENT DISCUSSION AND ANALYSIS

- Basic earnings per share for the year ended 31 December 2025 amounted to HK63.7 cents (2024: HK43.2 cents), representing an increase of approximately 47.5%.
- The Board recommended a final dividend of HK15.0 cents per ordinary share, out of the share premium account, for the year ended 31 December 2025 (2024: HK9.2 cents). Subject to the approval of the Company's shareholders at the forthcoming annual general meeting, the final dividend will be payable on 30 June 2026 to shareholders of the Company whose names appear on the Register of Members of the Company on 10 June 2026.

Further highlights:

- For the year ended 31 December 2025, together with approximately 64,241 digital solution cases contributed from Hexa Ceram (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 1,039,188 cases reflecting an increase of 32.7% as compared with the same period in 2024 (approximately 783,100 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 in 2025.

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

	Six months ended 31 December		Changes Six months ended 31 December 2025 vs 31 December 2024 (%)
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	
Revenue	1,901,705	1,662,187	14.4%
Gross Profit	1,079,476	884,880	22.0%
Gross Profit Margin (%)	56.8%	53.2%	3.6 points
EBITDA	481,414	333,225	44.5%
EBITDA Margin (%)	25.3%	20.0%	5.3 points
Adjusted EBITDA*	484,219	352,897	37.2%
Adjusted EBITDA Margin (%)*	25.5%	21.2%	4.3 points
Profit from Core Operations*	319,307	213,087	49.8%
Profit from Core Operations Margin (%)*	16.8%	12.8%	4.0 points
Net Profit	312,599	192,588	62.3%
Net Profit Margin (%)	16.4%	11.6%	4.8 points

* Non-IFRS measures.

MANAGEMENT DISCUSSION AND ANALYSIS

- The following table sets forth a breakdown of the revenue generated from the aforesaid markets for the years ended 31 December 2025 and 2024:

Sales by region	Original currency	Conversion rate*	Year ended 31 December				
			2025 HK\$'000	Conversion rate*	2024 HK\$'000	Change in currency (%)	Original currency growth rate (%)
Europe	EUR	8.808	1,886,755	8.443	1,618,436	+4.3	+11.8
North America	US\$	7.750	696,380	7.750	752,083	—	-7.4 [^]
Greater China	RMB	1.093	615,359	1.096	662,210	-0.3	#
Australia	AUD	5.026	289,132	5.148	264,752	-2.4	+11.8
Others			248,893		66,537	—	**
			3,736,519		3,364,018		

[^] The increase in sales in original currency of the North America market (ex-MicroDental) was approximately 1.8% and the decrease in sales in original currency of MicroDental was approximately 9.0%.

The decrease in sales in original currency of the Mainland China market was approximately 4.2% and the decrease in sales in original currency of the Hong Kong market was approximately 11.5%.

** The increase in sales in Others was mainly due to the acquisition of Hexa Ceram, which contributed HK\$188.1 million to Others in 2025 (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.

The increase in revenue was largely attributable to the double-digit revenue growth in original currency in Europe and Australia and contribution from 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 the North American market.

Notably, the positive sales growth was achieved in higher-margin regions such as Europe and Australia, whereas sales declined in the relatively lower-margin markets of the United States (-7.4%) and Greater China (-7.1%). This favourable geographical mix shift partly contributed to the improvement in the Group's overall margin percentage.

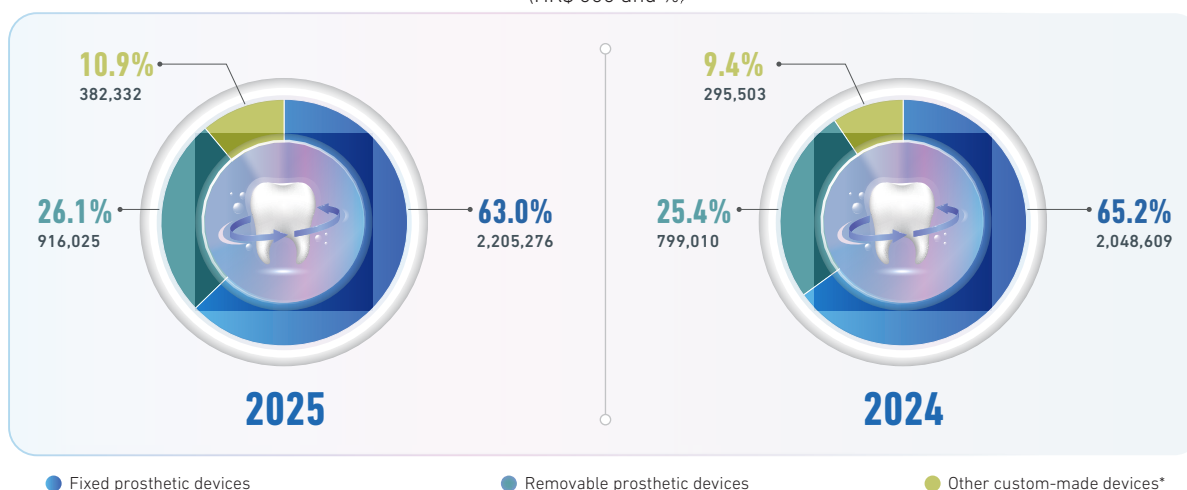
MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCT CATEGORY

The figures below set forth the breakdown of revenue of custom-made products (in thousand Hong Kong dollars and percentage) and sales volume (in number of cases and percentage) by product category for the years ended 31 December 2025 and 2024 respectively:

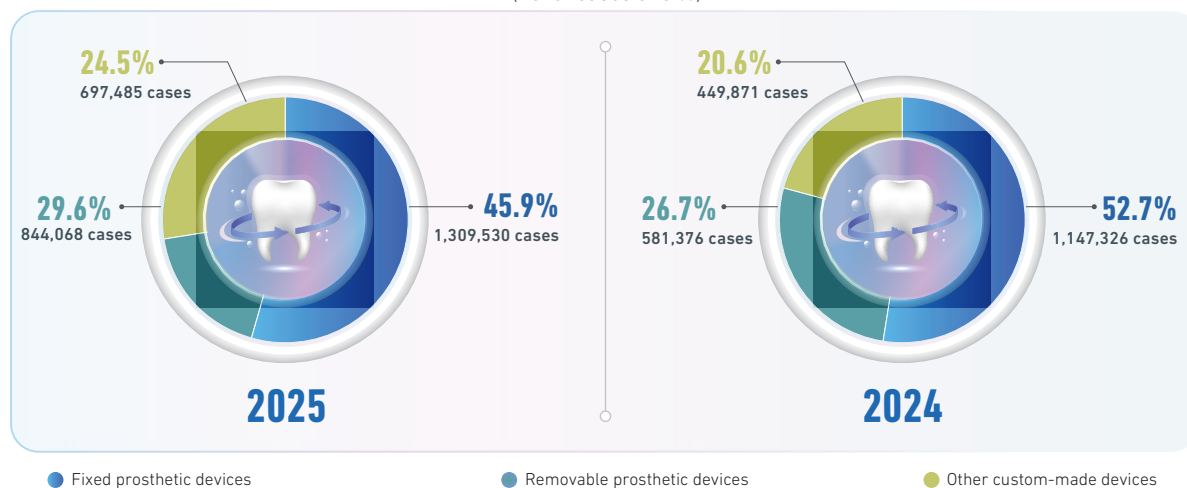
Breakdown of Revenue of custom-made products

(HK\$'000 and %)



Breakdown of Sales Volume

(no. of cases and %)



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

MANAGEMENT DISCUSSION AND ANALYSIS

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 year ended 31 December 2025, fixed prosthetic devices business segment recorded a revenue of approximately HK\$2,205,276,000, representing an increase of approximately HK\$156,667,000 as compared with the year ended 31 December 2024. This business segment accounted for approximately 63.0% of the Group's revenue of custom-made products as compared with approximately 65.2% in the year ended 31 December 2024.

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 year ended 31 December 2025, removable prosthetic devices business segment recorded a revenue of approximately HK\$916,025,000, representing an increase of approximately HK\$117,015,000 as compared with the year ended 31 December 2024. This business segment accounted for approximately 26.1% of the Group's revenue of custom-made products as compared with approximately 25.4% in the year ended 31 December 2024.

Other custom-made Devices

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

During the year ended 31 December 2025, other custom-made devices business segment recorded a revenue of approximately HK\$382,332,000, representing an increase of approximately HK\$86,829,000 as compared with the year ended 31 December 2024. This business segment accounted for approximately 10.9% of the Group's revenue of custom-made products as compared with approximately 9.4% in the year ended 31 December 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 year ended 31 December 2025, others recorded a revenue of approximately HK\$232,886,000, representing an increase of approximately HK\$11,990,000 as compared with the year ended 31 December 2024. Included in "others" segment, the sales of TrioClear (our own clear aligner) is approximately HK\$59,733,000 (2024: HK\$47,587,000).

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 years ended 31 December 2025 and 2024 respectively:

Product category	Year ended 31 December					
	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	1,309,530	2,205,276	1,684	1,147,326	2,048,609	1,786
Removable prosthetic devices	844,068	916,025	1,085	581,376	799,010	1,374
Other custom-made devices	697,485	382,332	548	449,871	295,503	657
Subtotal	2,851,083	3,503,633	1,229	2,178,573	3,143,122	1,443
Others*	N/A	232,886	N/A	N/A	220,896	N/A
Total		3,736,519			3,364,018	

* 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 year ended 31 December 2025, the sales volume and ASP of the Group's products across its markets were 2,851,083 cases (2024: 2,178,573 cases) and HK\$1,229 per case (2024: HK\$1,443 per case), representing an increase of 30.9% and a decrease of 14.8%, 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 2,231,934 cases (2024: 2,178,573 cases) and HK\$1,479 per case (2024: HK\$1,443 per case), representing an increase of 2.4% and 2.5%, respectively.

The slight increase in ASP (Ex-Hexa Ceram) in HK\$ was mainly due to the annual raise 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 sales volume and market share, as accelerated by the digitalisation trend in dental industry.

For the year ended 31 December 2025, together with approximately 64,241 digital solution cases contributed from Hexa Ceram (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 1,039,188 cases, reflecting an increase of 32.7% as compared with the same period in 2024 (approximately 783,100 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 in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

GEOGRAPHIC MARKET

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 years ended 31 December 2025 and 2024 respectively:

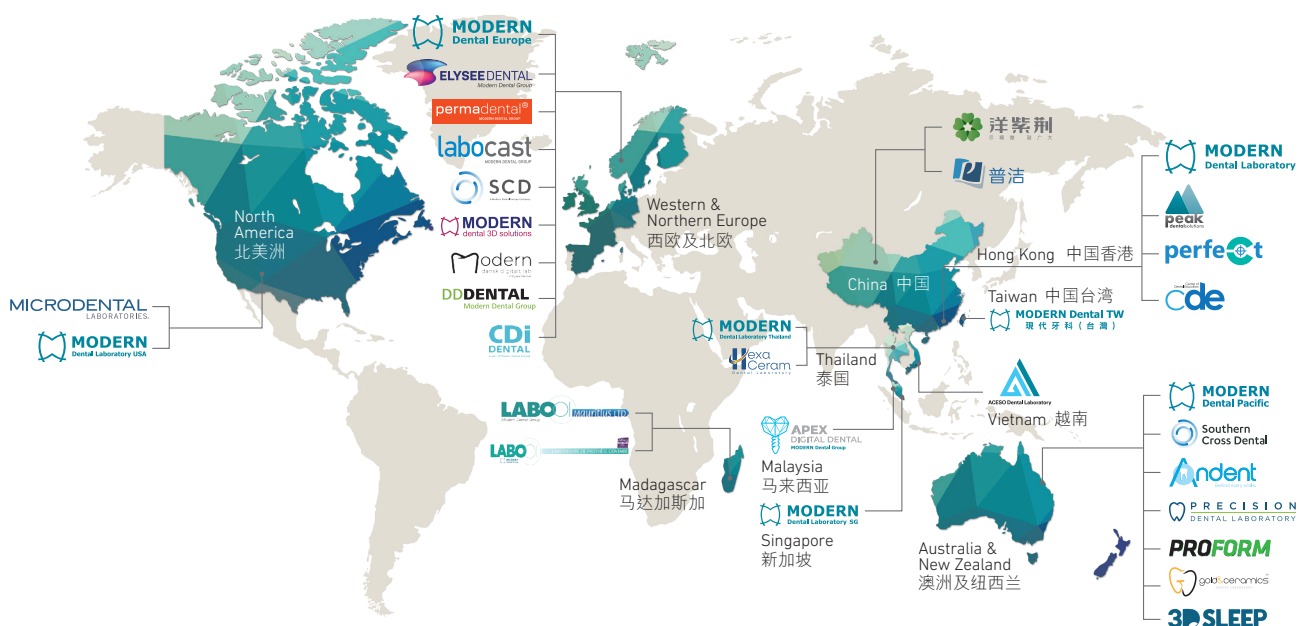
Market	Original currency	Year ended 31 December					
		2025 Conversion rate * (Original currency per HK\$)	Revenue (HK\$'000)	2024 Conversion rate * (Original currency per HK\$)	Revenue (HK\$'000)	Changes in currency (%)	Original currency growth rate (%)
Europe	EUR	8.808	1,886,755	8.443	1,618,436	+4.3	+11.8
North America	US\$	7.750	696,380	7.750	752,083	—	-7.4 [^]
Greater China	RMB	1.093	615,359	1.096	662,210	-0.3	#
Australia	AUD	5.026	289,132	5.148	264,752	-2.4	+11.8
Others			248,893		66,537	—	++
Total			3,736,519		3,364,018		

[^] The increase in sales in original currency of the North America market (ex-MicroDental) was approximately 1.8% and the decrease in sales in original currency of MicroDental was approximately 9.0%.

The decrease in sales in original currency of the Mainland China market was approximately 4.2% and the decrease in sales in original currency of the Hong Kong market was approximately 11.5%.

++ The increase in sales in Others was mainly due to the acquisition of Hexa Ceram, which contributed HK\$188.1 million to Others for the year ended 31 December 2025 (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.



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

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 year ended 31 December 2025.

The Group has been the frontrunner to provide 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 are 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 year ended 31 December 2025, the European market recorded a revenue of approximately HK\$1,886,755,000, representing an increase of approximately HK\$268,319,000 as compared with the year ended 31 December 2024. This geographic market accounted for 50.5% of the Group's total revenue as compared with approximately 48.1% for the year ended 31 December 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.

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 for the year ended 31 December 2025.

During the year ended 31 December 2025, the North American market recorded a revenue of approximately HK\$696,380,000, representing a decrease of approximately HK\$55,703,000 as compared with the year ended 31 December 2024. This geographic market accounted for approximately 18.6% of the Group's total revenue as compared with approximately 22.3% in the year ended 31 December 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**"). While demand for discretionary cosmetic treatments remained soft throughout 2025, our centralized 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 drove growth in mass market cases, implementation of the US tariff in April 2025 introduced new uncertainties and contributed to a slow growth in sales for our import-focused business unit.

MANAGEMENT DISCUSSION AND ANALYSIS

Greater China

Our Greater China market comprises 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 for the year ended 31 December 2025.

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 (iii) increasing the level of support and cooperation with the dental school of The University of Hong Kong.

For the year ended 31 December 2025, the Greater China market recorded a revenue of approximately HK\$615,359,000, representing a decrease of approximately HK\$46,851,000 as compared with the year ended 31 December 2024. This geographic market accounted for approximately 16.5% of the Group's total revenue as compared with approximately 19.7% in the year ended 31 December 2024. The Mainland China market faced headwinds from the volume-based procurement policies and a prolonged period of intense price competition and the situation started to stabilize in the 2nd half of 2025. 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.

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.

For the year ended 31 December 2025, the Australian market recorded a revenue of approximately HK\$289,132,000, representing an increase of approximately HK\$24,380,000 as compared with the year ended 31 December 2024. This geographic market accounted for approximately 7.7% of the Group's total revenue as compared with approximately 7.9% in the year ended 31 December 2024. The increase in revenue from the 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 2.4% compared with the year ended 31 December 2024.

Others

Other markets primarily include Thailand, Indian Ocean countries, Malaysia, Taiwan and Singapore. For the year ended 31 December 2025, these markets recorded a revenue of approximately HK\$248,893,000, representing an increase of approximately HK\$182,356,000 as compared with the year ended 31 December 2024. This geographic market accounted for approximately 6.7% of the Group's total revenue as compared with approximately 2.0% last year. The increase in revenue from Other markets was primarily driven by the revenue contribution from the newly acquired Hexa Ceram.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS AND STRATEGIES

The global macroeconomic environment remains uncertain, with geopolitical tensions and potential tariff changes continuing to create headwinds. However, the Group's geographically diversified production footprint and global distribution network position us strongly to navigate these challenges. Unlike many competitors reliant on single-country manufacturing, our operations across China, Vietnam and Thailand (including the newly acquired Hexa Ceram) provide superior resilience and flexibility. This strategy, combined with our ability to adapt quickly to local market conditions, enables the Group to mitigate risks and capitalise on opportunities across regions.

The dental industry has continued to demonstrate remarkable resilience, underpinned by irreversible demographic trends, including aging populations and increasing awareness of oral health, which drive consistent long-term demand. Building on our record 2025 performance, the Group is well placed to sustain momentum and further strengthen its market leadership.

Digitalisation remains an irreversible industry trend that is accelerating consolidation of the dental prosthetics industry. We are at the forefront of this transformation, with digital solution cases now representing approximately 35–40% of total volume. Our centralized digital workflows, intra-oral scanner partnerships, proprietary solutions and global education centers have enhanced operational efficiency, reduced turnaround times and delivers superior customer experiences. These initiatives create high entry barriers and will continue to drive margin expansion and market share gains in the coming years.

Following the successful integration of Hexa Ceram (Thailand's largest dental laboratory, acquired in January 2025) and Digital Sleep Design (Proprietary nylon oral appliance to treat obstructive sleep apnea), our Southeast Asian presence and specialised capabilities have been significantly strengthened. This expansion, coupled with our diversified supply bases in the US, China, Vietnam, and Thailand, provides enhanced flexibility to address potential trade and geopolitical risks while supporting faster regional delivery.

Looking ahead, the Group remains committed to reinforcing its worldwide leading position through a multi-dimensional approach. We will continue to pursue selective acquisitions, joint ventures and partnerships to expand and complement our product offerings, particularly in our high-growth clear aligner, Trioclear, while strengthening our distribution and sales networks. Ongoing investments in mass-scale production facilities, AI, automation, research and development, and digital innovation will drive efficiency gains and secure our position at the forefront of the industry.

With the Board's extensive experience and prudent governance, the Group is well positioned to seize new business opportunities while remaining strict financial discipline to safeguard Shareholders' interests.

The Board expresses its sincere gratitude to our dedicated employees, loyal customers, suppliers, and business partners for their unwavering commitment. Their collective efforts have been instrumental in delivering another year of record results and will continue to support the Group's long-term success.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2025, the revenue of the Group amounted to approximately HK\$3,736,519,000, representing an increase of approximately 11.1% as compared with approximately HK\$3,364,018,000 for the year ended 31 December 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 year ended 31 December 2025 was approximately HK\$2,084,952,000, which was approximately 15.9% higher than that of last year. The increase in the gross profit margin of approximately 2.3 percentage points compared with the year ended 31 December 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); and (iii) a favourable geographical sales mix shift. The Group recorded strong revenue growth of 15.5% in the higher-margin regions of Europe and Australia, while sales declined in the relatively lower-margin markets of the United States (-7.4%) and Greater China (-7.1%). This 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 58.1%, 54.1% and 49.9% respectively. The following table sets forth the breakdown of our gross profit and gross margin by product category.

Product category	Year ended 31 December			
	2025		2024	
	Gross profit HK\$'000	Gross margin (%)	Gross profit HK\$'000	Gross margin (%)
Fixed prosthetic devices	1,282,068	58.1	1,129,592	55.1
Removable prosthetic devices	495,686	54.1	438,325	54.9
Others	307,198	49.9	230,954	44.7
Total	2,084,952		1,798,871	

Selling and Distribution Expenses

The selling and distribution expenses increased by approximately 5.8% from approximately HK\$456,191,000 for the year ended 31 December 2024 to approximately HK\$482,457,000 for the year ended 31 December 2025, accounting for approximately 12.9% of the Group's revenue, as compared with approximately 13.6% for last year. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

The administrative expenses increased by approximately 11.9% to approximately HK\$852,815,000 for the year ended 31 December 2025 from approximately HK\$762,143,000 for the year ended 31 December 2024, accounting for approximately 22.8% of the Group's revenue, as compared with approximately 22.7% for last year. The increase in the administrative expenses was primarily attributable to (i) the increase in labour costs due to increase in number of headcount and (ii) the acquisition of Hexa Ceram.

Other Operating Expenses

The other operating expenses decreased by approximately 68.8% from approximately HK\$30,573,000 for the year ended 31 December 2024 to approximately HK\$9,530,000 for the year ended 31 December 2025, accounting for 0.3% of the Group's revenue, as compared with 0.9% for the year ended 31 December 2024. Other operating expenses mainly represented (i) write-off of property, plant and equipment of approximately HK\$1,320,000 (2024: HK\$2,758,000); and (ii) exchange losses, net, incurred of Nil (2024: HK\$26,217,000).

Finance Costs

The finance costs decreased by approximately 33.4% from approximately HK\$51,651,000 for the year ended 31 December 2024 to approximately HK\$34,402,000 for the year ended 31 December 2025, accounting for approximately 0.9% of the Group's revenue, as compared with approximately 1.5% for the corresponding period in 2024. The decrease in finance costs were mainly due to the decrease in the interest rate (i.e. HIBOR) and the bank loans balance when compared with the year ended 31 December 2024.

Income Tax Expense

Income tax expense increased by approximately 31.7% from approximately HK\$120,198,000 for the year ended 31 December 2024 to approximately HK\$158,253,000 for the year ended 31 December 2025.

