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MODERN DENTAL GROUP LIMITED

現代牙科集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3600)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

During the year ended 31 December 2024, although the macro-economic environment remained subdued, the Group has been active in implementing multi-dimensional strategies in order to capture market opportunities, market share and increase its sales volume. With the Group's latest acquisition of Hexa Ceram Company Limited ("**Hexa Ceram**") in January 2025, Thailand's largest dental laboratory, the Group is expected to further enhance its comprehensive products portfolio and market reach, which will in turn allow the Group to outperform its domestic or international competitors. The Group has shown that it has been an active player in consolidating the dental prosthetics industry, and with its Vietnam production and Dongguan Phase 2 production facilities in full operation, the Group is dedicated in capturing any opportunities that the global digitalization trend may bring.

The global digitalisation trend continues to accelerate the consolidation of the dental prosthetics industry, allowing the Group to further increase its market share in the industry and our continued digital transformation is expected to improve our customers' and patients' experiences, further allowing the Group to differentiate itself from its competitors and outperform the industry peers.

The Group's continued sales increase represents a solid execution across each of the Group's markets operationally and financially, illustrating the Group's ability to deliver strong financial results in a relatively stable operating environment characterized by consistent order volume growth, competitiveness in the industry, and close relationship with its clients and customers. The Group's underlying fundamentals continue to be solid and we are well-positioned to capture further opportunities going forward.

Against the backdrop of uncertain macroeconomic conditions and US government policies, the Group has a distinct advantage of having onshore US production capabilities (in the form of MicroDental) as well as production facilities in South-East Asia (Vietnam and Thailand), allowing it to be well-positioned to mitigate any tariff-related risks but also to take advantage of any opportunities.

RESULTS HIGHLIGHTS

- The Revenue for the year ended 31 December 2024 was approximately HK\$3,364,018,000 (2023: HK\$3,172,048,000), representing an increase of approximately 6.1%.
- The Gross Profit Margin for the year ended 31 December 2024 was approximately 53.5% (2023: 53.6%). Gross profit for the year ended 31 December 2024 was approximately HK\$1,798,871,000 (2023: HK\$1,700,693,000), representing an increase of approximately 5.8%.
- The Group's EBITDA for the year ended 31 December 2024 was approximately HK\$708,796,000 (2023: HK\$694,471,000), representing an increase of approximately 2.1%.
- The Group's Net Profit for the year ended 31 December 2024 were approximately HK\$406,943,000 (2023: HK\$402,177,000), representing an increase of approximately 1.2%.

- With respect to the Group's EBITDA and Net Profit for the year ended 31 December 2024, it should be noted that the figures reflect: (i) one-off cost in connection with potential acquisitions of approximately HK\$15,521,000; (ii) one-off cost in connection with Shenzhen and Vietnam production facility relocations of approximately HK\$14,242,000, and (iii) one off cost in connection with implementation of ERP system of approximately HK2,922,000.
- The Group's Adjusted EBITDA for the year ended 31 December 2024 was approximately HK\$741,481,000 (2023: HK\$693,899,000) representing an increase of approximately HK\$47,582,000 or 6.9% as compared with that of the year ended 31 December 2023.
- The Group's Profit from core operations for the year ended 31 December 2024 was approximately HK\$434,982,000 (2023: HK\$401,605,000) representing an increase of approximately HK\$33,377,000 or 8.3% as compared with that of year ended 31 December 2023.
- Basic earnings per share for the year ended 31 December 2024 amounted to HK43.2 cents (2023: HK42.4 cents), representing an increase of approximately 1.9%.
- The Board recommended a final dividend of HK9.2 cents per ordinary share, out of the share premium account, for the year ended 31 December 2024 (2023: HK9.0 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 2025 to shareholders of the Company whose names appear on the Register of Members of the Company on 10 June 2025.

Further highlights:

- For the year ended 31 December 2024, the Group's digital solution cases (overseas and domestic) that are produced from its Mainland China and Vietnam production facilities (which, for the avoidance of doubt, does not include digital solution cases produced in the Group's non-Mainland China and non-Vietnam production facilities or overseas/satellite dental laboratories) increased to approximately 769,564 cases reflecting an increase of 36.0% as compared with the same period in 2023 (approximately 565,891 cases[#]) as a result of our clients' increased adoption of intra-oral scanners.

[#] Volume of digital cases in 2023 is adjusted to align with the methodologies in 2024.

- The following table sets forth summary of key financial results for the years ended 31 December 2024 and 2023:

	Year ended 31 December		Changes
	2024 HK\$'000	2023 HK\$'000	
Revenue	3,364,018	3,172,048	6.1%
Gross Profit	1,798,871	1,700,693	5.8%
Gross Profit Margin (%)	53.5%	53.6%	-0.2%
EBITDA	708,796	694,471	2.1%
EBITDA Margin (%)	21.1%	21.9%	-3.7%
Adjusted EBITDA	741,481	693,899	6.9%
Adjusted EBITDA Margin	22.0%	21.9%	0.5%
Profit from Core Operations	434,982	401,605	8.3%
Profit from Core Operations Margin	12.9%	12.7%	1.6%
Net Profit	406,943	402,177	1.2%
Net Profit Margin (%)	12.1%	12.7%	-4.7%

- The following table sets forth a breakdown of the revenue generated from the aforesaid markets for the years ended 31 December 2024 and 2023:

Sales by region	Year ended 31 December		Change in currency currency (%)	Original currency growth rate (%)
	2024 HK\$'000	2023 HK\$'000		
Europe	1,618,436	1,399,371	-0.4	16.1
North America	752,083	753,615	—	-0.2 [^]
Greater China	662,210	713,592	-1.3	#
Australia	264,752	254,341	-1.1	5.2
Others	66,537	51,129	—	30.1
	<u>3,364,018</u>	<u>3,172,048</u>		

[^] The increase in sales in original currency of the North America market (ex-MicroDental) was approximately 8.7% and the decrease in sales in original currency of MicroDental was approximately 2.6%.

[#] The increase in sales in original currency of the Mainland China market was approximately 3.0% and the decrease in sales in original currency of the Hong Kong market was approximately 19.7%.

The double-digit increase in revenue in Europe clearly represents our outperformance in gaining market share, driven by the digitalization trend in the dental industry. During the year ended 31 December 2024, the Group also experienced growth in North America (ex-MicroDental) (+8.7%), Mainland China (+3.0%), Australia (+5.2%) and the Others (+30.1%) markets, reflecting our Group's competitiveness during a challenging macro-economic environment.

The decrease in sales in MicroDental, our North America domestic labs business, was affected by the weakness in demand of cosmetic dental treatments (a discretionary option for patients) and the softness in the US economy. However, this was offset by the increase in sales of our offshore-made products business supplied by Mainland China and Vietnam, as a result of the enhancement of competitiveness of offshore-made products following the adoption of digitalization practices.

As a result of the increase in sales volume in the Mainland China market following the full implementation of the volume-based procurement policy in the Mainland China market gradually since 2nd half 2023, our Mainland China business reported a sales growth of 3.0% in original currency for the year ended 31 December 2024 compared to that of the year ended 31 December 2023. 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 increase in revenue from Australia was predominately due to the increase in sales volume as a result of the increase in market share driven by the digitalization trend in dental industry.