Profit for the Year and Profit Attributable to Owners of the Company

Profit for the year increased by approximately 47.7% from approximately HK\$406,943,000 for the year ended 31 December 2024 to approximately HK\$601,249,000 for the year ended 31 December 2025.

Profit attributable to owners of the Company for the year ended 31 December 2025 amounted to approximately HK\$596,972,000, representing an increase of approximately HK\$188,970,000, or approximately 46.3%, as compared with approximately HK\$408,002,000 for the year ended 31 December 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); (iii) a favourable geographical sales mix shift, with strong revenue growth of 15.5% in the higher-margin regions of Europe and Australia while sales declined in the relatively lower-margin markets of the United States (-7.4%) and Greater China (-7.1%); and (iv) 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 years ended 31 December 2025 and 2024, 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 transaction costs in connection with acquisitions, relocations and implementation of ERP system, equity-settled share option expenses and amortisation of intangible assets.

The table below indicates the profit for the years, reconciling the Adjusted EBITDA for the years presented to the most comparable financial measures calculated in accordance with the IFRSs:

	For the year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
EBITDA and Adjusted EBITDA		
Net profit	601,249	406,943
Tax	158,253	120,198
Finance costs	34,402	51,651
Depreciation of right-of-use assets	50,470	51,815
Depreciation of property, plant and equipment	88,831	79,934
Amortisation of intangible assets	9,835	7,423
Less:		
Bank interest income	(4,915)	(9,168)
EBITDA	938,125	708,796
Add:		
One-off cost in connection with acquisitions	850	15,521
One-off cost in connection with relocations	—	14,242
One-off cost in connection with implementation of ERP system	1,580	2,922
Equity-settled share option expenses	1,225	—
Adjusted EBITDA	941,780	741,481
Adjusted EBITDA Margin	25.2%	22.0%

MANAGEMENT DISCUSSION AND ANALYSIS

The table below indicates the profit for the years, reconciling the profit from core operations for the years presented to the most comparable financial measures calculated in accordance with the IFRSs:

	For the year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Profit from core operations		
Net profit	601,249	406,943
Add:		
One-off cost in connection with acquisitions	850	15,521
One-off cost in connection with relocations	—	14,242
One-off cost in connection with implementation of ERP system	1,580	2,922
Equity-settled share option expenses	1,225	—
Amortisation of intangible assets	9,835	7,423
Less:		
Tax credit related to one-off cost acquisition, relocations and implementation of ERP system	(411)	(4,646)
Profit from core operations	614,328	442,405
Profit from core operations Margin	16.4%	13.2%

LIQUIDITY AND FINANCIAL RESOURCES

Cash Flows

The table below summarises the Group's cash flows for the years ended 31 December 2025 and 31 December 2024 respectively:

	For the year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Net cash flows from operating activities	763,102	521,190
Net cash flows used in investing activities	(278,135)	(145,473)
Net cash flows used in financing activities	(575,656)	(227,703)

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\$767,035,000 as of 31 December 2025 (2024: HK\$816,825,000), which was mainly denominated in HK\$, RMB, US\$, EUR, AUD and Thai Baht ("THB").

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Activities

Cash inflow from operating activities was mainly generated from cash receipt from revenue generated from sales of our products. Cash outflow from operating activities was mainly due to purchase of raw materials, wages of technicians and employees and tax paid. For the year ended 31 December 2025, the net cash flows from operating activities has increased to approximately HK\$763,102,000 (2024: HK\$521,190,000). The increase in net cash flows from operating activities was primarily attributable to increase in net profit when compared with the year ended 31 December 2024.

The amount of trade receivables increased from approximately HK\$613,579,000 as at 31 December 2024 to approximately HK\$698,592,000 as at 31 December 2025. The trade receivable turnover days (the average of the beginning and ending trade receivable balances/revenue \times 365 days) decreased from approximately 65 days for the year ended 31 December 2024 to approximately 64 days for the year ended 31 December 2025.

The amount of trade payables increased from approximately HK\$65,517,000 as at 31 December 2024 to approximately HK\$85,330,000 as at 31 December 2025. The trade payable turnover days (the average of the beginning and ending trade payable balances/cost of sales \times 365 days) remained stable at approximately 17 days for the year ended 31 December 2025 (2024: 17 days). The general credit terms granted by suppliers normally ranged from 30–90 days.

The amount of inventory increased from approximately HK\$169,153,000 as at 31 December 2024 to approximately HK\$204,488,000 as at 31 December 2025. The inventory turnover days (the average of the beginning and ending inventory balances/cost of sales \times 365 days) increased from approximately 39 days for the year ended 31 December 2024 to approximately 41 days for the year ended 31 December 2025.

Investing Activities

The net cash flows used in investing activities for the year ended 31 December 2025 was approximately HK\$278,135,000 (2024: HK\$145,473,000). 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\$71,981,000 was 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\$575,656,000 for the year ended 31 December 2025. The outflow was mainly attributable to (i) payment for dividend of approximately HK\$189,318,000 (2024: HK\$160,659,000); (ii) repurchase of the Company's ordinary shares of approximately HK\$30,537,000 (2024: HK\$25,054,000); (iii) payment for lease liabilities of approximately HK\$57,197,000 (2024: HK\$60,508,000); (iv) payment for interest expenses of approximately HK\$25,090,000 (2024: HK\$42,107,000); and (v) repayment of bank borrowings, net of approximately HK\$273,514,000 (2024: advancement of bank borrowings, net of HK\$60,625,000).

Capital Expenditure and Research and Development expenses

During the year ended 31 December 2025, the Group's capital expenditure amounted to approximately HK\$71,981,000 which was mainly 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\$27,281,000 (2024: HK\$59,207,000) and incurred research and development costs of approximately HK\$38,952,000 (2024: HK\$43,564,000). The aggregate amounts collectively represented approximately 1.8% of the revenue of the Group (2024: 3.1%).

Save as disclosed in this Annual Report, there were no significant investments held by the Company for the year ended 31 December 2025, nor was there any plan authorised by the Board for other material investments or additions of capital assets as at the date of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

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 of the Company (the "Shareholders") at an appropriate risk exposure.

Bank borrowings

Bank borrowings of the Group as of 31 December 2025 amounted to approximately HK\$478,245,000 as compared to approximately HK\$737,151,000 as of 31 December 2024. As of 31 December 2025, all bank borrowings were denominated in HK\$ and Thai Baht amounted to approximately HK\$465,777,000 and HK\$12,468,000, respectively. As of 31 December 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" in this Annual 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, amount due to an associate, lease liabilities, other non-current liabilities, less cash and cash equivalents and pledged deposits. As of 31 December 2025, the gearing ratio of the Group was approximately 10% (2024: 14%), reflecting that the Group's financial position was at a sound level.

Debt securities

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

Contingent liabilities

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

Charge of group assets

During the year ended 31 December 2025, 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 and Ms. Chan Yik Yu, 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 31 December 2025 amounted to approximately HK\$206,000 as compared to approximately HK\$194,000 as of 31 December 2024.

Commitments

The Group had no other significant capital commitments as of 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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 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. The acquisition was completed in January 2025.

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.

Save for those disclosed above and in this Annual Report, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures for the year ended 31 December 2025 and there is no plan for material investments or capital assets as at the date of this Annual Report.

OFF-BALANCE SHEET TRANSACTIONS

During the year ended 31 December 2025, the Group did not enter into any material off-balance sheet transactions.

IMPORTANT EVENTS AFTER THE YEAR

The Group has no important events after the year ended 31 December 2025 and up to the date of this Annual 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 year. The key assumptions, such as the pre-tax discount rates (2025: ranged between 14% and 20%; 2024: ranged between 15% and 21%); the budgeted sales growth rates (2025: ranged between 0% and 10%; 2024: ranged between 0% and 10%); and budgeted EBITDA margins (2025: ranged between 8% and 38%; 2024: 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. Please refer to Note 15 in this Annual Report for details.

Centralisation of Production Facilities

The production of the Group relied heavily on its existing production facilities in Dongguan, Mainland China. If there are disruptions to the production sites in 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 year ended 31 December 2025, the interest rate on floating-rate bank loans were ranged approximately from HIBOR+0.65% to HIBOR+0.80% (2024: HIBOR+0.725% to HIBOR+1.60%) per annum for term loans dominated in Hong Kong Dollars and 2% to 4.75% per annum (2024: Nil) for term loan dominated in Thai Baht. 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, amount due from an associate, 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. Details of the liquidity risk are set out in the paragraph headed "Liquidity and Financial Resources" in this Annual report.

EMPLOYEE AND REMUNERATION POLICY

The Group had a total of 8,538 (2024: 7,106) dedicated full-time employees at our production facilities, service centers, points of sales and other sites as of 31 December 2025, mainly including 5,918 (2024: 4,861) production staff members, 880 (2024: 757) general management staff members and 551 (2024: 475) customer service staff members.

Total staff costs of the Group (excluding the Directors' and chief executive's remuneration) for the year ended 31 December 2025 was approximately HK\$1,627,576,000 (2024: HK\$1,532,248,000). 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 year ended 31 December 2025, the relationship between the Group and our employees have been stable. We had not experienced any strikes or other labor disputes which materially affected our business activities.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

As at the date of this Annual Report, the board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) consisted of 8 Directors comprising 4 executive Directors, 1 non-executive Director and 3 independent non-executive Directors. The biographical details of the Directors are set out below.

Executive Directors

Dr. CHAN Ronald Yik Long (陳奕朗醫生), aged 39, is the chairman of the Board, the chief executive officer of the Group, an executive Director and a member of the nomination committee of the Company. He is also a director, the vice-chairman, and/or the general manager of certain subsidiaries of the Company. Dr. Chan is a director of Trieria Holdings Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Dr. Chan is responsible for the development of corporate strategic plans and implementation of policies in the Group. He is also responsible for the strategic planning, operations, sales and marketing of the Southeast Asia businesses of the Group. Furthermore, Dr. Chan is the director and chief executive officer of the Group’s clear aligner business which also entails responsibilities from global strategic planning to product research and development.

Dr. Chan joined the Group in 2014. He has been a Director since 17 October 2014 and has been designated as an executive Director since 19 June 2015. He is appointed as the chairman of the Board and the chief executive officer of the Group with effect from 31 March 2021 and 1 January 2025, respectively.

Dr. Chan obtained a Bachelor of Science degree (majoring in biological science) with distinction from the University of Calgary in Canada in June 2008, a Bachelor of Dental Surgery degree from The University of Hong Kong in December 2014, a Master of Business Administration degree with distinction from Edinburgh Business School, Heriot-Watt University in the United Kingdom in April 2015 and a Master of Science degree in Restoration Aesthetic Dentistry from The University of Manchester in July 2019. Dr. Chan received Young Industrialist Awards of Hong Kong in 2021.

Dr. Chan has been a member of The Hong Kong Dental Association as well as a registered dentist in Hong Kong, under the general register, with The Dental Council of Hong Kong since 2014. He has been appointed as Honorary Clinical Assistant Professor in Applied Oral Sciences and Community Dental Care of the Faculty of Dentistry of the University of Hong Kong since 2022.

Dr. Chan is the son of Mr. Chan Kwun Pan (executive Director and substantial shareholder of the Company) and brother of Ms. Chan Yik Yu (executive Director and chief marketing officer of the Company), nephew of Mr. Chan Kwun Fung (non-executive Director and substantial shareholder of the Company), and cousin of Mr. Chan Chi Yuen (executive Director).



DIRECTORS AND SENIOR MANAGEMENT



Ms. CHAN Yik Yu (陳奕茹女士), aged 38, is an executive Director, the chief marketing officer and a member of each of the nomination committee and the remuneration committee of the Company. She also serves as the vice-chairman and vice general manager of a subsidiary of the Company. Ms. Chan is a director of Trieria Holdings Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Ms. Chan is primarily responsible for the overall marketing of the Group.

Ms. Chan joined the Group in 2014. She has been a Director since 22 September 2014 and has been designated as an executive Director since 19 June 2015.

Ms. Chan obtained a bachelor's degree in commerce from the Haskayne School of Business, University of Calgary in Canada in June 2010.

Ms. Chan possesses over 15 years of experience in the marketing field. Prior to joining the Group, Ms. Chan was a marketing executive of the business corporate department of Fiducia (Hong Kong office), a management consultancy firm, and then worked at Goodwin Procter LLP, a solicitor firm, as a marketing specialist.

Ms. Chan is the daughter of Mr. Chan Kwun Pan (executive Director and substantial shareholder of the Company), sister of Dr. Chan Ronald Yik Long (chairman of the Board, chief executive officer of the Group and executive Director), niece of Mr. Chan Kwun Fung (non-executive Director and substantial shareholder of the Company) and cousin of Mr. Chan Chi Yuen (executive Director).

DIRECTORS AND SENIOR MANAGEMENT



Mr. CHAN Kwun Pan (陳冠斌先生), aged 68, is the founder of the Group and an executive Director. He is also a director, and/or the supervisor of certain subsidiaries of the Company. Mr. Chan is a director of Trieria Holdings Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO. He is primarily responsible for the overall strategic planning and management of the Group.

As the founder of the Group, Mr. Chan established Modern Dental Laboratory, which was the predecessor of Modern Dental Laboratory Company Limited, the first operating subsidiary, to develop the Company's business in August 1986. He has been a Director since 5 July 2012 and has been designated as an executive Director since 19 June 2015. He was the vice-chairman of the Board from 19 June 2015 to 31 March 2021.

Mr. Chan is a dental technician and has over 35 years of experience in the dental prosthesis field. He obtained a craft certificate in dental mechanics from The Hong Kong Polytechnic University (formerly known as The Hong Kong Polytechnic) in November 1975. His experience includes research, design and development of dental prosthesis-related production techniques and management. Mr. Chan has been a vice-chairman of the Shenzhen Nanshan Foreign Enterprise's Chamber of Commerce since May 2001. Mr. Chan was a member of the Political Consultative Committee of Nanshan District, Shenzhen in the PRC between October 2006 and October 2016.

Mr. Chan is the brother of Mr. Chan Kwun Fung (non-executive Director and substantial shareholder of the Company), father of Dr. Chan Ronald Yik Long (chairman of the Board, chief executive officer of the Group and executive Director) and Ms. Chan Yik Yu (executive Director and chief marketing officer of the Company) and uncle of Mr. Chan Chi Yuen (executive Director).

DIRECTORS AND SENIOR MANAGEMENT



Mr. CHAN Chi Yuen (陳志遠先生), aged 41, is an executive Director. He is also a director, the chairman, the general manager, the legal representative, the vice-chairman, and/or the vice general manager of certain subsidiaries of the Company. Mr. Chan is a director of Trieria Holdings Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Chan is primarily responsible for the business development, customer services and daily operations of Yangzhijin Dental Laboratory (Shenzhen) Co., Ltd.

Mr. Chan joined the Group in 2011. He has been a Director since 22 September 2014 and has been designated as an executive Director since 19 June 2015.

Mr. Chan obtained a diploma in business administration (majoring in accountancy) from the Southern Alberta Institute Technology in Canada in June 2009.

Mr. Chan is the son of Mr. Chan Kwun Fung (non-executive Director and substantial shareholder of the Company), nephew of Mr. Chan Kwun Pan (executive Director and substantial shareholder of the Company), and cousin of Dr. Chan Ronald Yik Long (chairman of the Board, chief executive officer of the Group and executive Director) and Ms. Chan Yik Yu (executive Director and chief marketing officer of the Company).

DIRECTORS AND SENIOR MANAGEMENT



**CHAN KWUN FUNG
MICHAEL**

Mr. CHAN Kwun Fung (陳冠峰先生), aged 71, is a non-executive Director. He is also a director, the chairman, the legal representative, and/or the supervisor of certain subsidiaries of the Company. Mr. Chan is a director of Triaera Holdings Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO. He is primarily responsible for the overall strategic planning and management of the Group.

Mr. Chan joined Modern Dental Laboratory, which was the predecessor of Modern Dental Laboratory Company Limited, the first operating subsidiary, as a partner, to develop the Company's business in November 1991. He has been a Director since 5 July 2012 and has been designated as an executive Director from 19 June 2015 to 31 March 2025 and then re-designated as a non-executive Director on 1 April 2025. He was the chairman of the Board from 19 June 2015 to 31 March 2021.

Mr. Chan is a dental technician and has over 35 years of experience in the field of dental prosthesis. His experience includes research, design and development of dental prosthesis-related production techniques and management.

Mr. Chan Kwun Fung is the settlor and a beneficiary of the CKF Trust, a discretionary trust established for the benefit of himself and his family members. The trustee of the CKF Trust is CKF Family Limited, which indirectly holds interests in the Company as disclosed under the section headed "Long Positions in Shares of the Company" in the Directors' Report.

Mr. Chan is the brother of Mr. Chan Kwun Pan (executive Director and substantial shareholder of the Company), father of Mr. Chan Chi Yuen (executive Director), and uncle of Dr. Chan Ronald Yik Long (chairman of the Board, chief executive officer of the Group and executive Director) and Ms. Chan Yik Yu (executive Director and chief marketing officer of the Company).

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Dr. CHEUNG Wai Bun Charles, J.P. (張惠彬博士、太平紳士), aged 89, is an independent non-executive Director, the chairman of the audit committee, and a member of each of the remuneration committee and the nomination committee of the Company. He has been an independent non-executive Director since 24 November 2015.

Dr. Cheung obtained an honorary doctor's degree from John Dewey University, U.S.A. in December 1984, a master degree in business administration and a bachelor of science degree in accounts and finance from New York University, U.S.A. in June 1962 and February 1960, respectively. He was awarded the Directors of the Year Awards 2002 of Listed Company Non-Executive Director by The Hong Kong Institute of Directors. Dr. Cheung also received Outstanding Management Award of The Chartered Management Association, Outstanding Director Award of The Chartered Association of Directors and Outstanding CEO Award of The Asia Pacific CEO Association in December 2010.

Dr. Cheung is an advisor of each of The Institute of ESG & Benchmark and The Metropolitan Bank (China) Limited, as well as an advisor to the president of the University of Victoria in Canada.

Dr. Cheung was formerly a visiting professor of the School of Business of Nanjing University, PRC. He was formerly the group chief executive and executive deputy chairman of Mission Hills Group, Hong Kong, and a former director and advisor of the Tung Wah Group of Hospitals.

Dr. Cheung has appropriate professional accounting and related financial management expertise. He is currently an independent non-executive director of Pioneer Global Group Limited (stock code: 224) and a non-executive director of Galaxy Entertainment Group Limited (stock code: 27), companies whose shares are listed on the Main Board of the Stock Exchange. He was formerly an independent non-executive director of Universal Technologies Holdings Limited (stock code: 1026), a company whose shares are listed on the Main Board of the Stock Exchange, during the period from 6 September 2011 to 30 June 2023, and Jiayuan International Group Limited (in liquidation) (previous stock code: 2768), a company whose shares were delisted on the Main Board of the Stock Exchange on 29 October 2024, during the period from 12 February 2016 to 30 April 2024. Dr. Cheung was formerly an independent non-executive director and the director general of the audit committee of China Resources Bank of Zhuhai Co. Ltd..

Dr. CHAN Yue Kwong Michael (陳裕光博士), aged 74, is an independent non-executive Director, the chairman of the nomination committee and a member of the audit committee of the Company. He has been an independent non-executive Director since 24 November 2015.

Dr. Chan obtained an honorary fellowship from Lingnan University in December 2009, a master's degree in city planning with distinction and a scholarship from the University of Manitoba in Canada in October 1977, and a double degree in sociology and political science from University of Manitoba in Canada in May 1974.

Dr. Chan was the former chairman and is currently a non-executive director of Café de Coral Holdings Limited (stock code: 341), an independent non-executive director of Starlite Holdings Limited (stock code: 403), Pacific Textiles Holdings Limited (stock code: 1382), Tse Sui Luen Jewellery (International) Limited (stock code: 417) and Human Health Holdings Limited (stock code: 1419), and a non-executive director of Tao Heung Holdings Limited (stock code: 573). All of the above companies are listed on the Main Board of the Stock Exchange.

Dr. Chan is the Honorary Chairman of the Hong Kong Institute of Marketing and Legacy Academy, a council member of the Hong Kong Management Association, the Advisor of the Quality Tourism Services Association and an Adjunct Professor of the Hang Seng University of Hong Kong. He was recognized by Forbes China in March 2026 as an Outstanding Exemplar in Family Legacy.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Yau Ka Po (邱家寶醫生), aged 45, is an independent non-executive Director, the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company. He has been an independent non-executive Director since 27 May 2021.

Dr. Yau is an orthodontist and a director of Kowloon Orthodontic Centre Limited. Dr. Yau has over 15 years of experience in the field of orthodontics. He has been appointed as honorary clinical assistant professor in the Department of Orthodontics, Faculty of Dentistry of The University of Hong Kong since 2017.

Dr. Yau obtained a bachelor of dental surgery from The University of Hong Kong in December 2004, a master of orthodontics from The University of Hong Kong in November 2010, a diploma of membership in orthodontics of the Royal College of Surgeons of Edinburgh in February 2011 and an advanced diploma in orthodontics from The University of Hong Kong in September 2012. Dr. Yau has been a fellow of the College of Dental Surgeons of Hong Kong in the Specialty of Orthodontics and a fellow of the Hong Kong Academy of Medicine (Dental Surgery) since 2014.

Dr. Yau has been a member of The Hong Kong Dental Association since 2004, member of the Hong Kong Society of Orthodontists since 2010, and he was a member of the European Orthodontic Society from 2010 to 2014. Dr. Yau is now a registered specialist in orthodontics in Hong Kong, under the specialist register, with The Dental Council of Hong Kong since 2014.

SENIOR MANAGEMENT

The biographical details of the senior management are set out below.

Mr. August Wilhelm Torsten Schwafert, aged 61, is the chief executive officer of Modern Dental Europe B.V., which is a Company's subsidiary.

Mr. Schwafert is also a director of certain subsidiaries of the Company. Mr. Schwafert is mainly responsible for leading the business development of the Group in Europe. Mr. Schwafert joined the Group in March 2014.

Mr. Schwafert received his degree in business economics from Verwaltungs- und Wirtschaftsakademie (academy for business and public administration) in Düsseldorf, Germany in June 1991.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Schwafert has over 33 years of management experience in the dental field and has extensive relationships in the European dental industry. Prior to joining our Group, Mr. Schwafert was the chief executive officer in Wieland Dental + Technik GmbH, being a dental prosthetic company, which focuses on CAD/CAM solutions, from August 2009 to February 2014 and was responsible for directing the overall business development, developing sustainable strategy and restructuring. Prior to that, he was the vice president of sales and marketing of DeguDent, Dentsply Group, being a dental prosthetic company that produces materials and devices for dental laboratories, from January 2001 to July 2009 and was responsible for the strategic control of the product portfolio and the management of the global sales team. Mr. Schwafert was the president of Elephant Dental B.V. in Hoorn Netherlands, being a dental prosthetic company that develops and sells advanced dental products, from August 1999 to December 2000. Elephant Dental B.V. was a wholly-owned subsidiary of Degussa Dental, which was later acquired by the Dentsply group in 2001.

Mr. Gregory Scialom, aged 51, is the president of Labocast SAS, which is a Company's subsidiary.

Mr. G. Scialom is also a director, substitute director and/or the legal representative of certain subsidiaries of the Company. Mr. G. Scialom is responsible for the operation of the Group in France and the Indian Ocean. He joined the Labocast Group, which was subsequently acquired by the Group in August 2011.

Mr. G. Scialom received his bachelor's degree in laws from Université Panthé on-Assas (Paris II) in France in October 1996.

Mr. G. Scialom possesses over 25 years of experience in the dental prosthetic field at Labocast SAS. Mr. G. Scialom was the general manager of Labocast SAS from July 2005 to May 2008 and was primarily an executive assistant of Labocast SAS from January 2001 to June 2005. His experience includes establishing Labo OI (Mauritius) Ltd, developing prosthetic device manufacturing business of Labo OI (Mauritius) Ltd, managing the daily operations of the laboratories, organizing and providing quality customer service, and maintaining relationship with Modern Dental Laboratory Company Limited.

Ms. Tara Cullen, ("Ms. Cullen"), aged 43, is the chief executive officer of Modern Dental Pacific Group Ltd, which is a Company's subsidiary.

Ms. Cullen is responsible for overseeing the operations and business development of the Group in Australia and New Zealand. Ms. Cullen has extensive senior management experience across healthcare and medical devices, energy, and professional services.

Ms. Cullen received her bachelor's degree in communications and media from Macquarie University in 2003. She is a graduate of the Australian Institute of Company Directors. She also possesses significant experience in leading multi-site operations and managing organizational growth.

Since joining the Group in 2015 and has since held a number of senior leadership roles, including Chief Operating Officer and Group Director of Sales and Marketing. In these roles, she was responsible for operations, sales, marketing, and commercial management, and played a key role in driving revenue growth and strengthening the Group's market position in Australia and New Zealand.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. KWAN Ngai Kit (關毅傑先生), aged 46, has been the chief financial officer of the Group, the director of a subsidiary, authorised representative and the company secretary of the Company since 26 October 2016. Mr. Kwan, has over 20 years of experience in auditing, accounting and corporate management and was responsible for corporate finance, mergers and acquisitions matters, financial and accounting management, investors relations, corporate governance as well as compliance affairs. Prior to March 2014, he worked as a senior manager in both the assurance department and the technical department of Ernst & Young during which he acquired intensive capital market transactions experience. He is currently an independent non-executive director of A & S Group (Holdings) Limited (stock Code: 1737) and Vobile Group Limited (stock code: 3738), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Kwan is currently a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Kwan has been appointed as a reviewer for reviewing and judging the Best Corporate Governance Awards of the Hong Kong Institute of Certified Public Accountants since June 2020.

Mr. Kwan obtained a master's degree in business administration from the Chinese University of Hong Kong in November 2014 and a bachelor's degree in accountancy from The Hong Kong Polytechnic University in November 2002.

DIRECTORS' REPORT

The board (the "**Board**") of directors (the "**Directors**") of Modern Dental Group Limited (the "**Company**"), together with its subsidiaries, (the "**Group**") is pleased to present this Directors' report together with the consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the production and distribution of three product lines: fixed prosthetic devices, removable prosthetic devices and other devices, such as orthodontic devices, sports guards and anti-snoring devices. The Company is an investment holding company. The principal activities of the subsidiaries of the Company are set out in Note 1 to the consolidated financial statements. The operating segment information of the Group for the year ended 31 December 2025 is set out in Note 5 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss on page 72 of this Annual Report.

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 Board recommended a final dividend of HK15.0 cents (2024: HK9.2 cents) per ordinary share, out of the share premium account, for the year ended 31 December 2025 (the "**Proposed Final Dividend**"). Subject to the approval by the Shareholders in the forthcoming annual general meeting of the Company (the "**AGM**") to be held on 28 May 2026, the Proposed Final Dividend will be paid on 30 June 2026 to Shareholders whose names appear on the Register of Members of the Company as at the close of business on 10 June 2026.

CLOSURE OF REGISTER OF MEMBERS

To determine the entitlement to attend and vote at the AGM to be held on 28 May 2026, the Register of Members of the Company will be closed from Friday, 22 May 2026 to Thursday, 28 May 2026, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify to attend and vote at the AGM, 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, 21 May 2026, for the purpose of effecting the share transfers.

To determine the entitlement to the Proposed Final Dividend (subject to approval by the Shareholders at the AGM), the Register of Members of the Company will be closed from Friday, 5 June 2026 to Wednesday, 10 June 2026, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the Proposed Final Dividend, 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 not later than 4:30 p.m. on Thursday, 4 June 2026.

DIRECTORS' REPORT

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets, liabilities and non-controlling interest of the Group for the last five financial years, as extracted from the audited consolidated financial statements is set out on page 164 of this Annual Report.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 1 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The relationship between the Group and our suppliers has been stable. For the year ended 31 December 2025, the purchase amounts placed with the Group's five largest suppliers accounted for 36.1% (2024: 35.3%) of the Group's total purchases and the purchase amount placed with our single largest supplier accounted for 9.5% (2024: 9.5%) of the Group's total purchases.

The relationship between the Group and our customers has been stable. For the year ended 31 December 2025, the revenue amounts from the Group's five largest customers accounted for 1.7% (2024: 1.6%) of the Group's total revenue and the revenue amount from our single largest customer accounted for 0.6% (2024: 0.4%) of the Group's total revenue.

None of the Directors or any of their close associates or any Shareholders who, to the best knowledge of the Directors, own more than 5% of the Company's issued shares had any interest in the Group's five largest suppliers and five largest customers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company for the year ended 31 December 2025 are set out in Note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had distributable reserves of approximately HK\$869,685,000 (2024: approximately HK\$320,268,000) calculated in accordance with the Companies Act (As Revised) of the Cayman Islands (the "Companies Act"). This includes the Company's share premium account of approximately HK\$155,888,000 (2024: approximately HK\$279,871,000).

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2025 are set out in the section headed "Management Discussion and Analysis" in this Annual Report and Note 26 to the consolidated financial statements.

DIRECTORS' REPORT

DIRECTORS

The Directors who held office during the year ended 31 December 2025 and up to the date of this Annual Report are:

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 from Executive Director to Non-Executive Director 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 (*retired on 15 December 2025*)

Dr. Yau Ka Po

Pursuant to article 84(1) of the articles of association of the Company (the "**Articles of Association**"), one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment and as between persons who became or were last re-elected Directors on the same day shall (unless they otherwise agree among themselves) be determined by lot. Accordingly, Dr. Chan Ronald Yik Long, Mr. Chan Kwun Fung and Dr. Cheung Wai Bun Charles J.P. will retire by rotation as Directors at the AGM and, being eligible, will offer themselves for re-election.

Details of the Directors standing for re-election at the AGM are set out in the circular to the Shareholders together with this Annual Report.

The Company has received from each of the independent non-executive Directors an annual confirmation of their respective independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and considers each of the independent non-executive Directors are independent.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 25 to 33 of this Annual Report.

DIRECTORS' REPORT

DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULES 13.51B(1) OF THE LISTING RULES

Subsequent to the date of the interim report of the Company for the six months ended 30 June 2025, changes in the information of the Directors are as follows:

1. Dr. Cheung Wai Man William has retired as an independent non-executive director, the chairman of the remuneration committee and a member of the nomination committee of the Company with effect from 15 December 2025.
2. Dr. Yau Ka Po has been appointed as the chairman of the remuneration committee and a member of the nomination committee of the Company with effect from 15 December 2025.

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

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered a service contract with the Company for a further term of three years commencing from 15 December 2024.

Mr. Chan Kwun Fung has been redesignated as non-executive director and has entered into a new service agreement with the Company for a term of three years commencing from 1 April 2025.

Dr. Yau Ka Po has signed a letter of appointment with the Company for a further term of three years commencing from 27 May 2024. Each of the other independent non-executive directors has also been reappointed for a further one-year term, effective from 15 December 2025.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section "Continuing Connected Transactions/Connected Transactions" below, neither the Director nor any entity connected with the Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year or at the end of the year ended 31 December 2025.

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2025.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with the Corporate Governance Code as set out in Appendix C1 to 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 qualification, 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). Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 9 and Note 10 to the consolidated financial statements, respectively.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision has been in force for the year ended 31 December 2025. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

SHARE OPTION SCHEME

The share option scheme (the "**Share Option Scheme**") was adopted pursuant to the written resolutions of the shareholders of the Company (the "**Shareholders**") passed on 15 December 2015 had expired on 14 December 2025.

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 (the "**Eligible 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 total number of ordinary shares of the Company (the "**Shares**") which may be issued in respect of all options to be granted under the Share Option Scheme (the "**Options**") must not in aggregate exceed 10% of the shares of the Company in issue at the time dealings in the Shares first commence on the Stock Exchange (i.e. 100,000,000 Shares) (the "**Scheme Mandate**"). As at 1 January 2025, the number of Shares available for grant under the Scheme Mandate was 100,000,000. During the year, 23,250,000 shares were granted to Directors and employees (the "**Grantees**"). As at 31 December 2025, the Share Option Scheme has expired. Therefore, there was no Shares available for grant under the Share Option Scheme. As at the date of this Annual Report, the total number of shares of the Company which may be issued under the Share Option Scheme is 23,250,000 shares, representing approximately 2.49% of the total number of shares of the Company.

DIRECTORS' REPORT

The total number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the year divided by the weighted average number of Shares in issue for the year was 2.48%.

The total number of Shares allotted and issued and which may fall to be allotted and issued upon exercise of the option and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to such Grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Unless otherwise determined by the Directors and stated in the offer to a Grantee, a Grantee is not required to hold an Option for any minimum period nor achieve any performance targets before the exercise of an Option granted to him. The Directors may determine vesting period that a Grantee must hold an Option before such Option becomes exercisable.

Upon accepting an offer, an Eligible Participant shall remit in favour of the Company HK\$1.00 by way of consideration for the grant within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

In respect of any particular Option, the Directors may determine and notify to the Grantee a period (which may not expire later than 10 years from the offer date of that Option, and in the absence of such determination, from the offer date to the earlier of (i) the date on which such Option lapses under the provisions of the Share Option Scheme; and (ii) 10 years from the offer date of that option) that the Option shall be exercisable.

The subscription price of Shares in respect of any Option shall be at the discretion of the Directors, provided that it shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for trade in one or more board lots of the Shares on the offer date; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of the Share.

The Share Option Scheme shall be valid and effective for a period of 10 years after the date on which the Share Option Scheme is adopted upon fulfilment of the conditions, after which period no further Options may be issued but the provision of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto. The Share Option Scheme had expired on 14 December 2025.

DIRECTORS' REPORT

Details of the share options movements during the year ended 31 December 2025 under the Share Option Scheme are as follows:

Name of Grantees/ Category of Grantees	Date of grant (the "Date of Grant")	Exercise period	Exercise price (HK\$)	Balance at 1 January 2025	Granted during the year	Vested during the year	Number of share options			Balance as at 31 December 2025
							Exercised during the year	Cancelled during the year	Lapsed during the year	
<i>Directors of the Company (or their associates)</i>										
Dr. Chan Ronald Yik Long	28 November 2025	28 November 2025 – 27 November 2035 (Note 2)	\$5.11	–	9,300,000	–	–	–	–	9,300,000
Ms. Chan Yik Yu	28 November 2025	28 November 2025 – 27 November 2035 (Note 2)	\$5.11	–	9,300,000	–	–	–	–	9,300,000
Mr. Chan Kwun Pan	28 November 2025	28 November 2025 – 27 November 2035 (Note 2)	\$5.11	–	930,000	–	–	–	–	930,000
Mr. Chan Chi Yuen	28 November 2025	28 November 2025 – 27 November 2035 (Note 2)	\$5.11	–	930,000	–	–	–	–	930,000
Mr. Chan Kwun Fung	28 November 2025	28 November 2025 – 27 November 2035 (Note 2)	\$5.11	–	930,000	–	–	–	–	930,000
Mr. Kwan Chi Hang Thomas	28 November 2025	28 November 2025 – 27 November 2035 (Note 2)	\$5.11	–	930,000	–	–	–	–	930,000
Other employee (1 employee)	28 November 2025	28 November 2025 – 27 November 2035 (Note 2)	\$5.11	–	930,000	–	–	–	–	930,000
Total				–	23,250,000	–	–	–	–	23,250,000

Note 1: The Options shall be vested to the Grantee in nine (9) tranches whereby (i) 10% of the Options shall be vested on each of the first eight (8) anniversary dates after the Date of Grant and (ii) 20% of the Options shall be vested on the ninth (9th) anniversary date after the Date of Grant.

Note 2: The Options vested are exercisable for a period of 10 years commencing from the Date of Grant.

Note 3: Mr. Kwan Chi Hang Thomas is the spouse of Ms. Chan Yik Yu, executive director of the Company.

Note 4: No grantees were granted and are to be granted Options in excess of the 1% individual limit.

Note 5: No Options were granted or are to be granted to related entity participants or service providers.

Note 6: Save as disclosed above, no Options were granted and to be granted to other Eligible Participants.

Note 7: Fair value of Options granted during the year was HK\$45,533,000 and as for relevant accounting standard and policy adopted, please refer to Note 3 to the consolidated financial statements.

Note 8: The grant of the Options to each Grantee was considered and approved by the Remuneration Committee of the Company having taken into account the Grantees' individual historical performance and their internal appraisal results for the relevant financial period(s). Accordingly, there is no performance target stipulated as a condition to vesting of the Options granted.

Note 9: The closing price immediately before the Date of Grant of the Options, i.e. 27 November 2025, was HK\$5.21 per Share.

For further details regarding the grant of share options, please refer to the Company's announcement dated 28 November 2025.

DIRECTORS' REPORT

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**") had expired on 18 June 2025. 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 had been 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. Details of the Pre-IPO RSU Scheme are set out in Note 31 to the consolidated financial statements.

The Pre-IPO RSU Scheme had expired on 18 June 2025.

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' REPORT

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

As of 31 December 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 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 Directors	Capacity/ Nature of interests	Number of Shares interested	Number of underlying Shares interested pursuant to share options	Total number of Shares and underlying Shares interested	Approximate percentage of shareholding
Mr. Chan Kwun Fung	Beneficial owner	466,000 <i>(Note 1)</i>	930,000 <i>(Note 2)</i>	476,248,263	50.94%
	Other	3,450,000 <i>(Note 1)</i>	930,000 <i>(Note 1 & 2)</i>		
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	470,472,263 <i>(Note 1)</i>			
Mr. Chan Kwun Pun	Beneficial owner	3,450,000 <i>(Note 1)</i>	930,000 <i>(Note 2)</i>	476,248,263	50.94%
	Other	466,000 <i>(Note 1)</i>	930,000 <i>(Note 1 & 2)</i>		
	Interest of controlled corporation	470,472,263 <i>(Note 1)</i>			
Dr. Chan Ronald Yik Long	Beneficial owner	—	9,300,000 <i>(Note 2)</i>	9,300,000	0.99%
Ms. Chan Yik Yu	Beneficial owner	—	9,300,000 <i>(Note 2)</i>	10,230,000	1.09%
	Family interest	—	930,000 <i>(Notes 2 & 3)</i>		
Mr. Chan Chi Yuen	Beneficial owner	—	930,000 <i>(Note 2)</i>	930,000	0.1%
Dr. Yau Ka Po	Beneficial owner	300,000	—	300,000	0.03%

DIRECTORS' REPORT

Notes:

1. 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 Triaera Holdings Limited, (ii) Mr. Chan Kwun Fung is deemed to be interested in the 3,450,000 Shares owned by Mr. Chan Kwun Pan, (iii) Mr. Chan Kwun Pan is deemed to be interested in the 466,000 Shares owned by Mr. Chan Kwun Fung, (iv) Mr. Chan Kwun Fung is deemed to be interested in 930,000 share options granted to Mr. Chan Kwun Pan, (v) Mr. Chan Kwun Pan is deemed to be interested in 930,000 share options granted to Mr. Chan Kwun Fung.
2. These share options were granted by the Company on 28 November 2025 under the share option scheme adopted on 15 December 2015.
3. These share options were granted to Mr. Kwan Chi Hang Thomas, spouse of Ms. Chan Yik Yu. By virtue of the SFO, Ms. Chan Yik Yu is deemed to be interested in the Shares held by Mr. Kwan Chi Hang Thomas.

Save as disclosed above, as at 31 December 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 Annual Report, at no time during the year ended 31 December 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.

DIRECTORS' REPORT

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

As of 31 December 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 of the Company 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 Shareholders	Capacity/ Nature of interests	Number of Shares interested	Number of underlying Shares interested pursuant to share options	Total number of Shares and underlying Shares interested	Approximate percentage of shareholding
Triera Holdings Limited	Beneficial owner	470,472,263	—	470,472,263 ^(Note 1)	50.33%
CKF Family Limited	Interest of controlled corporation	470,472,263	—	470,472,263 ^(Note 1)	50.33%
TMF (Cayman) Ltd.	Trustee	470,472,263	—	470,472,263 ^(Note 1)	50.33%
Prosperity Worldwide Investment Holdings Limited	Beneficial owner	93,849,653	—	93,849,653 ^(Note 2, 4)	10.04%
Mr. Ngai Shing Kin	Beneficial owner	4,191,345	—	98,040,998 ^(Note 4)	10.49%
	Interest of controlled corporation	93,849,653 ^(Note 2)			
NCHA Holdings Limited	Beneficial owner	62,844,370	—	62,844,370 ^(Note 3, 4)	6.72%
Mr. Ngai Chi Ho Alwin	Beneficial owner	277,934	—	63,122,304 ^(Note 4)	6.75%
	Interest of controlled corporation	62,844,370 ^(Note 3)			

Notes:

1. Triera Holdings Limited is a company incorporated in the British Virgin Islands and is owned as to 50%, 20%, 16% and 14% by CKF Family Limited, Mr. Chan Kwun Pan, Dr. Chan Ronald Yik Long and Ms. Chan Yik Yu, respectively. The entire issued share capital in CKF Family Limited is held by TMF (Cayman) Ltd., being and as the trustee of a discretionary trust ("CKF Trust") set up by Mr. Chan Kwun Fung for the benefit of members of his family. Mr. Chan Kwun Fung is the settlor and sole member of CKF Trust's protective committee.
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. NCHA Holdings Limited is a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Ngai Chi Ho Alwin.
4. Subsequent to the end of the reporting period, on 19 January 2026, the Board was notified that a total of 161,163,302 ordinary shares of the Company (representing approximately 17.24% of the issued share capital) were transferred to Hillhouse Investment Management, Ltd. ("Hillhouse Investment") via off-market transactions at a price of approximately HK\$5.80 per share. It is believed that these shares were collectively disposed of by Mr. Ngai Shing Kin, Mr. Ngai Chi Ho Alwin, and their respective investment vehicles, namely Prosperity Worldwide Investment Holdings Limited and NCHA Holding Limited. Following the completion of such transfer, Hillhouse Investment became a substantial shareholder of the Company. The Board believes that the introduction of Hillhouse Investment as a shareholder reflects confidence in the Group's long-term prospects.

DIRECTORS' REPORT

Save as disclosed herein, as at 31 December 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 of the Company 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 year ended 31 December 2025, the Company repurchased 7,327,000 of its Shares on the Stock Exchange at an aggregate consideration of approximately HK\$30,537,000 (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
July 2025	1,900,000	4.37	4.15	8,097
Total	7,327,000			30,537

During the year ended 31 December 2025, 5,127,000 and 4,100,000 repurchased Shares totaling approximately HK\$38,377,000 were cancelled on 19 May 2025 and 15 August 2025, respectively. This includes 1,900,000 of uncanceled Shares as at 31 December 2024.

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 year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2025, none of the Directors or their respective associates (as defined in the Listing Rules) had engaged in or had any interest in any business which competes or may compete with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

DIRECTORS' REPORT

NON-COMPETITION UNDERTAKING

The Controlling Shareholders (as defined in the Listing Rules) of the Company, namely, Mr. Chan Kwun Fung, Mr. Chan Kwun Pan, Trieria Holdings Limited and the Company entered into a deed of non-competition (the "**Deed of Non-competition**") in favour of the Company dated 25 November 2015, pursuant to which the Controlling Shareholders have undertaken to the Company (for itself and for the benefit of its subsidiaries) that it or he would not, and would procure that its or his associates (other than any member of the Group) would not, directly or indirectly, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise) any business which is or may be in competition with the current business of the Group during the restricted period.

An annual confirmation has been received from each of the Controlling Shareholders on compliance with each of their respective undertaking and enforcement of the Deed of Non-competition in accordance with the Listing Rules.

The independent non-executive Directors have reviewed the status of compliance with the Deed of Non-competition by the Controlling Shareholders and confirmed that the Deed of Non-competition is fully complied with and duly enforced since the Listing Date and up to the date of this Annual Report.