FINANCIAL RESULTS

The board of directors (the “**Board**” or the “**Directors**”) of Modern Dental Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK\$'000	2023 HK\$'000
REVENUE	3	3,364,018	3,172,048
Cost of sales		<u>(1,565,147)</u>	<u>(1,471,355)</u>
Gross profit		1,798,871	1,700,693
Other income and gains	3	29,985	17,115
Selling and distribution expenses		(456,191)	(414,135)
Administrative expenses		(762,143)	(747,869)
Other operating expenses		(30,573)	(4,709)
Finance costs	5	(51,651)	(41,222)
Share of losses of associates		<u>(1,157)</u>	<u>(285)</u>
PROFIT BEFORE TAX	4	527,141	509,588
Income tax expense	6	<u>(120,198)</u>	<u>(107,411)</u>
PROFIT FOR THE YEAR		<u>406,943</u>	<u>402,177</u>
ATTRIBUTABLE TO:			
Owners of the Company		408,002	404,102
Non-controlling interests		<u>(1,059)</u>	<u>(1,925)</u>
		<u>406,943</u>	<u>402,177</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	8	<u>HK43.2 cents</u>	<u>HK42.4 cents</u>
Diluted	8	<u>HK43.2 cents</u>	<u>HK42.4 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>406,943</u>	<u>402,177</u>
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	(127,106)	33,785
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	<u>(11,651)</u>	<u>(7,214)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>(138,757)</u>	<u>26,571</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>268,186</u>	<u>428,748</u>
ATTRIBUTABLE TO:		
Owners of the Company	269,302	431,507
Non-controlling interests	<u>(1,116)</u>	<u>(2,759)</u>
	<u>268,186</u>	<u>428,748</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	755,331	727,424
Right-of-use assets		199,984	177,829
Goodwill	10	1,098,868	1,159,640
Intangible assets		200,431	214,582
Investments in associates		2,755	3,977
Equity investments designated at fair value through other comprehensive income	11	7,535	19,185
Deferred tax assets		40,459	44,199
Long term prepayments and deposits		20,911	34,687
Total non-current assets		2,326,274	2,381,523
CURRENT ASSETS			
Inventories		169,153	166,180
Trade receivables	12	613,579	590,220
Prepayments, deposits and other receivables		68,915	83,512
Due from an associate		—	77
Current tax assets		79,915	33,440
Pledged deposits		194	201
Cash and cash equivalents		816,825	697,694
Total current assets		1,748,581	1,571,324
CURRENT LIABILITIES			
Trade payables	13	65,517	80,094
Other payables and accruals		275,574	272,350
Due to an associate		154	—
Lease liabilities		50,915	46,464
Interest-bearing bank borrowings	14	115,910	63,699
Tax payable		70,189	92,367
Total current liabilities		578,259	554,974
NET CURRENT ASSETS		1,170,322	1,016,350
TOTAL ASSETS LESS CURRENT LIABILITIES		3,496,596	3,397,873

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*AS AT 31 DECEMBER 2024*

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		136,151	129,545
Interest-bearing bank borrowings	14	621,241	612,492
Deferred tax liabilities		13,544	12,683
Other non-current liabilities		86	52
Total non-current liabilities		771,022	754,772
NET ASSETS		2,725,574	2,643,101
EQUITY			
Equity attributable to owners of the Company			
Share capital		73,166	73,501
Treasury shares		(7,879)	(419)
Reserves		2,650,581	2,559,197
		2,715,868	2,632,279
Non-controlling interests		9,706	10,822
TOTAL EQUITY		2,725,574	2,643,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”), and Interpretations) 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 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

If the Group loses control over a subsidiary, it 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.

1.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

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

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

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

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

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

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

2. 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 and , the service of educational events and seminars rendered.

Management monitors the revenue and cost of the Group’s operating segments separately for the purpose of making decisions about 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.

	2024			2023		
	Revenue	Cost of sales	Gross profit	Revenue	Cost of sales	Gross profit
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Fixed prosthetic devices	2,048,609	919,017	1,129,592	1,985,044	892,052	1,092,992
Removable prosthetic devices	799,010	360,685	438,325	712,962	325,867	387,095
Others	516,399	285,445	230,954	474,042	253,436	220,606
Total	3,364,018	1,565,147	1,798,871	3,172,048	1,471,355	1,700,693

Geographical information

(a) Revenue from external customers

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Europe	1,618,436	1,399,371
North America	752,083	753,615
Greater China	662,210	713,592
Australia	264,752	254,341
Others	66,537	51,129
	<u>3,364,018</u>	<u>3,172,048</u>

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 customer is presented.