CONTINUING CONNECTED TRANSACTIONS/CONNECTED TRANSACTIONS

The following transactions of the Group constituted continuing connected transactions (the "**Continuing Connected Transactions**") for the Group for the year ended 31 December 2025. All of the Continuing Connected Transactions are exempt from reporting, annual review, announcement and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Master purchase agreements

- (i) Modern Dental Laboratory Company Limited ("**MDLCL**"), a wholly-owned subsidiary of the Company, entered into a master purchase agreement (the "**Master Purchase Agreement I**") with Trident Dental Group Limited ("**Trident**"). Trident, a company incorporated in Hong Kong, is held as to 33.3%, 33.3% and 33.3% by Tresodont Holdings Limited ("**Tresodont**"), Amazing Home Limited and J&N Consultants Limited respectively. Tresodont is 100% owned by Dr. Chan Ronald Yik Long. Dr. Chan Ronald Yik Long is an executive Director of the Company.

Pursuant to the Master Purchase Agreement I, Trident shall purchase dental prosthetic devices from MDLCL.

MDLCL renewed the agreement on 1 January 2023, for a term of three years commencing from 1 January 2023 to 31 December 2025, the annual caps for each of the years ended 31 December are HK\$600,000.

- (ii) Peak Dental Solutions Hong Kong Limited ("**PDSHK**"), a 60% owned subsidiary of the Company, entered into a master purchase agreement (the "**Master Purchase Agreement II**") with Trident.

Pursuant to the Master Purchase Agreement II, Trident shall purchase dental prosthetic devices from PDSHK.

PDSHK renewed the agreement on 1 January 2023, for a term of three years commencing from 1 January 2023 to 31 December 2025, the annual caps for each of the years ended 31 December are HK\$600,000.

DIRECTORS' REPORT

- (iii) PDSHK entered into a master purchase agreement (the "**Master Purchase Agreement III**") with Kong Hong Holdings Limited ("**Kong Hong**"). Kong Hong, a company incorporated in Hong Kong, is held 40% by Dr. Chan Ronald Yik Long.

Pursuant to the Master Purchase Agreement III, Kong Hong shall purchase dental prosthetic devices from PDSHK.

PDSHK renewed the agreement on 1 January 2023, for a term of three years commencing from 1 January 2023 to 31 December 2025, the annual caps for each of the years ended 31 December are HK\$600,000.

- (iv) MDLCL entered into a master purchase agreement (the "**Master Purchase Agreement IV**") with Kong Hong.

Pursuant to the Master Purchase Agreement IV, Kong Hong shall purchase dental prosthetic devices from MDLCL.

MDLCL renewed the agreement on 1 January 2023, for a term of three years commencing from 1 January 2023 to 31 December 2025, the annual caps for each of the years ended 31 December are HK\$600,000.

- (v) PDSHK entered into a master purchase agreement (the "**Master Purchase Agreement V**") with Dr. William Cheung & Associates ("**DWCA**"). DWCA, a company incorporated in Hong Kong, is held 51% by Dr. Cheung Wai Man William. Dr. Cheung Wai Man William served as an independent non-executive Director of the Company during the year until his retirement on 15 December 2025.

Pursuant to the Master Purchase Agreement V, DWCA shall purchase dental prosthetic devices from PDSHK.

PDSHK renewed the agreement on 1 January 2023, for a term of three years commencing from 1 January 2023 to 31 December 2025, the annual caps for each of the years ended 31 December are HK\$500,000.

- (vi) MDLCL entered into a master purchase agreement (the "**Master Purchase Agreement VI**") with DWCA.

Pursuant to the Master Purchase Agreement VI, DWCA shall purchase dental prosthetic devices from MDLCL.

MDLCL renewed the agreement on 1 January 2023, for a term of three years commencing from 1 January 2023 to 31 December 2025, the annual caps for each of the years ended 31 December are HK\$600,000.

- (vii) PDSHK entered into a master purchase agreement (the "**Master Purchase Agreement VII**") with Precious Orthodontics and Kowloon Orthodontic Centre Limited ("**POKO**"). POKO, companies incorporated in Hong Kong, are held 100% by Dr. Yau Ka Po. Dr. Yau Ka Po is an independent non-executive Director of the Company.

Pursuant to the Master Purchase Agreement VII, POKO shall purchase dental prosthetic devices from PDSHK.

PDSHK renewed the agreement on 1 January 2024, for a term of three years commencing from 1 January 2024 to 31 December 2026, the annual caps for each of the years ended 31 December are HK\$500,000.

- (viii) MDLCL entered into a master purchase agreement (the "**Master Purchase Agreement VIII**") with POKO.

Pursuant to the Master Purchase Agreement VIII, POKO shall purchase dental prosthetic devices from MDLCL.

MDLCL renewed the agreement on 1 January 2024, for a term of three years commencing from 1 January 2024 to 31 December 2026, the annual caps for each of the years ended 31 December are HK\$500,000.

The following transactions of the Group constituted connected transactions (the "**Connected Transactions**") for the Group for the year ended 31 December 2025. All of the Connected Transactions are subject to announcement and reporting requirements only and are exempt from independent Shareholders' approval under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

Tenancy agreements

- (i) For the purpose of operating the Company's business in Hong Kong, MDLCL entered into a tenancy agreement (the "**Tenancy Agreement I**") with Most Wealth International Limited, which is held as to 37.5%, 37.5% and 25% by Mr. Chan Kwun Fung (non-executive director and substantial shareholder of the Company), Mr. Chan Kwun Pan (executive director and substantial shareholder of the Company) and Mr. Ngai Shing Kin (substantial shareholder of the Company) respectively. Pursuant to the Tenancy Agreement I, Most Wealth International Limited shall lease premises to MDLCL. The agreement was renewed on 31 December 2024 for a term of two years from 1 January 2025 to 31 December 2026 at a monthly rent of HK\$295,000.
- (ii) For the purposes of residential use, Modern Dental Technology (Dongguan) Company Limited ("**MDLDG**"), a wholly owned subsidiary of the Company, entered into a tenancy agreement (the "**Tenancy Agreement II**") with an associate ("**Landlord B**") of Mr. Chan Kwun Pan. Pursuant to the Tenancy Agreement II, Landlord B shall lease premises to MDLDG. The agreement was renewed on 31 December 2024 for a term of one year from 1 January 2025 to 31 December 2025 at a monthly rent of RMB3,820.
- (iii) For the purposes of residential use, 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. The agreement was renewed on 31 December 2024 for a term of one year from 1 January 2025 to 31 December 2025 at a monthly rent of RMB3,820.
- (iv) For the purposes of residential use, 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. The agreement was renewed on 31 December 2024 for a term of one year from 1 January 2025 to 31 December 2025 at a monthly rent of RMB11,460.
- (v) For the purposes of commercial use, MDLCL entered into a tenancy agreement (the "**Tenancy Agreement V**") with Mr. Chan Kwun Fung and Mr. Chan Kwun Pan. Pursuant to the Tenancy Agreement V, Mr. Chan Kwun Fung and Mr. Chan Kwun Pan shall lease premises to MDLCL. The agreement was renewed on 31 December 2024 for a term of two years from 1 January 2025 to 31 December 2026 at a monthly rent of HK\$14,500.
- (vi) 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 (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.
- (vii) For the purposes of residential use, Dongguan Yangzijin 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. The agreement was renewed on 31 December 2024 for a term of two years from 1 January 2025 to 31 December 2026 at a monthly rent of RMB53,770.

Under IFRS 16, the transactions under the above Connected Transactions should be regarded as acquisition of assets under the definition of transaction set out in Rule 14.04(1)(a) and Rule 14A.24(1) of the Listing Rules. The aggregate value of the right-of-use assets recognised by the Company under the Connected Transactions which is the present value of total consideration payables throughout the lease term under the above Connected Transactions entered on 31 December 2024 in accordance with IFRS 16 is approximately HK\$10,359,000.

For details of the tenancy agreements disclosed above, please refer to the announcements of the Company dated 31 December 2024.

DIRECTORS' REPORT

A summary of all related party transactions entered into by the Group during the year ended 31 December 2025 is contained in Note 37 to the consolidated financial statements. Save as disclosed above, the transactions referred to in item (ai), (bi), (di), (ei), (fi) and (gi) of Note 37(1) and item (a(ii)), (b(ii)), (c), (d(ii)), (e(ii)), (f(ii)), (g(ii)), (h), (i), (j), (k), (l) and (m) of Note 37(1) to the consolidated financial statements all fall under the definitions of "connected transactions" and "continuing connected transactions" respectively under the Listing Rules, and are exempted from reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has complied with the Disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2025.

The independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions and connected transactions undertaken by the Group were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole, as required in Rule 14A.55 of the Listing Rules.

Ernst & Young, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. The auditor's letter has been provided to the Company.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Save as disclosed in the Prospectus, the Group has complied with the relevant laws and regulations that have a significant impact on the Group.

AUDITOR

The consolidated financial statements of the Group have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

IMPORTANT EVENTS AFTER THE YEAR

The Group has no important events after the year ended 31 December 2025 and up to the date of this Annual Report.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme and the Pre-IPO RSU Scheme of the Group as set out in this section, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2025.

DIRECTORS' REPORT

DEBENTURE ISSUED

The Group has not issued any debenture during the year ended 31 December 2025.

BUSINESS REVIEW

A fair review of the business of the Group, a discussion and analysis of principal risks and uncertainties facing the Group during the year ended 31 December 2025 and an indication of likely development of the Group are set out on pages 4 to 24 under the section headed "Management Discussion and Analysis", respectively.

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report of the Company prepared in accordance with Appendix C2 to the Listing Rules will be published on the websites of the Company and the Stock Exchange at the same time as the publication of this Annual Report.

MODERN DENTAL AND THE COMMUNITY

As a global company, Modern Dental Group Limited is committed to being a company that cares for the community, through engaging in sponsorships, donations, voluntary dental consultation and social services. We aim to provide services to the public and make positive contribution to the society. During the year 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.

SPONSORSHIP AND DONATIONS

In recent years, we have continuously sponsored Hong Kong Dental Association in organising their dental seminars.

Charitable and other donations made by the Group during the year ended 31 December 2025 amounted to approximately HK\$1,075,000.

By order of the Board

Dr. Chan Ronald Yik Long

Chairman and Chief Executive Officer

Hong Kong,
26 March 2026

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards to safeguard the interests of Shareholders and to enhance corporate value and accountability.

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

The Board is of the view that throughout the year ended 31 December 2025, (the "**Reporting Year**"), the Company has complied with all the applicable principles and code provisions as set out in the CG Code save for the deviation from code provision C.2.1 of the Code as set out in the section headed "Chairman and Chief Executive" of this Corporate Governance Report.

INDEPENDENT VIEW MECHANISM

The Company adopted the Independent View Mechanism which outlines the key principles of independent assessment, and set out the provisions with objective of ensuring independent views and inputs are available to the Board. The Independent View Mechanism is summarized as follows:

Independent non-executive Directors should be appointed to other Board Committees as far as practicable to ensure independent views are available. At least one Director of a different gender should be appointed to the Board for diversity. Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence.

For those independent non-executive Directors serving for more than nine years on the Board, the Company should include the additional information (which covers the factors considered, process and the Board's discussion on why the long-serving independent non-executive Director is still independent and should be re-elected as per B.2.3 of the CG Code) in the papers to Shareholders for relevant annual general meeting or general meeting published. A new independent non-executive Director should be appointed when all independent non-executive Directors have served for more than nine years.

The Board will assess the independence of a Director by taking into account the factors with reference to Rule 3.13 of the Listing Rules.

Independent non-executive Directors are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They could also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

Independent non-executive Directors shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

The Board shall review the Independent View Mechanism on a regular basis to ensure its continued effectiveness.

Before each regular Board meeting, the Company reminds each Directors to update his/her "Director of other Directorships, Major Appointments and Interests (the "**Declaration**"). None of the Directors has any relationship with another Director holds any cross-directorships. In addition, none of the Directors holds seven (or more) directorships in listed companies (including the Company) as at 31 December 2025.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors' dealings in the Company's securities (the "**Code of Conduct**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Code of Conduct throughout the Reporting Year.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

Board Composition

As at the date of this Annual Report, the Board comprises eight members consisting of four executive Directors, one non-executive Director and three independent non-executive Directors. The details of the Board composition during the Reporting Year and up to the date of this Annual Report were as follows:

Name of Director	Membership of Board Committee(s)
<i>Executive Directors:</i>	
Dr. Chan Ronald Yik Long (<i>Chairman and appointed as Chief Executive Officer on 1 January 2025</i>)	Member of Nomination Committee
Ms. Chan Yik Yu (<i>Chief Marketing Officer</i>)	Member of Nomination Committee Member of Remuneration Committee
Mr. Chan Kwun Pan	—
Mr. Chan Chi Yuen	—
<i>Non-executive Director:</i>	
Mr. Chan Kwun Fung (<i>re-designated from Executive Director to Non-Executive Director on 1 April 2025</i>)	

CORPORATE GOVERNANCE REPORT

Name of Director	Membership of Board Committee(s)
<p><i>Independent Non-Executive Directors:</i></p> <p>Dr. Cheung Wai Bun Charles J.P.</p> <p>Dr. Chan Yue Kwong Michael</p> <p>Dr. Cheung Wai Man William (<i>retired on 15 December 2025</i>)</p> <p>Dr. Yau Ka Po</p>	<p>Chairman of Audit Committee</p> <p>Member of Remuneration Committee</p> <p>Member of Nomination Committee</p> <p>Chairman of Nomination Committee</p> <p>Member of Audit Committee</p> <p>Chairman of Remuneration Committee <i>(retired on 15 December 2025)</i></p> <p>Member of Nomination Committee <i>(retired on 15 December 2025)</i></p> <p>Chairman of Remuneration Committee <i>(appointed on 15 December 2025)</i></p> <p>Member of Audit Committee</p> <p>Member of Nomination Committee <i>(appointed on 15 December 2025)</i></p>

Mr. Chan Kwun Fung and Mr. Chan Kwun Pan signed a confirmation to the Company 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.

Each of CKF Family Limited, Mr. Chan Kwun Pan, Dr. Chan Ronald Yik Long and Ms. Chan Yik Yu is a shareholder of Trieria Holdings Limited, a controlling shareholder of the Company. The entire issued share capital in CKF Family Limited is held by TMF (Cayman) Ltd., being and as the trustee of a discretionary trust ("**CKF Trust**") set up by Mr. Chan Kwun Fung. Mr. Chan Kwun Fung (being the settlor and sole member of CKF Trust's protective committee) and Mr. Chan Kwun Pan remain to be acting in concert in respect of the shares of the Company held by Trieria Holdings Limited.

Each of Mr. Chan Kwun Fung, Mr. Chan Kwun Pan and Mr. Ngai Shing Kin is a shareholder of Most Wealth International Limited.

Save as disclosed above, the biographical information of the Directors and the relationships between the members of the Board are disclosed under the section headed "Directors and Senior Management" on pages 25 to 33 of this Annual Report.

Chairman and Chief Executive Officer

During the Reporting Year, 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 Reporting Year, 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.

CORPORATE GOVERNANCE REPORT

In the opinion of the Directors, during the Reporting Year, 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 should be separate and should not be performed by the same individual. 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 officer 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 three independent non-executive Directors as at the date of this Annual 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.

Independent Non-Executive Directors

During the Reporting Year, the Board at all times has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of their independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

The independent non-executive Directors are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

The Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment.

Under the Articles of Association at each annual general meeting, one-third of the Directors for the time being, or if their number is not three of a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The retiring Directors shall be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Board reserves its decisions for all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board and directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The Company acknowledges the importance of Directors participating in appropriate continuous professional development ("CPD") to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All the Directors are encouraged to attend relevant training courses at the Company's expenses.

CORPORATE GOVERNANCE REPORT

All the Directors received from time to time CPD and updates relating to Director's duties and regulatory and business development relevant to the Company and their CPD record for the Reporting Year is received and summarized as follows:

Directors	Types of Training ^{Note}
<i>Executive Directors</i>	
Chan Ronald Yik Long	A, B
Chan Yik Yu	A, B
Chan Kwun Pan	B
Chan Chi Yuen	B
<i>Non-Executive Director</i>	
Chan Kwun Fung	B
<i>Independent Non-Executive Directors</i>	
Cheung Wai Bun Charles	A, B
Chan Yue Kwong Michael	A, B
Cheung Wai Man William (<i>retired on 15 December 2025</i>)	A, B
Yau Ka Po	A, B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Board Performance Review

The Company has implemented regular evaluation of performance and effectiveness of the Board once every year in the form of a questionnaires to all Directors individually. Each Director is invited to provide his/her views on the performance of the Board and any suggestions for improving the board process. The results of the evaluation are reviewed by the Nomination Committee and submitted to the Board.

Board performance review has been conducted for the year ended 31 December 2025. Based on the evaluation conducted, the Directors were satisfied with the performance of the Board and considered the Board continued to operate effectively.

BOARD COMMITTEES

The Board has established three committees, namely the audit committee, the remuneration committee and the nomination committee for overseeing specific aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

During the Reporting Year, the audit committee of the Company (the "Audit Committee") consists of three independent non-executive Directors, namely Dr. Cheung Wai Bun Charles J.P., Dr. Chan Yue Kwong Michael and Dr. Yau Ka Po. Dr. Cheung Wai Bun Charles J.P. is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

CORPORATE GOVERNANCE REPORT

The primary duties of the Audit Committee are to assist the Board in reviewing the financial controls, risk management and internal control systems, effectiveness of the internal audit function, scope of audit, appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held three meetings during the year ended 31 December 2025 and performed the following work:

i) Financial Reporting

- reviewed the audited consolidated financial statements for the year ended 31 December 2024 in conjunction with the external auditors of the Company and the unaudited financial statements for the six months ended 30 June 2025;
- reviewed the accounting principles and practices adopted by the Group;
- reviewed the significant issues on operational and compliance controls;
- reviewed the auditing and financial reporting matters, including the key audit matters of the consolidated financial statements for the year ended 31 December 2024 which are set out in the annual report of the Company for the year ended 31 December 2024;
- reviewed the audit planning for the year ended 31 December 2025 in conjunction with the external auditor;

ii) External Auditors

- reviewed the remuneration, terms of engagement and the independence of the external auditors of the Company;
- reviewed the engagement of non-audit services and relevant scope of works;
- reviewed with external auditors the continuing connected transactions of the Company;
- reviewed the re-appointment of external auditors of the Company and was satisfied with their work, their independence, and their objectivity, and therefore recommended the re-appointment of Ernst & Young (which had indicated their willingness to continue in office) as the Group's external auditors for Shareholders' approval at the annual general meeting held on 29 May 2025;

iii) Internal Audit

- reviewed the internal audit plan in conjunction with the independent professional adviser;
- reviewed the effectiveness of the internal audit function performed by independent professional adviser;
- considered the major internal audit issues for the year ended 31 December 2025.

iv) Risk Management and Internal Controls

- reviewed the Internal Control Review Report;
- reviewed the effectiveness of risk management and internal control systems; and
- reviewed the arrangements for employees to raise concerns about possible improprieties.

CORPORATE GOVERNANCE REPORT

Each member of the Audit Committee has unrestricted access to the auditors and all senior management of the Group. During the year ended 31 December 2025, the Audit Committee also met the external auditors twice without the presence of the executive Directors.

Remuneration Committee

During the Reporting Year, the remuneration committee of the Company (the “**Remuneration Committee**”) consists of four members, namely Dr. Cheung Wai Man William, Dr. Cheung Wai Bun Charles J.P. and Dr. Yau Ka Po as independent non-executive Directors and Ms. Chan Yik Yu as executive Director, Dr. Cheung Wai Man William retired on 15 December 2025 and Dr. Yau Ka Po became the chairman of the Remuneration Committee. As at 31 December 2025, the Remuneration Committee consisted of three members.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

The primary duties of the Remuneration Committee are to determine, with delegated responsibility the remuneration packages of individual executive Directors and senior management, and to assist the Board in reviewing and making recommendations to the Board on the remuneration of the non-executive Directors and the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee met once during the year ended 31 December 2025 to determine the remuneration packages of executive Directors and senior management, and to review and make recommendation to the Board on the remuneration policy and structure of the Company and other related matters.

The remuneration by band of members of the senior management (excluding Directors) of the Group for the year ended 31 December 2025 is set out below:

Remuneration	Number of person
HK\$2,500,001 to HK\$3,000,000	1
HK\$4,000,001 to HK\$4,500,000	1
HK\$6,000,001 to HK\$6,500,000	1
HK\$9,500,001 to HK\$10,000,000	1

Details of the fees and other emoluments paid or payable to the Directors and the details of the five highest paid employees for the year ended 31 December 2025 are set out in details in Notes 9 and 10 to the audited consolidated financial statements contained in this Annual Report, respectively.

Remuneration Policy

The Company adopted the Remuneration Policy which concerns the structure and decision process of base salary and bonus. It also provides a guideline of the remuneration system’s operation to ensure its operation is sound and managed in principles. The Remuneration Policy is summarized as follows:

The following factors are considered when determining the remuneration package of the Directors:

- Business objectives;
- Responsibilities and commitment;
- Individual contributions to the Group’s business performance; and
- Retention consideration.

CORPORATE GOVERNANCE REPORT

As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors are eligible participants of the share option scheme, if any.

The Remuneration Committee shall have the primary duties and responsibilities set out in the paragraph headed "Remuneration Committee" above.

The Board is responsible for adoption, amendment, implementation and review of the following:

- the principles of the Remuneration Policy;
- the targets of the Group and the Company; and
- the personal targets and calculation regarding fixed/variable remuneration.

If necessary, the Board will ask for the approval of shareholders at general meeting.

Group Chief Financial Officer and HR Manager are responsible:

- to advise the Board regarding remuneration matters;
- to review the remuneration of staff engaged in safeguarding the independent role of the compliance and risk function within the Company;
- to prepare proper documentation of decision-making process;
- to review annually the remuneration structure.