(b) Non-current assets

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Europe	729,078	786,737
North America	494,257	521,444
Greater China	586,674	600,830
Australia	326,415	296,966
Others	149,391	131,347
	<u>2,285,815</u>	<u>2,337,324</u>

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

3. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<u>Revenue</u>		
Sale of goods transferred at a point in time	<u>3,364,018</u>	<u>3,172,048</u>
<u>Other income</u>		
Bank interest income	9,168	1,888
Government subsidies*	7,584	5,377
Others	<u>12,943</u>	<u>9,090</u>
	<u>29,695</u>	<u>16,355</u>
<u>Gains</u>		
Gains on disposal of items of property, plant and equipment, net	128	—
Gains on early termination of leases, net	162	188
Remeasurement gains on contingent consideration	<u>—</u>	<u>572</u>
	<u>290</u>	<u>760</u>
Other income and gains	<u>29,985</u>	<u>17,115</u>

- * 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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	<u>12,227</u>	<u>6,314</u>

(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.

4. PROFIT BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold [#]	1,565,147	1,471,355
Depreciation of right-of-use assets	51,815	52,987
Depreciation of property, plant and equipment	79,934	72,011
Amortisation of intangible assets	7,423	20,551
Lease payments not included in the measurement of lease liabilities	15,202	11,435
Research and development costs ^{##}	43,564	43,239
Auditors' remuneration	11,427	11,011
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	1,331,724	1,271,004
Pension scheme contributions	200,524	168,041
	1,532,248	1,439,045
Bank interest income [*]	(9,168)	(1,888)
(Gains)/loss on disposal of items of property, plant and equipment, net [*]	(128)	551
Gains on early termination of leases, net [*]	(162)	(188)
Write-off of property, plant and equipment [*]	2,758	695
Allowance for impairment of trade receivables, net	3,111	9,495
Foreign exchange losses, net [*]	26,217	2,872
Remeasurement gains on contingent consideration [*]	—	(572)

[#] Cost of inventories sold includes HK\$949,892,000 (2023: HK\$892,654,000) 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\$35,768,000 (2023: HK\$35,935,000) 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 remeasurement gains on contingent consideration are included in “other income and gains” in the consolidated statement of profit or loss. Loss 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.

5. FINANCE COSTS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans, overdrafts and other loans	42,107	38,806
Less: amount capitalised on qualifying assets	(68)	(5,603)
	<u>42,039</u>	<u>33,203</u>
Interest on lease liabilities	9,277	7,539
Finance charges on bank loans	335	480
	<u>51,651</u>	<u>41,222</u>

6. 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% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Pursuant to the PRC Income Tax Law and the respective regulations, companies of the Group which operate in Mainland China are subject to Corporate Income Tax (“CIT”) at the rate of 25% on the taxable income for the years ended 31 December 2024 and 2023.

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 2024 (2023: 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% (2023: 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 profit at the prevailing rates in the jurisdictions in which they operate.

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% (2023: 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.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	116,144	105,573
Deferred	4,054	1,838
	<hr/>	<hr/>
Total tax charge for the year	<u>120,198</u>	<u>107,411</u>

7. DIVIDENDS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim — HK8.0 cents (2023: HK6.0 cents) per ordinary share	<u>75,752</u>	<u>57,299</u>
Proposed final — HK9.2 cents (2023: HK9.0 cents) per ordinary share	<u>86,855</u>	<u>85,356</u>

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.

In 2023, the calculations of the interim dividend are based on 954,991,000 ordinary shares in issue. The calculation of proposed final dividend is based on 948,398,000 ordinary shares in issue.

On 27 March 2025, the Board recommended a final dividend of HK9.2 cents per ordinary share for the year ended 31 December 2024. The proposed final dividend for the year ended 31 December 2024 is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 945,134,378 (2023: 951,970,289) in issue during the year, as adjusted to reflect the number of shares of 2,398,045 (2023: 598,045) held as treasury shares.

The Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	<u>408,002</u>	<u>404,102</u>
	Number of shares	
	2024	2023
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the years used in the basic and diluted earnings per share calculation	<u>945,134,378</u>	<u>951,970,289</u>

9. PROPERTY, PLANT AND EQUIPMENT

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount at 1 January	727,424	651,079
Additions	139,845	161,325
Disposals	(7,896)	(7,267)
Write-off	(2,758)	(695)
Depreciation provided during the year	(79,934)	(72,011)
Exchange realignment	(21,350)	(5,007)
	<u>755,331</u>	<u>727,424</u>
Carrying amount at 31 December	<u>755,331</u>	<u>727,424</u>

10. GOODWILL

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount at 1 January	1,159,640	1,132,420
Exchange realignment	(60,772)	27,220
	<u>1,098,868</u>	<u>1,159,640</u>
Carrying amount at 31 December	<u>1,098,868</u>	<u>1,159,640</u>

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed equity investments in Hong Kong, at fair value		
Arrail Group Limited	<u>7,535</u>	<u>19,185</u>

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\$5,157,000.

12. TRADE RECEIVABLES

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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	266,117	267,741
1 to 2 months	100,536	108,142
2 to 3 months	53,100	49,947
3 months to 1 year	153,113	134,871
Over 1 year	<u>40,713</u>	<u>29,519</u>
	<u>613,579</u>	<u>590,220</u>

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.

13. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	35,443	49,985
1 to 2 months	21,736	23,936
2 to 3 months	3,653	2,817
Over 3 months	4,685	3,356
	<u>65,517</u>	<u>80,094</u>

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.

14. INTEREST-BEARING BANK BORROWINGS

			2024			2023	
			Effective/ contractual interest rate (%)	Maturity	HK\$'000	Effective/ contractual interest rate (%)	Maturity HK\$'000
Current							
Current portion of	Hong Kong					Hong Kong	
long term bank	Interbank					Interbank	
loans – secured	Offered Rate					Offered Rate	
	(“HIBOR”)					(“HIBOR”)	
	+0.725 to					+1.15 to	
	HIBOR+0.80	2025		115,910		HIBOR+1.60	2024 63,699
				<u>115,910</u>			<u>63,699</u>
Non-current							
Long term bank	HIBOR					HIBOR	
loans – secured	+0.725 to					+1.15 to	
	HIBOR+0.80	2026-2029		621,241		HIBOR+1.60	2025-2028 612,492
				<u>621,241</u>			<u>612,492</u>
				<u>737,151</u>			<u>676,191</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Analysed into:		
Within one year or on demand	115,910	63,699
In the second year	198,938	182,167
In the third to fifth years, inclusive	422,303	430,325
	<u>737,151</u>	<u>676,191</u>

Notes:

- (a) As at 31 December 2024 and 2023, all bank borrowings are secured by the corporate guarantees of the Company and certain of its subsidiaries.
- (b) As at 31 December 2024 and 2023, all the Group's bank borrowings are denominated in HK\$.

15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company repurchased 1,700,000 of its ordinary shares on the Stock Exchange at an aggregate consideration of approximately HK\$6,959,000 (before expenses).

On 21 November 2024, the Company and Modern Dental Asia Pacific Limited, a wholly owned subsidiary of the Company, entered into Sales and purchase agreement A and Sales and purchase agreement B in relation to the acquisition of shares in aggregate representing 74% equity interests of Hexa Ceram Company Limited (“**Hexa Ceram**”), a leading dental laboratory in Thailand at cash considerations in total of THB938,959,000 (equivalent to approximately HK\$214,102,000) (assuming there will be no change to the completion date). The acquisition is completed in January 2025. The acquisition will enable the Group to integrate an established sales and distribution network in Thailand and further expand and complement its product-offering, distribution and sales networks.

Save as disclosed above, the Group does not have other significant subsequent event as at the date of this Announcement.

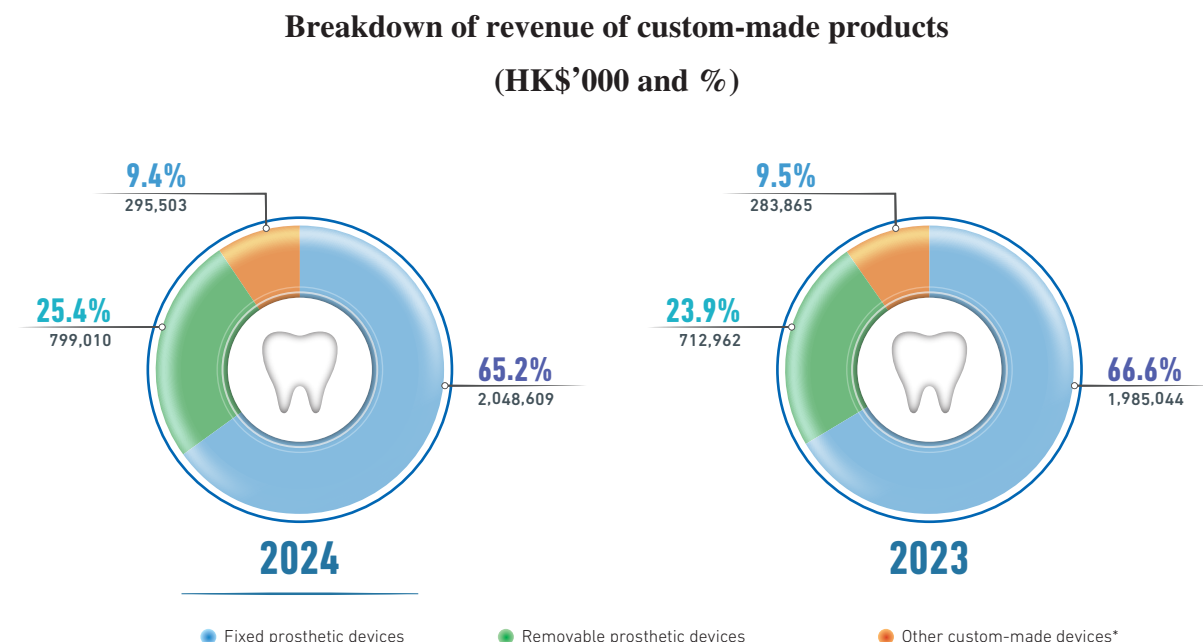
MANAGEMENT DISCUSSION AND ANALYSIS

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\$47,587,000 (2023: HK\$33,686,000).

Product Category

The figures below set forth the breakdown of revenue of custom-made products (in thousand Hong Kong dollars and percentage) by product category for the years ended 31 December 2024 and 2023 respectively:



* Raw materials revenue, dental equipment revenue, clear aligner revenue and the service revenue are subtracted from the Group's revenue.

Fixed Prosthetic Devices

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

During the year ended 31 December 2024, fixed prosthetic devices business segment recorded a revenue of approximately HK\$2,048,609,000, representing an increase of approximately HK\$63,565,000 as compared with the year ended 31 December 2023. This business segment accounted for approximately 65.2% of the Group's revenue of custom-made products as compared with approximately 66.6% in the year ended 31 December 2023.

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 2024, removable prosthetic devices business segment recorded a revenue of approximately HK\$799,010,000, representing an increase of approximately HK\$86,048,000 as compared with the year ended 31 December 2023. This business segment accounted for approximately 25.4% of the Group's revenue of custom-made products as compared with approximately 23.9% in the year ended 31 December 2023.

Other custom-made Devices

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

During the year ended 31 December 2024, other custom-made devices business segment recorded a revenue of approximately HK\$295,503,000, representing an increase of approximately HK\$11,638,000 as compared with the year ended 31 December 2023. This business segment accounted for approximately 9.4% of the Group's revenue of custom-made products as compared with approximately 9.5% in the year ended 31 December 2023.

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 2024, others recorded a revenue of approximately HK\$220,896,000, representing an increase of approximately HK\$30,719,000 as compared with the year ended 31 December 2023.