The Board shall review the Remuneration Policy on a regular basis to ensure its continued effectiveness.

Nomination Committee

During the Reporting Year, the nomination committee of the Company (the "**Nomination Committee**") consists of five members, namely Dr. Chan Yue Kwong Michael, Dr. Cheung Wai Bun Charles J.P., Dr. Cheung Wai Man William (retired on 15 December 2025) and Dr. Yau Ka Po (appointed on 15 December 2025), as independent non-executive Directors, Dr. Chan Ronald Yik Long and Ms. Chan Yik Yu, as executive Directors. Dr. Chan Yue Kwong Michael is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The primary duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In reviewing and assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend to the Board for adoption.

The Nomination Committee met once to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board Diversity Policy.

CORPORATE GOVERNANCE REPORT

Diversity

For achieving gender diversity of the Board, at least one Director of a different gender should be appointed to the Board. During the year ended 31 December 2025, gender diversity in respect of the Board was achieved.

The Company recognizes and embraces the benefits of diversity in the boardroom and is committed to enhancing equality of opportunity in all aspects of its business. The Board Diversity Policy is summarized as follows:

The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective.

The Company endeavours to identify and implement programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees and that, over time, will prepare them for senior management and/or board positions.

Selection of candidates for Board appointments will be based on merit and candidates will be considered against a range of objective criteria, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge, with due regard for the benefits of diversity on the Board.

The Nomination Committee shall identify suitably qualified candidates to become members of the Board and, in carrying out this responsibility, will give adequate consideration to the Board Diversity Policy.

The Company will disclose details of the Board Diversity Policy, and the measurable objectives, if any, in the corporate governance report which forms part of the annual report of the Company.

The Board will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness.

The Company will assess annually on diversity profile including gender balance of the Directors and senior management and their direct reports, and the progress in achieving the diversity objectives.

Director Nomination Policy

1. The Board has adopted the Director Nomination Policy setting out (i) the criteria in evaluating and selecting candidates for directorships and (ii) the nomination process.
2. In evaluating and selecting any candidate for directorship, the following criteria should be considered:
 - Character and integrity.
 - Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy.
 - Willingness to devote adequate time to discharge duties as a director, other directorships and significant commitments.
 - Independency.
 - Any measurable objectives adopted for achieving diversity on the Board.
 - Such other perspectives that are appropriate to the Company's business, succession plan, etc.
3. In identifying and selecting suitable candidates for directorships, the Nomination Committee will evaluate the candidates based on the prescribed criteria, rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable) and recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
4. For re-election of retiring director, the Nomination Committee will review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board, determine whether the retiring director continues to meet the prescribed criteria and make recommendation to Shareholders in respect of the proposed re-election of director at the general meeting.

CORPORATE GOVERNANCE REPORT

Corporate Governance Functions

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

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and the senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Code of Conduct and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board committee meetings and the general meeting of the Company held during the year ended 31 December 2025 is set out in the table below:

Name of Director	Attendance/Number of Meetings				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
Chan Ronald Yik Long	4/4	N/A	N/A	1/1	1/1
Chan Yik Yu (Note 1)	4/4	N/A	1/1	0/0	1/1
Chan Kwun Fung (Note 2)	3/4	N/A	N/A	N/A	1/1
Chan Kwun Pan	4/4	N/A	N/A	N/A	1/1
Chan Chi Yuen	4/4	N/A	N/A	N/A	1/1
Cheung Wai Bun Charles J.P.	4/4	3/3	1/1	1/1	1/1
Chan Yue Kwong Michael	3/4	3/3	N/A	1/1	0/1
Cheung Wai Man William (Note 3)	4/4	N/A	1/1	1/1	1/1
Yau Ka Po (Note 4)	4/4	3/3	1/1	0/0	1/1

Notes:

- Ms. Chan Yik Yu was appointed as a member of nomination committee of the Company with effect from 29 May 2025.
- Mr. Chan Kwun Fung was redesignated as a non-executive director of the Company with effect from 1 April 2025.
- Dr. Cheung Wai Man William ceased to be an independent non-executive director of the Company, the chairman of the remuneration committee and a member of the nomination committee of the Board, with effect from 15 December 2025.
- Dr. Yau Ka Po was appointed as the chairman of the remuneration committee and a member of the nomination committee of the Board with effect from 15 December 2025.

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of executive Directors during the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

The Company's risk management and internal control systems have been developed with the following features and processes:

- (a) The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification: Identifies risks that may potentially affect the Group's business and operations.

Risk Assessment: Assesses the risks identified by using the assessment criteria developed by the management; and considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response: Prioritises the risks by comparing the results of the risk assessment; and determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting: Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place; revises the risk management strategies and internal control processes in case of any significant change of situation; and reports the results of risk monitoring to the management and the Board regularly.

- (b) The main features of the risk management and internal control systems are summarised as follows:

Control procedures have been designed to safeguard assets against misappropriation and disposition; ensure compliance with relevant laws, rules and regulations; ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; ensure that unauthorised access and use of inside information are strictly prohibited; and to provide reasonable assurance against material misstatement, loss or fraud.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control system for the year ended 31 December 2025.

The Board has engaged an external professional service firm as its risk management and internal control review adviser (the "Adviser") to conduct the annual review of the risk management and internal control systems for the year ended 31 December 2025. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Board. The Adviser has reported findings and areas for improvement to the Audit Committee and management. The Audit Committee is of the view that there are no material internal control defeats noted. All recommendations from the Adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are effective and adequate.

CORPORATE GOVERNANCE REPORT

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited. The Group has implemented the Policy on Handling of Confidential and Price-sensitive Inside Information.

The policy also adopts additional precautions which should be taken by employees who are in possession of inside information, including identification of project by code name and communication of information for stated purpose and on a need-to-know basis only. Whilst all employees are absolutely prohibited at all times from dealing in the securities of the Company when they are in possession of unpublished inside information, certain members of senior management are subject to specific additional compliance requirements as are communicated to them individually from time to time (including but not limited to obtaining written pre-clearance from designated members of management prior to any dealing in any such securities is allowed).

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2025.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company, Ernst & Young, about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 67 to 71 of this Annual Report.

AUDITOR'S REMUNERATION

A breakdown of the remuneration paid/payable to the external auditor of the Company, Ernst & Young, in respect of the audit services and the non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fees Paid/ Payable HK\$'000
Audit Services	7,208
Non-audit Services (including tax compliance and other tax services)	860

The Board has assessed the independent of the auditors and has conducted tendering exercises regularly for the professional services provided.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels and a Shareholders' Communication Policy is in place to ensure that Shareholders' views and concerns are appropriately addressed. The Shareholders' Communication Policy is regularly reviewed to ensure its effectiveness.

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting by Shareholders

Under Article 58 of the Articles of Association, any one or more Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may at all times have the right, by a written requisition to the Board or the company secretary of the Company, to require the convening of an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

The Board is not aware of any provisions allowing the Shareholders to put forward proposals at general meetings of the Company under the Articles of Association and the Companies Act. Shareholders who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

Detailed procedures for Shareholders to propose a person for election as a director of the Company are published on the Company's website.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: Room 01-07, 09-16, 17/F
CEO Tower, 77 Wing Hong Street
Cheung Sha Wan
Kowloon, Hong Kong
(For the attention of the Board of Directors/Company Secretary)

Fax: +852 3766 0700

Email: info@moderndentalgp.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. The information of the shareholder(s) may be disclosed as required by law.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At annual general meetings, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The Company has in place a Shareholders Communication Policy. The Shareholders Communication Policy is summarized as follows:

The Company strives to ensure that all Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile). The Shareholders Communication Policy aims to set out the framework that it has put in place to promote effective communication with Shareholders so as to enable them to engage actively with the Company and exercise their rights as Shareholders in an informed manner.

Information shall be communicated to Shareholders mainly through the Company's and the Group's financial reports, (where applicable, quarterly, interim and annual reports); annual general meetings that may be convened; as well as by making available all the related disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website.

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong Branch Share Registrar and Transfer Office, i.e., Tricor Investor Services Limited.

Shareholders may make a request for the Company's information to the extent such information is publicly available. Shareholders may also direct enquiries to the Board. For sending enquiries or requests, please refer to the paragraph headed "Contact Details".

Corporate communication will be provided to the Shareholders in plain language and in both English and Chinese versions to facilitate the Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Information released by the Company to the Stock Exchange is posted on the Company's website (<https://www.moderndentalgp.com>) immediately thereafter. Such information includes interim and annual financial statements, interim and annual results announcements, circulars and notices of general meetings and associate explanatory documents etc.

The annual general meetings and other general meetings of the Company are the primary forum for communication with Shareholders and for Shareholders' participation. Shareholders' meetings are held at a convenient location where the chairman of the Board or his delegates, Directors, appropriate management executives, and if required, the chairmen of the Board committees, and representatives from external auditor would be present and are available to answer the Shareholders' questions.

The Board shall review the implementation and effectiveness of the Shareholders Communication Policy annually.

The Board has reviewed the Shareholders Communication Policy and its effectiveness for the year ended 31 December 2025. The Company has provided appropriate communication channels to the shareholders in accordance with the Shareholders Communication Policy and therefore the existing Shareholders Communication Policy is appropriate to the Company.

CORPORATE GOVERNANCE REPORT

During the year under review, the Company has not made any changes to its articles of association. An up to date version of the Company's articles of association is available on the websites of the Company and the Stock Exchange.

Pursuant to Code provision F.1.1 of the CG Code, the Company has adopted a dividend policy as set forth below:

- Following completion of the Global Offering, we may distribute dividends by way of cash or by other means that our Directors consider appropriate. A decision to distribute any interim dividend or recommend any final dividend would require the approval of our Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. Our Board will review our Company's dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid:
 - our financial results;
 - Shareholders' interests;
 - general business conditions, strategies and future expansion needs;
 - the Group's capital requirements;
 - the payment by its subsidiaries of cash dividends to the Company;
 - possible effects on liquidity and financial position of the Group;
 - other factors the Board may deem relevant.
- Our Directors may declare dividends after taking into account, among other things, our results of operations, financial condition and position, the amount of distributable profits, our Memorandum and Articles of Association, the Companies Act, applicable laws and regulations and other factors that our Directors deem relevant. Prospective investors should note that historical dividend distributions are not indicative of our future dividend distribution policy.

COMPANY SECRETARY

Mr. Kwan Ngai Kit is the chief financial officer and the company secretary of the Company. He has complied with requirement set out in Rule 3.29 of the Listing Rules by receiving relevant professional training for not less than 15 hours during the year ended 31 December 2025.

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
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To the shareholders of Modern Dental Group Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Modern Dental Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 72 to 163, which comprise the consolidated statement of financial position as at 31 December 2025 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<i>Goodwill and intangible assets impairment review</i>	
<p>As at 31 December 2025, the Group recorded goodwill and intangible assets of approximately HK\$1,286.7 million and approximately HK\$362.9 million, respectively, as a result of acquisitions. Under IFRSs, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Company performs its annual impairment test on each cash-generating unit to assess whether the goodwill might be impaired as at 31 December. In addition, each year, the Company assesses whether a change in useful life is applicable and/or whether there are any indications of impairment for intangible assets. The test and assessment are largely based on management's expectations and estimates of future results of the (group of) cash-generating units which include the entities acquired in the past. The impairment test is based on the recoverable value of the relevant cash-generating units. The key assumptions and results of the test performed are disclosed in note 15 to the consolidated financial statements.</p> <p>The accounting policies, significant accounting judgements and estimates and disclosures for goodwill and intangible assets are included in notes 3, 4, 15 and 16 to the consolidated financial statements.</p>	<p>We examined the Group's forecasted cash flows which underpin management's impairment review. We tested the basis of preparing those forecasts taking into account the historical data supporting underlying assumptions. Future cash flow assumptions were examined through comparison of current business performance, seeking corroborative evidences and enquiry with management in respect of key growth and business assumptions. The key assumptions such as the discount rate and terminal growth rate were tested with appropriate inputs from our internal valuation experts. We also tested the mathematical integrity of management's model. We considered the adequacy of the Group's disclosure about the key assumptions involved in arriving at the recoverable amount.</p>

INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of trade receivables</i>	
<p>As at 31 December 2025, the Group had trade receivables of approximately HK\$755.3 million before allowance for doubtful debts of approximately HK\$56.7 million.</p> <p>Management used a provision matrix to calculate expected credit losses for trade receivables. The matrix is initially based on the Group's historical default rates, and specific factors that management considered in the estimation of the rates including the type of customers, ageing of the balances and recent historical payment patterns. Management then calibrated the matrix to adjust the historical credit loss experience with forward-looking information, such as forecasted economic conditions. We focused on this area because it requires a high level of management's judgement and due to the materiality of the amounts involved.</p> <p>The significant accounting judgements and estimates and disclosures for trade receivables are included in notes 4 and 21 to the consolidated financial statements.</p>	<p>We tested the controls over the Group's collection procedures and obtained an understanding on the Group's estimation of expected credit losses.</p> <p>We evaluated the appropriateness of the allowance of doubtful debts recognised taking into account the historical cash collection trend, subsequent settlements, ageing analysis of the trade receivables and evaluated whether the historical loss rates are appropriately adjusted based on current local economic environment and forward-looking information, and considered the adequacy of the Group's disclosure about the degree of estimation involved in arriving at the allowance amount.</p>

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ip Hing Lam (practising certificate number: P06562).

Ernst & Young

Certified Public Accountants

Hong Kong

26 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	6	3,736,519	3,364,018
Cost of sales		(1,651,567)	(1,565,147)
Gross profit		2,084,952	1,798,871
Other income and gains	6	53,721	29,985
Selling and distribution expenses		(482,457)	(456,191)
Administrative expenses		(852,815)	(762,143)
Other operating expenses		(9,530)	(30,573)
Finance costs	8	(34,402)	(51,651)
Share of profits/(losses) of associates		33	(1,157)
PROFIT BEFORE TAX	7	759,502	527,141
Income tax expense	11	(158,253)	(120,198)
PROFIT FOR THE YEAR		601,249	406,943
ATTRIBUTABLE TO:			
Owners of the Company		596,972	408,002
Non-controlling interests		4,277	(1,059)
		601,249	406,943
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	13	HK63.7 cents	HK43.2 cents
Diluted	13	HK63.7 cents	HK43.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
PROFIT FOR THE YEAR		601,249	406,943
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		218,284	(127,106)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax		(2,645)	(11,651)
Actuarial loss on defined benefit obligations	30	(676)	—
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		(3,321)	(11,651)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		214,963	(138,757)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		816,212	268,186
ATTRIBUTABLE TO:			
Owners of the Company		807,105	269,302
Non-controlling interests		9,107	(1,116)
		816,212	268,186

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	804,938	755,331
Right-of-use assets	17(a)	188,595	199,984
Goodwill	15	1,286,731	1,098,868
Intangible assets	16	362,850	200,431
Investments in associates	18	2,859	2,755
Equity investments designated at fair value through other comprehensive income	19	4,890	7,535
Deferred tax assets	27	42,313	40,459
Long term prepayments and deposits	22	34,219	20,911
Total non-current assets		2,727,395	2,326,274
CURRENT ASSETS			
Inventories	20	204,488	169,153
Trade receivables	21	698,592	613,579
Prepayments, deposits and other receivables	22	92,624	68,915
Due from an associate	18	7	—
Current tax assets		49,931	79,915
Pledged deposits	23	206	194
Cash and cash equivalents	23	767,035	816,825
Total current assets		1,812,883	1,748,581
CURRENT LIABILITIES			
Trade payables	24	85,330	65,517
Other payables and accruals	25	280,492	275,574
Due to an associate	18	284	154
Lease liabilities	17(b)	47,362	50,915
Interest-bearing bank borrowings	26	70,882	115,910
Tax payable		75,600	70,189
Total current liabilities		559,950	578,259
NET CURRENT ASSETS		1,252,933	1,170,322
TOTAL ASSETS LESS CURRENT LIABILITIES		3,980,328	3,496,596

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		3,980,328	3,496,596
NON-CURRENT LIABILITIES			
Lease liabilities	17(b)	128,501	136,151
Interest-bearing bank borrowings	26	407,363	621,241
Deferred tax liabilities	27	50,087	13,544
Other non-current liabilities	25	98,815	86
Total non-current liabilities		684,766	771,022
Net assets		3,295,562	2,725,574
EQUITY			
Equity attributable to owners of the Company			
Share capital	28	72,451	73,166
Treasury shares	28	(39)	(7,879)
Reserves	32	3,216,379	2,650,581
Non-controlling interests		3,288,791	2,715,868
		6,771	9,706
Total equity		3,295,562	2,725,574

CHAN Ronald Yik Long
Director

CHAN Yik Yu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Capital reserve	Exchange fluctuation reserve	Assets revaluation reserve	Share based payment reserve	Retained profits	Total			
	HK\$'000 (note 28)	HK\$'000 (note 28)	HK\$'000 (note 28)	HK\$'000 (note 32 (i))	HK\$'000 (note 32 (ii))	HK\$'000	HK\$'000	HK\$'000 (note 32(iii))	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2025	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 year	—	—	—	—	—	—	—	—	596,972	596,972	4,277	601,249	
Other comprehensive income/(loss) for the year:													
Exchange differences on translation of foreign operations	—	—	—	—	—	213,278	—	—	—	213,278	5,006	218,284	
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	(2,645)	—	—	(2,645)	—	(2,645)	
Actuarial loss on retirement benefit obligation (note 30)	—	—	—	—	(500)	—	—	—	—	(500)	(176)	(676)	
Total comprehensive income/(loss) for the year	—	—	—	—	(500)	213,278	(2,645)	—	596,972	807,105	9,107	816,212	
Transfer from retained profits	—	—	—	3,713	—	—	—	—	(3,713)	—	—	—	
2024 final dividend	—	(86,321)	—	—	—	—	—	—	—	(86,321)	—	(86,321)	
2025 interim dividend	—	—	—	—	—	—	—	—	(99,980)	(99,980)	—	(99,980)	
Shares repurchased (note 28(b))	—	—	(30,537)	—	—	—	—	—	—	(30,537)	—	(30,537)	
Shares cancelled (note 28(b))	(715)	(37,662)	38,377	—	715	—	—	—	(715)	—	—	—	
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	54,505	54,505	
Recognition of put option liabilities arising from business combinations	—	—	—	—	(69,403)	—	—	—	—	(69,403)	(54,505)	(123,908)	
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	(3,017)	(3,017)	
Changes in value of put option liabilities arising from business combinations	—	—	—	—	50,834	—	—	—	—	50,834	(9,025)	41,809	
Granting of share option (note 29)	—	—	—	—	—	—	—	1,225	—	1,225	—	1,225	
At 31 December 2025	72,451	155,888 ^a	(39)	42,370 ^a	539,089 ^a	(185,749) ^a	(34,570) ^a	1,225 ^a	2,698,126 ^a	3,288,791	6,771	3,295,562	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000 (note 28)	Share premium HK\$'000 (note 28)	Treasury shares HK\$'000 (note 28)	Statutory reserve HK\$'000 (note 30 (i))	Capital reserve HK\$'000 (note 30 (ii))	Exchange fluctuation reserve HK\$'000	Assets revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000			
	At 1 January 2024	73,501	382,294	(419)	28,301	557,108	(271,978)	(20,274)	1,883,746	2,632,279		
Profit for the year	—	—	—	—	—	—	—	408,002	408,002	(1,059)	406,943	
Other comprehensive loss for the year:												
Exchange differences on translation of foreign operations	—	—	—	—	—	(127,049)	—	—	(127,049)	(57)	(127,106)	
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	(11,651)	—	(11,651)	—	(11,651)	
Total comprehensive income/(loss) for the year	—	—	—	—	—	(127,049)	(11,651)	408,002	269,302	(1,116)	268,186	
Transfer from retained profits	—	—	—	10,356	—	—	—	(10,356)	—	—	—	
2023 final dividend	—	(85,164)	—	—	—	—	—	—	(85,164)	—	(85,164)	
2024 interim dividend	—	—	—	—	—	—	—	(75,495)	(75,495)	—	(75,495)	
Shares repurchased (note 28(a))	—	—	(25,054)	—	—	—	—	—	(25,054)	—	(25,054)	
Shares cancelled (note 28(a))	(335)	(17,259)	17,594	—	335	—	—	(335)	—	—	—	
At 31 December 2024	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	

[#] These reserve accounts comprise the consolidated reserves of HK\$3,216,379,000 (2024: HK\$2,650,581,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		759,502	527,141
Adjustments for:			
Finance costs	8	34,402	51,651
Bank interest income	6	(4,915)	(9,168)
Losses/(gains) on disposal of items of property, plant and equipment, net	7	699	(128)
Gains on early termination of leases, net	7	(573)	(162)
Write-off of property, plant and equipment	7	1,320	2,758
Depreciation and amortisation	7	149,136	139,172
Share of (profits)/losses of associates		(33)	1,157
Equity-settled share option expenses	29	1,225	—
		940,763	712,421
Increase in inventories		(7,968)	(5,168)
Increase in trade receivables		(7,348)	(31,456)
(Increase)/decrease in prepayments, deposits and other receivables		(28,445)	27,373
(Increase)/decrease in amounts due from related parties	37(3)	(1,299)	8
Movement in balance with associates		123	231
Increase/(decrease) in trade payables		9,861	(13,628)
(Decrease)/increase in other payables and accruals		(20,168)	4,038
(Decrease)/increase in an amount due to a related party		(3,000)	3,000
Cash generated from operations		882,519	696,819
Interest received		4,915	9,168
Income tax paid		(124,332)	(184,797)
Net cash flows from operating activities		763,102	521,190

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and intangible assets	14, 16	(71,981)	(141,825)
Proceeds from disposal of items of property, plant and equipment		4,751	8,024
Acquisition of subsidiaries	33	(210,893)	—
Prepaid land lease payment		—	(11,679)
(Increase)/decrease in pledged deposits		(12)	7
Net cash flows used in investing activities		(278,135)	(145,473)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings	34(b)	274,554	600,000
Repayment of bank borrowings	34(b)	(548,068)	(539,375)
Dividend paid		(186,301)	(160,659)
Dividend paid to non-controlling shareholders		(3,017)	—
Interest paid		(25,090)	(42,107)
Repurchase of shares		(30,537)	(25,054)
Payment for the principal portion of lease liabilities	34(b)	(48,322)	(51,231)
Payment for the interest portion of lease liabilities	34(b)	(8,875)	(9,277)
Net cash flows used in financing activities		(575,656)	(227,703)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Effect of foreign exchange rate changes, net		40,899	(28,883)
Cash and cash equivalents at beginning of year		816,825	697,694
CASH AND CASH EQUIVALENTS AT END OF YEAR		767,035	816,825
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	759,204	571,302
Non-pledged time deposits with original maturity of less than three months when acquired	23	7,831	245,523
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows	23	767,035	816,825

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 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 principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the production and distribution of dental prosthetic devices.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Trieria Holdings Limited, which was incorporated in the British Virgin Islands with limited liability.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Modern Dental Holding Limited	British Virgin Islands 1 August 2012	US\$50,000	100%	—	Investment holding
Modern Dental Laboratory Company Limited	Hong Kong 18 March 1988	HK\$10,000	—	100%	Trading of dental prosthetic devices in Hong Kong; sourcing arm for the People Republic of China (“PRC”) manufactures
Peak Dental Solutions Hong Kong Limited	Hong Kong 2 September 2019	HK\$5,000,000	60%	—	Trading of implants products
Yangzhijin Dental Laboratory (Shenzhen) Co., Ltd.*	PRC/Mainland China 20 July 1998	US\$22,000,000	—	100%	Manufacture and trading of dental prosthetic devices
Modern Dental Laboratory (Shenzhen) Company Limited*	PRC/Mainland China 17 May 2012	RMB40,000,000	—	100%	Manufacture of dental prosthetic devices
Modern Dental Industrial Park Management (Dong Guan) Company Limited*	PRC/Mainland China 12 August 2015	RMB75,000,000	—	100%	Manufacture and trading of dental prosthetic devices

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Modern Dental Laboratory USA, LLC	United States 17 August 2009	US\$3,728,570	—	100%	Manufacture and trading of dental prosthetic devices in the United States markets and managing five service centers located at Seattle, Georgia, Boston, Chicago and Wilmington, the United States
Quantum Dental Laboratory Inc.	Canada 1 July 2013	CAD110	—	100%	Manufacture and trading of dental prosthetic devices
Permadental GmbH	Germany 2 March 2010	EUR25,000	—	100%	Trading of dental prosthetic devices
Elysee Dental Belgium BVBA	Belgium 9 June 2008	EUR18,550	—	100%	Manufacture of facilities and trading of dental prosthetic devices
Elysee Dental Solutions B.V.	The Netherlands 10 October 2001	EUR18,000	—	100%	Manufacture of facilities and trading of dental prosthetic devices
Elysee Dental ApS	Denmark 4 March 2004	DKK125,000	—	100%	Manufacture of facilities and trading of dental prosthetic devices
Labocast SAS	France 31 December 1986	EUR100,000	—	100%	Trading of dental prosthetic devices

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Labo Ocean Indien SA	Madagascar 17 May 1996	MGA10,000,000	—	100%	Manufacture and trading of dental prosthetic devices
Pavona Pty Limited	Australia 20 January 1984	AUD2	—	100%	Trading of dental prosthetic devices
Southern Cross Dental Laboratories (NZ) Limited	New Zealand 20 April 2012	NZD1,080,010	—	100%	Trading of dental prosthetic devices
MicroDental Laboratories, Inc.	United States 6 May 2016	US\$0.1	—	100%	Manufacture and trading of dental prosthetic devices
MicroDental Holdings, Inc.	United States 24 May 2016	US\$0.01	—	100%	Trading of dental prosthetic devices
Apex Digital Dental SDN BHD	Malaysia 10 January 2020	MYR61,100	—	70%	Manufacture and trading of dental prosthetic devices
Hexa Ceram Company Limited	Thailand 9 March 1995	THB105,000,000	—	74%	Manufacture and trading of dental prosthetic devices

* The subsidiaries are registered as wholly-foreign-owned enterprises under PRC law.

During the year, the Group acquired Hexa Ceram Company Limited and Digital Sleep Design PTY Limited. Further details of these acquisitions are include in notes 33 to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”), and Interpretations) as issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for equity investments which had been measured at fair value. The financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IAS 7 *Statement of Cash Flows*:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated statement of other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in an associate.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Put option arrangements on non-controlling interest

Put options on non-controlling interest of the Group are financial instruments granted by the Group which permit the holders to put back to the Group their shares in certain non wholly-owned subsidiaries of the Group for cash or other financial instruments when certain conditions are met. If the Group does not have the unconditional right to avoid delivering cash or other financial instruments under the put option, a financial liability is initially recognised in the consolidated financial statements at the present value of the estimated future cash outflows on exercise under the put option.

Subsequently, if the Group revises its estimates of payments, the Group will adjust the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. The Group will recalculate the carrying amount based on the present value of revised estimated future cash outflows at the financial instrument's original effective interest rate and the adjustment will be recognised in the consolidated statement of changes in equity.

In the event that the put option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

The put option liabilities are non-current liabilities unless the put option first becomes exercisable within 12 months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

A party is considered to be related to the Group if: (continued)

- (b) the party is an entity where any of the following conditions applies: (continued)
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	2% - 10%
Leasehold improvements	3% - 25%
Furniture and fixtures	10% - 33%
Plant and machinery	10% - 33%
Motor vehicles	10% - 30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Software is amortised on the straight-line basis over the estimated useful life of 3 to 10 years.

Customer relationship

Customer relationship is amortised on the sum-of-the-years' digits basis over its estimated useful life of 2 to 15 years.

Trademark

Trademark is an intangible with an indefinite useful life and is not amortised. It is tested for impairment annually. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the indefinite useful life assessment continues to be supportable.

Business licence

Purchased business licence is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	40 to 50 years
Buildings	2 to 17 years
Furniture and fixtures	2 to 6 years
Motor vehicles	2 to 6 years
Plant and machinery	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

- (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include interest-bearing bank borrowings, trade payables, other payables and accruals, lease liabilities, amounts due to an associate, and a non-controlling shareholder.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement of financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 29 to the financial statements.

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

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

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

Employee benefits

Pension schemes

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. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Defined contribution superannuation expense

The Group's subsidiaries which operate in Australia are required to settle the liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months after the reporting date. The liability for annual leave and long service leave not expected to be settled within 12 months after the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to be expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

The employees of the Group's subsidiaries which operate in Europe participate in dental technicians (CAOT and tandtechniek) defined contribution pension plans, all of which require contributions to be made to separately administered funds. All annual pension costs are charged to the profit or loss.

The Group's subsidiaries in the United States operate a defined contribution plan (the "401(k) plan") available to substantially all employees. Eligible employees may contribute a percent of their eligible compensation to the 401(k) plan, not to exceed the annual Internal Revenue Service ("IRS") dollar limitations. Participant contributions may be matched by the company at a percentage of the participant contributions' as determined by the company. All contributions are invested in accordance with the participant's directive.

Individual accounts are maintained for each participant of the 401(k) plan, separate from company assets. Each participant's account is credited with the participant's contributions, company contributions made on the participant's behalf and the 401(k) plan's earnings based on participant's share of their respective elected investment options. Participants are immediately vested in their voluntary contributions and related earnings. The 401(k) plan participants are subject to a graded vesting schedule for employer provided contributions, which fully vest after six year of credited service.

Defined benefit plans

The Group operates a defined benefit pension plan in the Thailand which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from the defined benefit pension plans, comprising

- actuarial gains and losses;
- the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability)

are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Defined benefit plans (continued)

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "cost of sales" and "administrative expenses" in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the Exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interest. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Recognition of a deferred tax liability for withholding taxes

The Group does not rely on dividends paid by overseas subsidiaries for financing requirements. The Group determines that no dividends to be distributed from overseas subsidiaries to the Company or to any subsidiary outside the jurisdiction of those overseas entities in the foreseeable future could give rise to the recognition of withholding taxes except for one subsidiary. Therefore, no deferred tax liability for withholding taxes was recognised for those subsidiaries.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 27 to the financial statements.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill and intangible assets

The Group determines whether goodwill and intangible assets are impaired at least on an annual basis or if events or changes in circumstances indicate a potential impairment. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill and intangible assets as at 31 December 2025 were HK\$1,286,731,000 (2024: HK\$1,098,868,000) and HK\$362,850,000 (2024: HK\$200,431,000), respectively. Further details are given in note 15 and 16 to the consolidated financial statements.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region and customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

Useful lives of intangible assets

The Group determines the estimated useful lives and related amortisation charges for its intangible assets. This estimate is based on the historical experience of the actual useful life of intangible assets of similar functions. It could change significantly as a result of technical innovations. Management reassesses the useful lives at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. 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, bridge 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 equipment (including intra-oral scanners), clear aligner, 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 resource 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.

	2025			2024		
	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	2,205,276	923,208	1,282,068	2,048,609	919,017	1,129,592
Removable prosthetic devices	916,025	420,339	495,686	799,010	360,685	438,325
Others	615,218	308,020	307,198	516,399	285,445	230,954
Total	3,736,519	1,651,567	2,084,952	3,364,018	1,565,147	1,798,871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

5. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2025 HK\$'000	2024 HK\$'000
Europe	1,886,755	1,618,436
North America	696,380	752,083
Greater China	615,359	662,210
Australia	289,132	264,752
Others	248,893	66,537
Total revenue	3,736,519	3,364,018

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

As no revenue derived from sales to any single customer of the Group has accounted for 10% or more of the Group's total revenue during the year, no information about major customers is presented.

(b) Non-current assets

	2025 HK\$'000	2024 HK\$'000
Europe	816,586	729,078
Greater China	573,767	586,674
North America	473,880	494,257
Australia	377,024	326,415
Others	443,825	149,391
Total non-current assets	2,685,082	2,285,815

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. 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:

	2025 HK\$'000	2024 HK\$'000
Revenue		
Sale of goods transferred at a point in time	3,736,519	3,364,018
Other income		
Bank interest income	4,915	9,168
Foreign exchange gains, net	23,544	—
Government subsidies*	7,365	7,584
Others	17,324	12,943
Total other income	53,148	29,695
Gains		
Gains on disposal of items of property, plant and equipment, net	—	128
Gains on early termination of leases, net	573	162
Total gains	573	290
Total other income and gains	53,721	29,985

* 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.

(a) The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	11,983	12,227

(b) Performance obligations

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

Sale of products

The performance obligation is satisfied upon delivery of the products, payment is generally due within 30 to 90 days from delivery for established customers and up to 180 days for major customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

6. REVENUE, OTHER INCOME AND GAINS (continued)

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

	Note	2025 HK\$'000	2024 HK\$'000
Amounts expected to be recognised as revenue:			
Within one year	25	21,760	11,983

7. PROFIT BEFORE TAX

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

	Notes	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold [#]		1,651,567	1,565,147
Depreciation of right-of-use assets	17(a)	50,470	51,815
Depreciation of property, plant and equipment	14	88,831	79,934
Amortisation of intangible assets	16	9,835	7,423
Lease payments not included in the measurement of lease liabilities	17(c)	17,341	15,202
Research and development costs ^{##}		38,952	43,564
Auditors' remuneration		13,908	11,427
Employee benefit expense (excluding directors' and chief executive's remuneration (note 9)):			
Wages and salaries		1,413,189	1,331,724
Pension scheme contributions		214,289	200,524
Equity-settled share option expenses		98	—
Total		1,627,576	1,532,248
Bank interest income*		(4,915)	(9,168)
Losses/(gains) on disposal of items of property, plant and equipment, net*		699	(128)
Gains on early termination of leases, net*		(573)	(162)
Write-off of property, plant and equipment*	14	1,320	2,758
Allowance for impairment of trade receivables, net	21	8,150	3,111
Foreign exchange (gains)/losses, net*		(23,544)	26,217

[#] Cost of inventories sold includes HK\$978,403,000 (2024: HK\$949,892,000) 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\$32,357,000 (2024: HK\$35,768,000) 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.

* Bank interest income, 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 consolidated statement of profit or loss. Losses on disposal of items of property, plant and equipment, net, write-off of property, plant and equipment and foreign exchange losses, net, are included in "other operating expenses" in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

8. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank loans, overdrafts and other loans	25,090	42,107
Less: amount capitalised on qualifying assets	—	(68)
Sub-total	25,090	42,039
Interest on lease liabilities (note 17(b))	8,875	9,277
Finance charges on bank loans	437	335
Total	34,402	51,651

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation, is as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	1,561	1,436
Other emoluments:		
Salaries, allowances and benefits in kind	27,508	27,653
Pension scheme contributions	54	54
Equity-settled share option expenses	1,127	—
Sub-total	28,689	27,707
Total	30,250	29,143

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 29 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

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

	2025 HK\$'000	2024 HK\$'000
Mr. Cheung Wai Man, William	376	359
Mr. Cheung Wai Bun, Charles J.P.	395	359
Mr. Chan Yue Kwong, Michael	395	359
Mr. Yau Ka Po	395	359
Total	1,561	1,436

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

(b) Executive directors and the chief executive

	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Equity-settled share option expenses HK\$'000	Total HK\$'000
2025				
Executive directors:				
Mr. Chan Ronald Yik Long	9,370	18	490	9,878
Ms. Chan Yik Yu	5,410	18	490	5,918
Mr. Chan Kwun Pan	4,410	—	49	4,459
Mr. Chan Chi Yuen	5,400	18	49	5,467
Sub-total	24,590	54	1,078	25,722
Non-executive director:				
Mr. Chan Kwun Fung	2,918	—	49	2,967
Total	27,508	54	1,127	28,689

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and the chief executive (continued)

	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
2024			
Executive directors:			
Mr. Chan Ronald Yik Long	6,390	18	6,408
Mr. Ngai Shing Kin	6,321	—	6,321
Ms. Chan Yik Yu	3,738	18	3,756
Mr. Chan Kwun Fung	3,738	—	3,738
Mr. Chan Kwun Pan	3,738	—	3,738
Mr. Chan Chi Yuen	3,728	18	3,746
Total	27,653	54	27,707

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

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2024: three) directors (including the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits in kind	5,788	5,519
Performance related bonuses	7,769	11,229
Pension scheme contributions	2,410	4,581
Total	15,967	21,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

10. FIVE HIGHEST PAID EMPLOYEES (continued)

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2025	2024
HK\$6,000,001 to HK\$6,500,000	1	—
HK\$8,000,001 to HK\$8,500,000	—	1
HK\$9,500,001 to HK\$10,000,000	1	—
HK\$13,000,001 to HK\$13,500,000	—	1
Total	2	2

11. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempt from the payment of the Cayman Islands income tax.

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any tax in the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

Pursuant to the PRC Income Tax Law and the respective regulations, companies of the Group which operate in Mainland China were subject to Corporate Income Tax ("CIT") at the rate of 25% on the taxable income for the years ended 31 December 2025 and 2024.

Certain companies of the Group which operates in Mainland China was subject to CIT at the rate of 15% as a qualified high and new technology enterprise and entitled to deduct qualifying research and development expense from taxable profit during the year ended 31 December 2025 (2024:15%).

Pursuant to the rules and regulations of the United States, companies of the Group, except limited liability companies ("LLC"), which operate in the United States are subject to a flat rate of 21% (2024: flat rate of 21%) at the federal level, and are also subject to the statutory application state CIT. LLC are generally treated as flow-through entities, where income "flows through" to investors or owners, which are not subject to CIT.

Companies of the Group which operate in Europe are subject to income tax on their respective assessable profits at the prevailing rates in the jurisdictions in which they operate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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11. INCOME TAX EXPENSE (continued)

Pursuant to the rules and regulations of Australia, companies of the Group which operate in Australia are subject to income tax at the rate of 30% (2024: 30%) on their respective taxable income.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 HK\$'000	2024 HK\$'000
Current	156,835	113,636
Underprovision in prior years	2,764	2,508
Deferred (note 27)	(1,346)	4,054
Total tax charge for the year	158,253	120,198

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2025		2024	
	HK\$'000	%	HK\$'000	%
Profit before tax	759,502		527,141	
Tax at the statutory tax rates	140,057	18.5	100,407	19.0
Lower tax rate enacted by local authority	(165)	—	(165)	—
Effect of tax incentive (note a)	(3,529)	(0.5)	(3,386)	(0.6)
Adjustment in respect of current tax of previous periods	2,764	0.4	2,508	0.5
Income not subject to tax	(11,873)	(1.6)	(1,528)	(0.3)
Expenses not deductible for tax	14,001	1.8	9,059	1.7
Tax losses not recognised	16,667	2.2	14,152	2.7
Tax effect of utilisation of tax losses not previously recognised	(1,433)	(0.2)	(969)	(0.2)
Others	1,764	0.2	120	—
Tax charge at the Group's effective rate	158,253	20.8	120,198	22.8

Note:

- (a) The effect of tax incentives represented income tax benefits on research and development expenditure. High-technology enterprises were also entitled to deduct qualifying research and development expenses for taxable profits.

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12. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Interim – HK10.7 cents (2024: HK8.0 cents) per ordinary share	100,029	75,752
Proposed final – HK15.0 cents (2024: HK9.2 cents) per ordinary share	140,228	86,855

In 2025, the calculations of the interim dividend are based on 934,850,000 ordinary shares in issue. The calculation of proposed final dividend is based on 934,850,000 ordinary shares in issue.

In 2024, the calculations of the interim dividend are based on 946,898,000 ordinary shares in issue. The calculation of proposed final dividend is based on 944,077,000 ordinary shares in issue.

On 26 March 2026, the Board recommended a final dividend of HK15.0 cents per ordinary share for the year ended 31 December 2025. The proposed final dividend for the year ended 31 December 2025 is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting.

13. 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 year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 936,843,344 (2024: 945,134,378) outstanding during the year, as adjusted to reflect the number of shares of 498,045 (2024: 2,398,045) held as treasury shares.

The calculation of the diluted earnings per share amounts for the years ended 31 December 2025 is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares outstanding during the year, as used in the calculation, is the total of (i) the number of ordinary shares used in the basic earnings per share calculation, and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The Group had no potential dilutive ordinary shares outstanding during the year ended 31 December 2024.

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

	2025 HK\$'000	2024 HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	596,972	408,002

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	936,843,344	945,134,378
Effective of diluted - weighted average number of ordinary shares:		
Share options	82,286	—
Total	936,925,630	945,134,378

14. PROPERTY, PLANT AND EQUIPMENT

	Land HK\$'000	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2025								
At 1 January 2025								
Cost	—	544,550	205,755	143,021	357,191	21,531	738	1,272,786
Accumulated depreciation	—	(78,581)	(123,115)	(99,663)	(205,235)	(10,861)	—	(517,455)
Net carrying amount	—	465,969	82,640	43,358	151,956	10,670	738	755,331
At 1 January 2025, net of accumulated depreciation	—	465,969	82,640	43,358	151,956	10,670	738	755,331
Additions	—	239	10,858	19,667	27,281	1,481	8,527	68,053
Transfer from CIP	—	1,834	1,736	1,102	2,896	—	(7,568)	—
Acquisition of subsidiaries (note 33)	6,474	14,404	4,103	6,118	17,849	711	358	50,017
Disposals	—	—	(448)	(574)	(3,384)	(1,044)	—	(5,450)
Write-off	—	—	(327)	(309)	(677)	(7)	—	(1,320)
Depreciation provided during the year	—	(14,889)	(14,962)	(21,654)	(33,446)	(3,880)	—	(88,831)
Exchange realignment	—	13,908	3,575	3,046	5,889	328	392	27,138
At 31 December 2025, net of accumulated depreciation	6,474	481,465	87,175	50,754	168,364	8,259	2,447	804,938
At 31 December 2025								
Cost	6,474	584,320	227,103	160,541	413,219	22,234	2,447	1,416,338
Accumulated depreciation	—	(102,855)	(139,928)	(109,787)	(244,855)	(13,975)	—	(611,400)
Net carrying amount	6,474	481,465	87,175	50,754	168,364	8,259	2,447	804,938

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31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2024							
At 1 January 2024							
Cost	498,198	192,655	134,357	336,509	20,190	31,186	1,213,095
Accumulated depreciation	(66,201)	(110,393)	(91,226)	(206,170)	(11,681)	—	(485,671)
Net carrying amount	431,997	82,262	43,131	130,339	8,509	31,186	727,424
At 1 January 2024, net of accumulated depreciation	431,997	82,262	43,131	130,339	8,509	31,186	727,424
Additions	612	17,426	22,837	59,207	6,766	32,997	139,845
Transfer from CIP	60,391	1,595	123	461	—	(62,570)	—
Disposals	—	(151)	(1,423)	(5,722)	(600)	—	(7,896)
Write-off	(1,327)	(615)	(571)	(218)	(27)	—	(2,758)
Depreciation provided during the year	(13,819)	(15,477)	(19,408)	(27,899)	(3,331)	—	(79,934)
Exchange realignment	(11,885)	(2,400)	(1,331)	(4,212)	(647)	(875)	(21,350)
At 31 December 2024, net of accumulated depreciation	465,969	82,640	43,358	151,956	10,670	738	755,331
At 31 December 2024							
Cost	544,550	205,755	143,021	357,191	21,531	738	1,272,786
Accumulated depreciation	(78,581)	(123,115)	(99,663)	(205,235)	(10,861)	—	(517,455)
Net carrying amount	465,969	82,640	43,358	151,956	10,670	738	755,331

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15. GOODWILL

	HK\$'000
At 1 January 2024:	
Cost	1,319,211
Accumulated impairment	(159,571)
Net carrying amount	1,159,640
Cost at 1 January 2024, net of accumulated impairment	1,159,640
Exchange realignment	(60,772)
At 31 December 2024	1,098,868
At 31 December 2024:	
Cost	1,258,097
Accumulated impairment	(159,229)
Net carrying amount	1,098,868
Cost at 1 January 2025, net of accumulated impairment	1,098,868
Acquisition of subsidiaries (note 33)	87,276
Exchange realignment	100,587
At 31 December 2025	1,286,731
At 31 December 2025:	
Cost	1,446,228
Accumulated impairment	(159,497)
Net carrying amount	1,286,731

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31 December 2025

15. GOODWILL (continued)

Impairment testing of goodwill and intangible assets

In accordance with IAS 36, the recoverable amounts of the Group's Cash-generating units ("CGUs") including those which contain goodwill and trademark were determined using the higher of fair value less cost to sell or value in use, which is determined by discounting the estimated future cash flows generated from the continuing use of the unit. Management performed impairment testing of goodwill and trademark annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill is allocated to the following CGUs for the purpose of impairment testing.