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 2024 and 2023 respectively:

	Year ended 31 December					
	2024			2023		
	Sales			Sales		
	Volume	Revenue	ASP	Volume [#]	Revenue	ASP
	(number		(HK\$	(number		(HK\$
	of cases)	(HK\$'000)	per case)	of cases)	(HK\$'000)	per case)
<u>Product category</u>						
Fixed prosthetic devices	1,147,326	2,048,609	1,786	1,082,433	1,985,044	1,834
Removable prosthetic devices	581,376	799,010	1,374	568,904	712,962	1,253
Other custom-made devices	449,871	295,503	657	432,872	283,865	656
Subtotal	2,178,573	3,143,122	1,443	2,084,209	2,981,871	1,431
Others*	N/A	220,896	N/A	N/A	190,177	N/A
Total		<u>3,364,018</u>			<u>3,172,048</u>	

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

Volume in 2023 is adjusted to align with the methodologies in 2024.

Sales volume and average selling price

For the year ended 31 December 2024, the sales volume and ASP of the Group's products across its markets were 2,178,573 cases (2023: 2,084,209 cases) and HK\$1,443 per case (2023: HK\$1,431 per case), representing an increase of 4.5% and 0.8%, respectively.

The slight increase in ASP in HK\$ was mainly due to the annual raise in product price in overseas countries and the change in product mix offset by the development of the volume-based procurement for dental implant treatment in the Mainland China and the depreciation of EUR by 0.4%, AUD by 1.1% and RMB by 1.3% against HK\$ during the year.

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 2024, the Group's digital solution cases (overseas and domestic) that are produced from its Mainland China and Vietnam production facilities (which, for the avoidance of doubt, does not include digital solution cases produced in the Group's non-Mainland China and non-Vietnam production facilities or overseas/satellite dental laboratories) increased to approximately 769,564 cases, reflecting an increase of 36.0% as compared with the same period in 2023 (approximately 565,891 cases[#]) as a result of our clients' increased adoption of intra-oral scanners.

[#] Volume of digital cases in 2023 is adjusted to align with the methodologies in 2024.

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 for the years ended 31 December 2024 and 2023 respectively:

Market	Year ended 31 December						
	2024			2023			Original currency growth rate (%)
	Conversion rate *		Revenue (HK\$'000)	Conversion rate *		Change in currency (%)	
	(Original currency per HK\$)	(Original currency per HK\$)					
Europe	EUR	8.443	1,618,436	8.477	1,399,371	-0.4	16.1
North America	US\$	7.750	752,083	7.750	753,615	—	-0.2^
Greater China	RMB	1.096	662,210	1.110	713,592	-1.3	#
Australia	AUD	5.148	264,752	5.203	254,341	-1.1	5.2
Others			66,537		51,129	—	30.1
Total			3,364,018		3,172,048		

[^] The increase in sales in original currency of the North America market (ex-MicroDental) was approximately 8.7% and the decrease in sales in original currency of MicroDental was approximately 2.6%.

The increase in sales in original currency of the Mainland China market was approximately 3.0% and the decrease in sales in original currency of the Hong Kong market was approximately 19.7%.

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

Europe

The revenue generated from sales in the European markets, including France, Germany, the Netherlands, Belgium, Denmark, Sweden, Norway, Spain, the United Kingdom and other European countries, accounted for the largest portion of our revenue for the year ended 31 December 2024.

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 is available within close proximity to our clients; effectively meeting our clients' high expectations through our various onshore and offshore resources. The Group is committed and will continue to equip ourselves to provide the state-of-the-art digital solutions offering to the dental community in the market.

During the year ended 31 December 2024, the European market recorded a revenue of approximately HK\$1,618,436,000, representing an increase of approximately HK\$219,065,000 as compared with the year ended 31 December 2023. This geographic market accounted for 48.1% of the Group's total revenue as compared with approximately 44.1% for the year ended 31 December 2023. 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 2024.

However, demand for cosmetic products (higher-end products) was soft in 2024, which contributed to the drop in sales of our domestically manufactured business unit. Despite this, digitalisation continued to grow for our import business, primarily serving mass and general demand, leading to an increase in sales for the import products business unit during the year.

A significant portion of our business in the North America region comprises higher-end products manufactured domestically. With our centralised digital workflows and network oversight over our wide coverage of production units within the region, we are well positioned to support the customers needs through their digitalisation journey, focusing on leveraging efficiencies and providing an enhanced customer experience throughout the network.