	2025 HK\$'000	2024 HK\$'000
Labocast SAS and Labo Ocean Indien SA	62,286	55,031
Quantum Dental Laboratory Inc.	10,450	9,924
Permadental Holding B.V.*	275,053	243,013
Elysee Dental Holding B.V.	216,340	191,139
Modern Dental Pacific Holdings Pty Limited	215,109	192,077
Ireland Group	103,438	91,389
Dentrade Group	18,286	18,000
MicroDental and Modern US	266,933	266,933
CDI Dental AB & CDI Supply AB	30,430	26,885
Hexa Ceram Company Limited	83,714	—
Others**	4,692	4,477
Total	1,286,731	1,098,868

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15. GOODWILL (continued)

Impairment testing of goodwill and intangible assets (continued)

The recoverable amount of a CGU or a group of CGUs is determined based on value-in-use calculations. These calculations used discounted cash flow projections based on financial estimates reviewed by management covering a five to sixteen-year period. Cash flows beyond the five to sixteen-year period are extrapolated using estimated terminal growth rates appropriate for the market in which the unit operates. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data). The discount rates applied to cash flow projections and the terminal growth rates used to extrapolate the cash flows of each CGU beyond the five to sixteen-year period are as follows:

		2025	2024
Labocast SAS and Labo Ocean Indien SA	discount rates	16%-20%	17%-21%
	terminal growth rates	2%-6%	2%-7%
Quantum Dental Laboratory Inc.	discount rates	16%	17%
	terminal growth rates	2%	2%
Permidental Holding B.V.*	discount rates	15%	16%
	terminal growth rates	2%	2%
Elysee Dental Holding B.V.	discount rates	14%	15%
	terminal growth rates	2%	2%
Modern Dental Pacific Holdings Pty Limited	discount rates	17%	18%
	terminal growth rates	3%	3%
Ireland Group	discount rates	17%	18%
	terminal growth rates	2%	2%
Dentrade Group	discount rates	15%	15%
	terminal growth rates	2%	2%
MicroDental and Modern US	discount rates	17%	19%
	terminal growth rates	2%	2%
CDI Dental AB & CDI Supply AB	discount rates	16%	16%
	terminal growth rates	2%	2%
Hexa Ceram Company Limited	discount rates	16%	—
	terminal growth rates	2%	—
Others**	discount rates	16%-19%	16%-19%
	terminal growth rates	2%	2%

* Goodwill and intangible assets of Permidental Koln GmbH and ZM Zahnmanufaktur Koln GmbH have been aggregated and allocated to the CGU Permidental Holding B.V., following the restructuring of their businesses and the synergies in the selling and distribution networks.

** The others represented certain CGUs which individually form an insignificant portion of the goodwill amount of the Group.

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15. GOODWILL (continued)

Impairment testing of goodwill and intangible assets (continued)

Assumptions were used in the value in use calculation of each CGU for the years ended 31 December 2025 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Terminal growth rates – The long-term average growth rates of prosthetic device industry.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rates – The discount rates used are pre-tax rates based on the weighted average cost of capital determined using the capital asset pricing model, which reflect specific current market assessments of the time value of money and the risks relating to the relevant units. Changes in discount rate in current year reflected the assessment of changes in the risk environment of specific country and relevant industry by the professional parties and comparable rates applied by other global dental companies.

Judgement is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Actual results will be influenced by the prevailing economic conditions and potentially other unforeseen events or circumstances that could have a negative impact on future results. The latest impairment models indicated that sufficient headroom (meaning the excess of the recoverable amount over carrying value) existed. Management considers that any reasonably possible changes in the assumptions used in the models would not affect management's view on impairment as of 31 December 2025 and 31 December 2024. The excess of the estimated recoverable amount over carrying amount of each CGU as of 31 December 2025 and 31 December 2024 ranged generally from 12% to more than 100%.

The following table shows the sensitivity of the value in use by region as at 31 December 2025 and 31 December 2024 with changes in the key assumptions of the CGUs disclosed above:

		2025		2024	
		+50 bps HK\$'000	-50 bps HK\$'000	+50 bps HK\$'000	-50 bps HK\$'000
Europe	discount rates	(143,035)	154,535	(115,537)	124,481
	terminal growth rates	94,902	(86,719)	57,547	(53,457)
North America	discount rates	(18,843)	20,222	(18,477)	19,661
	terminal growth rates	11,949	(11,149)	8,908	(8,377)
Australia	discount rates	(18,514)	19,805	(14,186)	15,161
	terminal growth rates	12,293	(11,496)	1,569	(1,469)
Thailand	discount rates	(12,740)	13,926	—	—
	terminal growth rates	7,896	(7,153)	—	—

Based on management's analysis, negative movements of the above key assumptions are unlikely to happen given prudent assumptions has been used in the goodwill impairment analysis.

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16. INTANGIBLE ASSETS

31 December 2025	Customer relationship HK\$'000	Software HK\$'000	Trademark* HK\$'000	Business licence HK\$'000	Non compete agreement HK\$'000	Patent HK\$'000	Total HK\$'000
Cost at 1 January 2025, net of accumulated amortisation	5,695	6,925	187,811	—	—	—	200,431
Additions	—	3,928	—	—	—	—	3,928
Acquisition of subsidiaries (note 33)	45,737	7,610	87,152	—	1,667	3,613	145,779
Amortisation provided during the year	(4,018)	(4,768)	—	—	(877)	(172)	(9,835)
Exchange realignment	3,727	1,635	16,839	—	105	241	22,547
Net carrying amount	51,141	15,330	291,802	—	895	3,682	362,850
At 31 December 2025:							
Cost	365,785	44,883	291,802	1,340	1,809	3,860	709,479
Accumulated amortisation	(314,644)	(29,553)	—	(1,340)	(914)	(178)	(346,629)
Net carrying amount	51,141	15,330	291,802	—	895	3,682	362,850

31 December 2024	Customer relationship HK\$'000	Software HK\$'000	Trademark* HK\$'000	Business licence HK\$'000	Total HK\$'000
Cost at 1 January 2024, net of accumulated amortisation	6,555	11,987	196,040	—	214,582
Additions	—	2,048	—	—	2,048
Amortisation provided during the year	(874)	(6,549)	—	—	(7,423)
Exchange realignment	14	(561)	(8,229)	—	(8,776)
Net carrying amount	5,695	6,925	187,811	—	200,431
At 31 December 2024:					
Cost	286,419	26,452	187,811	1,307	501,989
Accumulated amortisation	(280,724)	(19,527)	—	(1,307)	(301,558)
Net carrying amount	5,695	6,925	187,811	—	200,431

* Details of the impairment testing is disclosed in note 15 to the consolidated financial statements.

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17. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings, furniture and fixtures, motor vehicles, plant and machinery, and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 17 years, leases of furniture and fixtures generally have lease terms between 2 and 6 years, motor vehicles generally have lease terms between 2 and 6 years and plant and machinery generally have lease terms between 2 to 3 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use-assets and the movements during the year are as follows:

	Leasehold land HK\$'000	Buildings HK\$'000	Furniture and fixtures HK\$'000	Motor Vehicles HK\$'000	Plant and machinery HK\$'000	Total HK\$'000
As at 1 January 2024	18,201	150,739	588	8,004	297	177,829
Additions	11,679	67,635	847	6,020	—	86,181
Depreciation for the year	(1,002)	(45,799)	(287)	(4,687)	(40)	(51,815)
Revision of lease term arising from a change in the non-cancellable period of a lease	—	(3,730)	(94)	(483)	—	(4,307)
Exchange realignment	(773)	(6,777)	(68)	(292)	6	(7,904)
As at 31 December 2024 and 1 January 2025	28,105	162,068	986	8,562	263	199,984
Additions	—	21,923	—	4,446	841	27,210
Acquisition of a subsidiary (note 33)	—	4,418	—	450	223	5,091
Depreciation for the year	(696)	(44,470)	(267)	(4,614)	(423)	(50,470)
Revision of lease term arising from a change in the non-cancellable period of a lease	—	(3,191)	—	(378)	—	(3,569)
Exchange realignment	434	9,073	91	689	62	10,349
As at 31 December 2025	27,843	149,821	810	9,155	966	188,595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

17. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

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

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January	187,066	176,009
New leases	25,561	74,502
Accretion of interest recognised during the year (note 8)	8,875	9,277
Acquisition of a subsidiary (note 33)	5,074	—
Revision of lease term arising from a change in the non-cancellable period of a lease	(4,142)	(4,469)
Payments	(57,197)	(60,508)
Exchange realignment	10,626	(7,745)
Carrying amount at 31 December	175,863	187,066
Analysed into:		
Current portion	47,362	50,915
Non-current portion	128,501	136,151
	175,863	187,066

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

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

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	8,875	9,277
Depreciation charge of right-of-use assets	50,470	51,815
Gains on early termination of leases, net	(573)	(162)
Expenses relating to low-value assets and short-term leases and other leases with remaining lease terms ended on or before 31 December	17,341	15,202
Total amount recognised in profit or loss	76,113	76,132

(d) The total cash outflow for leases and future cash outflows relating to leases are disclosed in notes 34(c) and 40, respectively, to the consolidated financial statements.

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18. INVESTMENTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	2,859	2,755

The balances with associates is unsecured, non-interest-bearing and repayable on demand.

Particulars of the principal associate is as follows:

Company name	Particulars of issued shares held	Place of incorporation/ registration/ and business	Percentage of			Principal activity
			Ownership interest	Voting power	Profit sharing	
ZiYang HuaXi Dental Equipment Limited (" HuaXi ")	Ordinary shares	PRC/ Mainland China	51%*	66%*	51%	Manufacturing of dental equipment

* HuaXi is owned by a wholly-owned subsidiary of the Company. The Group signed an agreement with the parties in which the Group need to act unanimous with the other parties. Accordingly, the Company could not exercise control over HuaXi and the investment in HuaXi was classified as investment in an associate.

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

	2025 HK\$'000	2024 HK\$'000
Share of the associates' profits/(losses) for the year	33	(1,157)
Aggregate carrying amount of the Group's investments in the associates	2,859	2,755

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

	2025 HK\$'000	2024 HK\$'000
Listed equity investments in Hong Kong, at fair value		
Arrail Group Limited	4,890	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.

The market value of the Group's listed equity investments at the date of approval of financial statements was approximately HK\$4,890,000.

20. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw material	163,518	132,050
Work in progress	16,185	17,274
Finished goods	24,785	19,829
Total	204,488	169,153

21. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	755,338	658,622
Impairment	(56,746)	(45,043)
Net carrying amount	698,592	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 collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21. TRADE RECEIVABLES (continued)

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

	2025 HK\$'000	2024 HK\$'000
Within 1 month	349,846	266,117
1 to 2 months	92,976	100,536
2 to 3 months	54,669	53,100
3 months to 1 year	152,820	153,113
Over 1 year	48,281	40,713
Total	698,592	613,579

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

	2025 HK\$'000	2024 HK\$'000
At 1 January	45,043	45,487
Acquisition of a subsidiary (note 33)	1,562	—
Impairment losses, net (note 7)	8,150	3,111
Amount written off as uncollectible	(666)	(2,325)
Exchange realignment	2,657	(1,230)
At 31 December	56,746	45,043

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21. TRADE RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Current	Less than 1 month	Past due			Total
			1 to 3 months	3 months to 1 year	Over 1 year	
Expected credit loss rate	0.35%	0.28%	2.83%	17.04%	55.72%	
Gross carrying amount (HK\$'000)	428,237	79,249	125,621	42,978	79,253	755,338
Expected credit losses (HK\$'000)	1,483	222	3,554	7,325	44,162	56,746

As at 31 December 2024

	Current	Less than 1 month	Past due			Total
			1 to 3 months	3 months to 1 year	Over 1 year	
Expected credit loss rate	0.44%	0.30%	2.93%	6.30%	78.8%	
Gross carrying amount (HK\$'000)	277,748	98,580	110,385	131,251	40,658	658,622
Expected credit losses (HK\$'000)	1,214	294	3,234	8,265	32,036	45,043

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Current		
Prepayments	52,256	34,990
Deposits and other receivables	38,804	33,660
Due from related parties (note 37(3))	1,564	265
Total current portion	92,624	68,915
Non-current		
Prepayments	7,237	3,188
Deposits	26,982	17,723
Total non-current portion	34,219	20,911

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate, and the expected credit loss is insignificant to the Group.

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23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	759,204	571,302
Time deposits	8,037	245,717
Sub-total	767,241	817,019
Less: Pledged deposits for bank facilities	(206)	(194)
Cash and cash equivalents	767,035	816,825

As at 31 December 2025, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$127,960,000 (2024: HK\$127,231,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

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

	2025 HK\$'000	2024 HK\$'000
Within 1 month	56,080	35,443
1 to 2 months	15,018	21,736
2 to 3 months	9,869	3,653
Over 3 months	4,363	4,685
	85,330	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.

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25. OTHER PAYABLES AND ACCRUALS

	Notes	2025 HK\$'000	2024 HK\$'000
Current			
Accruals		196,777	194,397
Other payables		55,475	55,483
Contract liabilities	(a)	21,760	11,983
Deferred revenue		6,186	5,617
Consideration payable		294	294
Due to a non-controlling shareholder	(b)	—	4,800
Due to a related party	37(3)	—	3,000
Total current portion		280,492	275,574
Other non-current liabilities			
Put option liabilities		82,099	—
Due to a non-controlling shareholder	(b)	4,800	—
Deferred revenue		91	86
Defined benefit obligations	30	10,515	—
Others		1,310	—
Total non-current portion		98,815	86

Notes:

- a. Details of contract liabilities are as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000	1 January 2024 HK\$'000
Short-term deposits received from customers			
Sale of goods	21,760	11,983	12,227

Contract liabilities represent short-term deposits received to deliver goods.

- b. The balance is unsecured, non-interest-bearing and repayable in 1 to 2 years (2024: within 1 year).
- c. 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 (b).

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26. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective/ contractual interest rate (%)	Maturity	HK\$'000	Effective/ contractual interest rate (%)	Maturity	HK\$'000
Current						
Bank loans – secured	Hong Kong Interbank Offered Rate ("HIBOR")+0.65 to HIBOR+0.72 2% to 4.75%	2026 2026	62,815 8,067	HIBOR+0.725 to HIBOR+0.80	2025	115,910 —
Total-current			70,882			115,910
Non-current						
Bank loans – secured	HIBOR+0.65 to HIBOR+0.72 2% to 4.75%	2027-2030 2027-2030	402,962 4,401	HIBOR+0.725 to HIBOR+0.80	2026-2029	621,241 —
Total Non-current			407,363			621,241
Total			478,245			737,151

	2025 HK\$'000	2024 HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	70,882	115,910
In the second year	80,871	198,938
In the third to fifth years, inclusive	326,492	422,303
Total	478,245	737,151

Notes:

- (a) As at 31 December 2025, certain of the Group's bank loans are secured by:
- 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\$7,003,000;
 - mortgages over the Group's plant and machinery, which had a net carrying value at the end of the reporting period of approximately HK\$7,170,000; and
 - 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, all bank borrowings were secured by the corporate guarantees of the Company and certain of its subsidiaries.

- (b) As at 31 December 2025, the Group's bank borrowings are denominated in HK\$ and Thai Baht amounted to approximately HK\$465,777,000 and HK\$12,468,000, respectively.

As at 31 December 2024, all the Group's bank borrowings were denominated in HK\$.

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27. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK\$'000	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Right-of-use assets HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2024	31,744	—	35,289	—	67,033
Deferred tax charged to the consolidated statement of profit or loss during the year (note 11)	8,684	—	6,719	—	15,403
Exchange realignment	(308)	—	(859)	—	(1,167)
At 31 December 2024	40,120	—	41,149	—	81,269
Acquisition of subsidiaries	—	29,552	—	6,429	35,981
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 11)	7,596	(911)	(4,377)	—	2,308
Exchange realignment	410	385	2,773	549	4,117
Gross deferred tax liabilities at 31 December 2025	48,126	29,026	39,545	6,978	123,675

Deferred tax assets

	Losses available for offsetting against future taxable profits HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2024	64,548	34,001	98,549
Deferred tax credited to the consolidated statement of profit or loss during the year (note 11)	4,885	6,464	11,349
Exchange realignment	(808)	(906)	(1,714)
At 31 December 2024	68,625	39,559	108,184
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 11)	8,233	(4,579)	3,654
Exchange realignment	1,246	2,817	4,063
Gross deferred tax assets at 31 December 2025	78,104	37,797	115,901

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27. DEFERRED TAX (continued)**Deferred tax assets (continued)**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position.

	2025 HK\$'000	2024 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	42,313	40,459
Net deferred tax liabilities recognised in the consolidated statement of financial position	(50,087)	(13,544)
Net deferred tax assets/(liabilities)	(7,774)	26,915

The Group has tax losses arising in Hong Kong of HK\$67,745,000 (2024: HK\$75,982,000) that are available indefinitely for offsetting against future taxable profit of the company in which the loss arose.

The Group has tax losses arising from foreign operations other than Hong Kong in an aggregate amount of HK\$657,579,000 (2024: HK\$540,572,000) that are either available indefinitely or with expiry date ranged from five years to twenty years for offsetting against future taxable profits of the companies in which the losses arose.

At 31 December 2025, deferred tax assets have not been recognised in respect of tax losses of HK\$249,752,000 (2024: HK\$230,732,000). Deferred tax assets have not been recognised in respect of the above tax losses as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Group is liable for withholding taxes on dividends distributed by a subsidiary established in the Thailand in respect of earnings generated. The applicable rate is 10% for the Group. Other than that, at 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established outside Hong Kong. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries outside Hong Kong for which deferred tax liabilities have not been recognised totalled approximately HK\$1,412,059,000 at 31 December 2025 (2024: HK\$1,197,446,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

28. SHARE CAPITAL

	2025 US\$'000	2024 US\$'000
Shares		
Issued and fully paid:		
934,850,000 (31 December 2024: 944,077,000) ordinary shares of US\$0.01 each	9,349	9,441
Equivalent to HK\$'000	72,451	73,166

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28. 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		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		944,077,000	73,166	(7,879)	279,871	345,158
2024 final dividend		—	—	—	(86,321)	(86,321)
Shares repurchased	(b)	—	—	(30,537)	—	(30,537)
Shares cancelled	(b)	(9,227,000)	(715)	38,377	(37,662)	—
At 31 December 2025		934,850,000	72,451	(39)	155,888	228,300

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 year ended 31 December 2025, the Company repurchased 7,327,000 of its ordinary shares on the Hong Kong Stock Exchange at an aggregate consideration of HK\$30,537,000 (before expenses). Of 7,327,000 repurchased ordinary shares, all 7,327,000 ordinary shares of HK\$30,537,000 (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 year ended 31 December 2025, while no ordinary shares were pending cancellation as at 31 December 2025.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 29 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

29. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which became effective on 28 November 2025. The share options vested are exercisable for a period of 10 years commencing from the date of grant. The option shall be vested to the eligible participants who are directors and employees of the group in nine tranches whereby 10% of the share options shall be vested on each of the first eight anniversary dates after the date of grant and 20% of the share options shall be vested on the ninth anniversary date after the date of grant.

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

The following share options were outstanding under the Scheme during the year:

	2025	
	Weighted average exercise price HK\$ Per share	Number of options '000
At 1 January	—	—
Granted during the year	5.11	23,250
At 31 December	5.11	23,250

No share options were exercised during the year ended 31 December 2025.

The fair value of the share options granted during the year was HK\$45,533,000 (weighted average price of HK\$5.11 each), of which the Group recognised a share option expense of HK\$1,225,000 during the year ended 31 December 2025.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2025
Dividend yield (%)	4%
Volatility (%)	48%
Risk-free interest rate (%)	3%
Expected life of options (year)	10
Weighted average share price (HK\$ per share)	5.11

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

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29. SHARE OPTION SCHEME (continued)

At the end of the reporting period, the Company had 23,250,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 23,250,000 additional ordinary shares of the Company and additional share capital of HK\$1,802,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 23,250,000 share options outstanding under the Scheme, which represented approximately 2.5% of the Company's shares in issue as at that date.

30. DEFINED BENEFIT OBLIGATIONS

The Group operates a defined benefit plan in Thailand. The defined benefit plan is unfunded, as allowed under local regulations. Therefore, there is no market value of the plan assets.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out on 31 December 2025 by Actuarial Business Solutions Company Limited using the projected unit credit actuarial valuation method.

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2025
Discount rate (%)	2.5%
Expected rate of turnover rate (%)	2%-23%
Expected rate of salary increases (%)	4%

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Increase/ (decrease) in defined benefit obligations HK\$'000		Increase/ (decrease) in defined benefit obligations HK\$'000	
	Increase in rate		decrease in rate	
2025				
Discount rate	100 bps	(1,517)	100 bps	1,853
Future salary increase	100 bps	1,763	100 bps	(1,477)
Turnover rate	20% of base assumption	(1,138)	20% of base assumption	1,372

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

30. DEFINED BENEFIT OBLIGATIONS (continued)

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

	2025 HK\$'000
Current service cost	1,085
Interest cost	229
Total	1,314
Recognised in cost of sales	801
Recognised in administrative expenses	513
Total	1,314

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

	2025 HK\$'000
At 1 January	—
Acquisition of a subsidiary	7,803
Current service cost	1,085
Interest cost	229
Actuarial loss on remeasurement of defined benefit obligations	676
Exchange differences on a foreign plan	722
At 31 December	10,515

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31. 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, had expired on 18 June 2025.

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 years ended 31 December 2025 and 31 December 2024, and no RSUs were outstanding under the Pre-IPO RSU Scheme as at 31 December 2024.

The Pre-IPO RSU Scheme had expired on 18 June 2025.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 76 to 77 of the financial statements.

i. Statutory reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

ii. Capital reserve

On 28 March 2014, 15 May 2014 and 20 March 2015, Trieria Holdings Limited, Prosperity Worldwide Investment Holdings Limited and NCHA Holdings Limited (the "**Shareholders**") provided interest-free shareholders' loans to the Company in amounts of HK\$287,918,000, HK\$96,000,000 and HK\$182,944,000, respectively. The shareholders' loans are measured at present value by discounting the nominal value of the loans at an effective interest rate. The total differences of HK\$41,904,000 between the nominal values and the present values of the loans represented the deemed contribution by the shareholders and were credited to capital reserve. On 15 December 2015, the Company was granted by the Shareholders the waiver of the shareholders' loans of HK\$566,862,000. The present value of the loans as at 15 December 2015 amounting to HK\$546,315,000 was credited to capital reserve.

iii. Share based payment reserve

The share based payment reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 3 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options lapse or expire or be forfeited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33. 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 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 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. The acquisition was completed in January 2025.

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 Hexa Ceram 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. At 31 December 2025, the present value of a put option liability of approximately HK\$71,442,000 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33. BUSINESS COMBINATIONS (continued)

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

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

	Notes	Fair value recognized on acquisition HK\$'000
Property, plant and equipment	14	49,833
Right-of-use assets	17(a)	5,091
Intangible assets	16	126,597
Other non-current assets		2,786
Inventories		19,039
Trade receivables		40,594
Prepayments, deposits and other receivables		963
Cash and cash equivalents		20,404
Trade payables		(4,815)
Other payables and accruals		(18,410)
Tax payables		(127)
Lease liabilities	17(b)	(5,074)
Interest-bearing bank borrowings		(12,938)
Deferred tax liabilities		(30,226)
Other non-current liabilities		(9,001)
Total identifiable net assets at fair value		184,716
Non-controlling interest		(48,026)
Goodwill on acquisition	15	79,803
		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\$42,156,000, of which trade receivables of HK\$1,562,000 is expected to be uncollectible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33. BUSINESS COMBINATIONS (continued)**ACQUISITION OF HEXA CERAM COMPANY LIMITED ("HEXA CERAM") (continued)**

The Group incurred transaction costs of HK\$12,852,000 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\$79,803,000 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 year ended 31 December 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 31 December 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 31 December 2025	(285)
Total net cash outflows	(208,941)

Since the acquisition, Hexa Ceram contributed HK\$215,808,000 to the Group's turnover and profit of HK\$24,783,000, including amortization of intangible assets recognized in the business combination of HK\$2,997,000, to the consolidated profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year ended 31 December 2025, the revenue and the profit of the Group for the year ended 31 December 2025 would have been HK\$3,736,519,000 and HK\$601,249,000, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33. 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 (“**Sellers**”) 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.

In connection with the acquisitions of shares, concurrent with the signing of the sale and purchase agreements on 28 February 2025, MDP Pty Limited and the Sellers have also entered into a shareholder agreement, pursuant to which (i) Sellers have granted the call option to MDP Pty Limited for it to purchase some or all of the shares in Digital Sleep held by Sellers, and (ii) MDP Pty Limited has granted the put option to Sellers to require MDP Pty Limited to purchase some or all of the Option Shares held by the Sellers. At 31 December 2025, the present value of a put option liability of approximately HK\$10,657,000 has been recognised in the consolidated statement of financial position with other payables and accruals.

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

	Notes	Fair value recognized on acquisition HK\$'000
Property, plant and equipment	14	184
Intangible assets	16	19,182
Trade receivables		2,461
Cash and cash equivalents		587
Trade payables		(1,439)
Other payables and accruals		(824)
Deferred tax liabilities		(5,755)
Total identifiable net assets at fair value		14,396
Non-controlling interest		(6,478)
Goodwill on acquisition	15	7,473
		15,391
Satisfied by:		
Cash		15,391

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33. BUSINESS COMBINATIONS (continued)**ACQUISITION OF DIGITAL SLEEP DESIGN PTY LIMITED (“DIGITAL SLEEP”) (continued)**

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\$565,000 for this acquisition. These transaction costs had been expensed and were included in administrative expenses in the consolidated statement of profit or loss.

Included in the goodwill of HK\$7,473,000 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 year ended 31 December 2025	(15,391)
Cash and bank balances acquired	587
Net outflow of cash and cash equivalents included in cash flows from investing activities in 31 December 2025	(14,804)
Transaction costs of the acquisition included in cash flows from operating activities in 31 December 2025	(565)
Total net cash outflows	(15,369)

Since the acquisition, Digital Sleep contributed HK\$21,237,000 to the Group's turnover and profit of HK\$3,311,000, including amortization of intangible assets recognized in the business combination of HK\$524,000, to the consolidated profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year ended 31 December 2025, the revenue and the profit of the Group for the year ended 31 December 2025 would have been HK\$3,740,196,000 and HK\$601,931,000, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Non-cash transaction

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$27,210,000 (2024: HK\$74,502,000) and HK\$25,561,000 (2024: HK\$74,502,000), respectively, in respect of lease arrangements for buildings, fixture and furniture and motor vehicles.

During the year, the Group had recognised put options liabilities of HK\$123,908,000 (2024: Nil) in respect of options agreements arising from business combinations.

(b) Changes in liabilities arising from financing activities were as follows:

2025

	Bank loans HK\$'000	Lease liabilities HK\$'000
At 1 January 2025	737,151	187,066
Changes from financing cash flows	(273,514)	(57,197)
Increase arising from acquisition of subsidiaries	12,938	5,074
Non-cash flows:		
Foreign exchange movement	1,233	10,626
New leases	—	25,561
Interest on lease liabilities (note 8)	—	8,875
Revision of lease term arising from a change in the non-cancellable period of a lease	—	(4,142)
Finance charges on bank loans (note 8)	437	—
At 31 December 2025	478,245	175,863

2024

	Bank loans HK\$'000	Lease liabilities HK\$'000
At 1 January 2024	676,191	176,009
Changes from financing cash flows	60,625	(60,508)
Non-cash flows:		
Foreign exchange movement	—	(7,745)
New leases	—	74,502
Interest on lease liabilities (note 8)	—	9,277
Revision of lease term arising from a change in the non-cancellable period of a lease	—	(4,469)
Finance charges on bank loans (note 8)	335	—
At 31 December 2024	737,151	187,066

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**(c) Total cash outflow for leases**

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 HK\$'000	2024 HK\$'000
Within operating activities	17,341	15,202
Within financing activities	57,197	60,508
Total	74,538	75,710

35. CONTINGENT LIABILITIES

The Group has no significant contingent liabilities as at 31 December 2025 and 31 December 2024.

36. COMMITMENTS

At the end of the reporting period, the Group did not have any significant contractual commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

37. RELATED PARTY TRANSACTIONS

(1) Transactions with related parties

The Group had the following transactions with related parties during the year:

	2025 HK\$'000	2024 HK\$'000
(a)		
i. Acquisition of right-of-use assets from Most Wealth International Limited	—	6,706
ii. Lease payment to Most Wealth International Limited	3,540	3,684
(b)		
i. Acquisition of right-of-use assets from directors	—	1,649
ii. Lease payment to directors	879	958
(c) Lease payment to directors and an associate of a director	—	1,371
(d)		
i. Acquisition of right-of use assets from an associate of a director	—	48
ii. Lease payment to an associate of a director	50	151
(e)		
i. Acquisition of right-of-use assets from an associate of a director	—	48
ii. Lease payment to an associate of a director	50	151
(f)		
i. Acquisition of right-of-use assets from an associate of a director	—	144
ii. Lease payment to an associate of a director	150	251
(g)		
i. Acquisition of right-of-use assets from directors	—	1,763
ii. Lease payment to directors	942	1,063
(h) Training fee paid to ShenZhen Nanshan District Modern Denture Technology Training Centre	—	55
(i) Training fee paid to DongGuan Songshan Lake Modern Denture Occupational Training School	2,559	2,850
(j) Sales of finished goods to Trident Dental Group Limited	9	119
(k) Sales of finished goods to Kong Hong Holdings Limited	—	139
(l) Sales of finished goods to Dr. William Cheung & Associates	369	566
(m) Sales of finished goods to Precious Orthodontics and Kowloon Orthodontic Centre Limited	320	340
(n) Purchase of finished goods from associates	382	7,425

Notes:

- (a) Most Wealth International Limited 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

37. RELATED PARTY TRANSACTIONS (continued)

(1) Transactions with related parties (continued)

Notes: (continued)

- (c) Tenancy agreements entered with Mr. Chan Kwun Fung, Mr. Chan Kwun Pan and an associate ("**Landlord C**") of Mr. Ngai Shing Kin. The tenancy agreements were 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.
- (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 Group 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 on 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 (ai), (bi), (di), (ei), (fi) and (gi) above also constitute connected transactions and (aai), (bai), (c), (dai), (eai), (fai), (gai), (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 CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

37. 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, executive directors and substantial shareholders of the Company, and by Mr. Ngai Shing Kin, a 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 V, 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 CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

37. RELATED PARTY TRANSACTIONS (continued)

(2) Commitments with related parties (continued)

- (g) For the purposes of residential use, on 30 December 2022, Dongguan Yangzijin 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 31 December 2025, right-of-use assets of approximately HK\$5,098,000 and lease liabilities of approximately HK\$5,232,000 related to the leases were recognised in consolidated statement of financial position. During the year ended 31 December 2025, depreciation of these right-of-use assets of approximately HK\$5,321,000 and finance costs on these lease liabilities of approximately HK\$424,000 were recognised in consolidated income statement.

(3) Balances with related parties

At 31 December 2025 and 2024, the Group's balances due from/to related parties were as follows:

	2025 HK\$'000	2024 HK\$'000
Due from related parties (note 22):		
DongGuan Songshan Lake Modern Denture Occupational Training School	1,500	176
Trident Dental Group Limited	—	27
Dr. William Cheung & Associates	35	40
Precious Orthodontics and Kowloon Orthodontic Centre Limited	29	22
Total	1,564	265
Due to a related party (note 25):		
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 CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

37. RELATED PARTY TRANSACTIONS (continued)

(4) Compensation of key management personnel of the Group

	2025 HK\$'000	2024 HK\$'000
Short term employee benefits	49,195	55,074
Post-employment benefits	2,632	4,926
Equity-settled share option expenses	1,176	—
Total compensation paid to key management personnel	53,003	60,000

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

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

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Equity investments designated at fair value through other comprehensive income	4,890	—	4,890
Trade receivables	—	698,592	698,592
Financial assets included in deposits and other receivables	—	65,786	65,786
Due from related parties	—	1,564	1,564
Due from an associate	—	7	7
Pledged deposits	—	206	206
Cash and cash equivalents	—	767,035	767,035
Total	4,890	1,533,190	1,538,080

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade payables	85,330
Financial liabilities included in other payables and accruals	165,037
Due to an associate	284
Interest-bearing bank borrowings	478,245
Lease liabilities	175,863
Due to a non-controlling shareholder	4,800
Total	909,559

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:
(continued)

2024

Financial assets

	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Equity investments designated at fair value through other comprehensive income	7,535	—	7,535
Trade receivables	—	613,579	613,579
Financial assets included in deposits and other receivables	—	51,383	51,383
Due from related parties	—	265	265
Pledged deposits	—	194	194
Cash and cash equivalents	—	816,825	816,825
Total	7,535	1,482,246	1,489,781

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade payables	65,517
Financial liabilities included in other payables and accruals	78,099
Due to an associate	154
Interest-bearing bank borrowings	737,151
Lease liabilities	187,066
Due to a non-controlling shareholder	4,800
Total	1,072,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

39. 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	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Financial assets				
Equity investments designated at fair value through other comprehensive income	4,890	7,535	4,890	7,535
Total	4,890	7,535	4,890	7,535
Financial liabilities				
Interest-bearing bank borrowings	478,245	737,151	478,245	737,151
Due to a non-controlling shareholder	4,800	4,800	4,800	4,800
Total	483,045	741,951	483,045	741,951

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, amount due from/to an associate 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 31 December 2025 and 2024 were assessed to be insignificant.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

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

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Equity investments designated at fair value through other comprehensive income				
Listed equity investments	4,890	—	—	4,890

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

During the year ended 31 December 2025 and 2024, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into and out of Level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

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

Liabilities for which fair values are disclosed:

As at 31 December 2025	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Interest-bearing bank borrowings	—	478,245	—	478,245
Due to a non-controlling shareholder	—	4,800	—	4,800

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial assets of the Group include trade receivables, deposits and other receivables, amounts due from related parties, amount due from an associate, pledged deposits and cash and cash equivalents. Financial liabilities of the Group include trade payables, other payables and accruals, interest-bearing bank borrowings, lease liabilities, amount due to an associate and a non-controlling shareholder.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. Management continues to monitor the cash flows of the operations and the debt markets, where the Group would expect to refinance these borrowings with a lower cost of debt, when considered appropriate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in interest rate %	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
Year ended 31 December 2025			
HK\$	1	(4,658)	—
HK\$	(1)	4,658	—
THB	1	(125)	—
THB	(1)	125	—
Year ended 31 December 2024			
HK\$	1	(7,372)	—
HK\$	(1)	7,372	—

* Excluding retained profits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 8% and 10% of the Group's sales for the years ended 31 December 2025 and 2024 were denominated in currencies other than the functional currencies of the operating units making the sale, whilst approximately 14% and 18% of costs for the years ended 31 December 2025 and 2024 were denominated in currencies other than the units' functional currencies, respectively.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the EUR, AUD and RMB exchange rates, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in EUR/AUD/RMB exchange rate %	Increase/ (decrease) in profit before tax HK\$'000
As at 31 December 2025		
If HK\$ weakens against EUR	5	22,477
If HK\$ strengthens against EUR	(5)	(22,477)
If HK\$ weakens against AUD	5	1,596
If HK\$ strengthens against AUD	(5)	(1,596)
If HK\$ weakens against RMB	5	22,379
If HK\$ strengthens against RMB	(5)	(22,379)
As at 31 December 2024		
If HK\$ weakens against EUR	5	22,287
If HK\$ strengthens against EUR	(5)	(22,287)
If HK\$ weakens against AUD	5	1,697
If HK\$ strengthens against AUD	(5)	(1,697)
If HK\$ weakens against RMB	5	19,778
If HK\$ strengthens against RMB	(5)	(19,778)

Credit risk

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	—	—	—	755,338	755,338
Financial assets included in prepayments, other receivables and other assets					
– Normal**	65,786	—	—	—	65,786
Due from related parties					
– Normal**	1,564	—	—	—	1,564
Due from an associate					
– Normal**	7	—	—	—	7
Pledged deposits					
– Not yet past due	206	—	—	—	206
Cash and cash equivalents					
– Not yet past due	767,035	—	—	—	767,035
Total	834,598	—	—	755,338	1,589,936

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	—	—	—	658,622	658,622
Financial assets included in prepayments, other receivables and other assets					
– Normal**	51,383	—	—	—	51,383
Due from related parties					
– Normal**	265	—	—	—	265
Pledged deposits					
– Not yet past due	194	—	—	—	194
Cash and cash equivalents					
– Not yet past due	816,825	—	—	—	816,825
Total	868,667	—	—	658,622	1,527,289

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets, amounts due from related parties and amount due from an associate is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding through capital contribution, bank borrowings and the cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	31 December 2025					Total HK\$'000
	On demand HK\$'000	Less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	
Trade payables	—	85,330	—	—	—	85,330
Financial liabilities included in other payables and accruals	—	82,938	—	90,065	—	173,003
Due to an associate	284	—	—	—	—	284
Interest-bearing bank borrowings	—	26,301	81,261	458,692	—	566,254
Lease liabilities	—	12,763	40,197	107,592	50,396	210,948
Due to a non-controlling shareholder	—	—	—	4,800	—	4,800
Total	284	207,332	121,458	661,149	50,396	1,040,619

	31 December 2024					Total HK\$'000
	On demand HK\$'000	Less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	
Trade payables	—	65,517	—	—	—	65,517
Financial liabilities included in other payables and accruals	—	78,099	—	—	—	78,099
Due to an associate	154	—	—	—	—	154
Interest-bearing bank borrowings	—	16,161	138,371	695,452	—	849,984
Lease liabilities	—	13,630	42,815	113,668	55,834	225,947
Due to a non-controlling shareholder	—	—	4,800	—	—	4,800
Total	154	173,407	185,986	809,120	55,834	1,224,501

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended in 31 December 2025 and 2024.

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, lease liabilities, other payables and accruals, amount due to an associate, other non-current liabilities, less cash and cash equivalents and pledged deposits. The gearing ratios as at the end of the reporting periods were as follows:

	2025 HK\$'000	2024 HK\$'000
Interest-bearing bank borrowings	478,245	737,151
Trade payables	85,330	65,517
Lease liabilities	175,863	187,066
Other payables and accruals	280,492	275,574
Due to an associate	284	154
Other non-current liabilities	98,815	86
Less:		
Pledged deposits	(206)	(194)
Cash and cash equivalents	(767,035)	(816,825)
Net debt	351,788	448,529
Equity attributable to owners of the Company	3,288,791	2,715,868
Capital and net debt	3,640,579	3,164,397
Gearing ratio	10%	14%

41. EVENTS AFTER THE REPORTING PERIOD

The Group does not have other significant subsequent event as at the date of this financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	530,236	530,236
Loan to subsidiaries	122,872	124,858
Total non-current assets	653,108	655,094
CURRENT ASSETS		
Due from subsidiaries	1,818,953	1,066,369
Prepayments, deposits and other receivables	793	844
Cash and cash equivalents	320	2,962
Total current assets	1,820,066	1,070,175
CURRENT LIABILITIES		
Other payables and accruals	4,981	1,009
Due to subsidiaries	935,879	750,428
Total current liabilities	940,860	751,437
NET CURRENT ASSETS	879,206	318,738
TOTAL ASSETS LESS CURRENT LIABILITIES	1,532,314	973,832
Net assets	1,532,314	973,832
EQUITY		
Share capital	72,451	73,166
Treasury shares	(39)	(7,879)
Reserves (note)	1,459,902	908,545
Total equity	1,532,314	973,832

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium HK\$'000	Capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Share based payment reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
1 January 2024	382,294	592,218	(4,276)	—	15,547	985,783
2023 final dividend	(85,164)	—	—	—	—	(85,164)
2024 interim dividend	—	—	—	—	(75,495)	(75,495)
Shares cancelled	(17,259)	335	—	—	(335)	(17,259)
Profit for the year	—	—	—	—	100,680	100,680
At 31 December 2024 and 1 January 2025	279,871	592,553	(4,276)	—	40,397	908,545
2024 final dividend	(86,321)	—	—	—	—	(86,321)
2025 interim dividend	—	—	—	—	(99,980)	(99,980)
Shares cancelled	(37,662)	715	—	—	(715)	(37,662)
Granting of share option	—	—	—	1,225	—	1,225
Profit for the year	—	—	—	—	774,095	774,095
At 31 December 2025	155,888	593,268	(4,276)	1,225	713,797	1,459,902

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2026.

FINANCIAL SUMMARY

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements is set out below.

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
RESULTS					
REVENUE	3,736,519	3,364,018	3,172,048	2,830,088	2,955,172
Cost of sales	(1,651,567)	(1,565,147)	(1,471,355)	(1,446,782)	(1,404,521)
Gross profit	2,084,952	1,798,871	1,700,693	1,383,306	1,550,651
Other income and gains	53,721	29,985	17,115	17,905	11,807
Selling and distribution expenses	(482,457)	(456,191)	(414,135)	(374,987)	(359,466)
Administrative expenses	(852,815)	(762,143)	(747,869)	(702,228)	(697,311)
Other operating expenses	(9,530)	(30,573)	(4,709)	(7,967)	(19,075)
Finance costs	(34,402)	(51,651)	(41,222)	(26,270)	(23,061)
Share of profits/(losses) of associates	33	(1,157)	(285)	387	542
PROFIT BEFORE TAX	759,502	527,141	509,588	290,146	464,087
Income tax expense	(158,253)	(120,198)	(107,411)	(69,597)	(103,712)
PROFIT FOR THE YEAR	601,249	406,943	402,177	220,549	360,375
Attributable to:					
Owners of the Company	596,972	408,002	404,102	220,458	360,825
Non-controlling interests	4,277	(1,059)	(1,925)	91	(450)
	601,249	406,943	402,177	220,549	360,375

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
TOTAL ASSETS	4,540,278	4,074,855	3,952,847	3,539,055	3,657,379
TOTAL LIABILITIES	(1,244,716)	(1,349,281)	(1,309,746)	(1,205,522)	(1,298,719)
NON-CONTROLLING INTERESTS	(6,771)	(9,706)	(10,822)	(13,581)	(10,211)
	3,288,791	2,715,868	2,632,279	2,319,952	2,348,449

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 Directors

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 (*retired on 15 December 2025*)

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. YAU Ka Po (*Chairman*)

Dr. CHEUNG Wai Bun Charles, J.P.

Ms. CHAN Yik Yu

Dr. CHEUNG Wai Man William (*retired on 15 December 2025*)

Nomination Committee

Dr. CHAN Yue Kwong Michael (*Chairman*)

Dr. CHEUNG Wai Bun Charles, J.P.

Dr. YAU Ka Po

Dr. CHAN Ronald Yik Long

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

Dr. CHEUNG Wai Man William (*retired on 15 December 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