Looking forward, the Group targets to utilise the newly set up Vietnam production facility to establish a new business unit specialised in serving mid/large scale dental clinic chains customers in the North American market. Additionally, the diversified supply bases in the US, China, Vietnam, and Thailand provide the Group with greater flexibility to navigate the challenge of US tariffs, positioning us more advantageously compared to our competitors.

During the year ended 31 December 2024, the North American market recorded a revenue of approximately HK\$752,083,000, representing a decrease of approximately HK\$1,532,000 as compared with the year ended 31 December 2023. This geographic market accounted for approximately 22.3% of the Group's total revenue as compared with approximately 23.8% in the year ended 31 December 2023.

MicroDental Laboratories, Inc. and its subsidiaries (“**MicroDental Group**”) contributed approximately HK\$579,745,000 (2023: HK\$594,994,000) to the Group’s revenue, approximately HK\$41,133,000 (2023: HK\$53,782,000) to the Group’s Adjusted EBITDA; and approximately HK\$7,478,000 (2023: HK\$16,672,000) to the Group’s profit from core operations.

The decrease in sales in MicroDental Group, our North America domestic labs business, was affected by the weakness in demand of implant dental treatments (a discretionary option for patients) and the softness in the US economy. However, this was offset by the increase in sales of our offshore-made products businesses supplied by Mainland China and Vietnam, as a result of the enhancement of competitiveness of offshore-made products following the adoption of digitalisation practices.

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 2024.

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. Our substantial market share of government-related orders in Hong Kong gives us confidence and highlights the Group’s competitive advantages in gaining market share under a centralised procurement system - due to our competitive strength in products quality, advance in product offering and financial resources.

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

For the year ended 31 December 2024, the Greater China market recorded a revenue of approximately HK\$662,210,000, representing an decrease of approximately HK\$51,382,000 as compared with the year ended 31 December 2023. This geographic market accounted for approximately 19.7% of the Group's total revenue as compared with approximately 22.5% in the year ended 31 December 2023. As a result of the increase in sales volume in the Mainland China market following the full implementation of the volume-based procurement policy in the Mainland China market gradually since 2nd half of 2023, our Mainland China business reported a sales growth of 3.0% in original currency for the year ended 31 December 2024 compared to the year ended 31 December 2023 but is offset by the depreciation of RMB against HK\$ by 1.3% compared with the year ended 31 December 2023. However, 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).

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 2024, the Australian market recorded a revenue of approximately HK\$264,752,000, representing an increase of approximately HK\$10,411,000 as compared with the year ended 31 December 2023. This geographic market accounted for approximately 7.9% of the Group's total revenue as compared with approximately 8.0% in the year ended 31 December 2023. The increase of revenue from the Australian market was predominately due to the increase in sales volume as a result of the increase in market share driven by the digitalisation trend in dental industry which is partially offset by the depreciation of AUD against HK\$ by 1.1% compared with the year ended 31 December 2023.

Others

Other markets primarily include Indian Ocean countries, Malaysia, Taiwan, Singapore and Thailand. For the year ended 31 December 2024, these markets recorded a revenue of approximately HK\$66,537,000, representing an increase of approximately HK\$15,408,000 as compared with the year ended 31 December 2023. This geographic market accounted for approximately 2.0% of the Group's total revenue as compared with approximately 1.6% last year.

FUTURE PROSPECTS AND STRATEGIES

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

The dental industry has historically demonstrated remarkable resilience and stability, even during tough economic periods. This stability is underpinned by irreversible demographic trends, such as aging populations and increasing awareness of oral health, which drive consistent demand for dental prosthetics. The Group's ability to thrive in uncertain conditions, as evidenced by its performance in 2024, further reinforces its position as a market leader.

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

Looking ahead, the Group's growth prospects remain highly optimistic. The medium and long-term global demand for dental prosthetics is expected to grow steadily, supported by key demographic trends. Following our landmark acquisitions in previous years, including the recent acquisition of Hexa Ceram, Thailand's largest dental laboratory, in January 2025, the Group's global distribution and sales network is further diversified with a larger presence in South East Asia region. This expansion, coupled with our diversified supply bases in the US, China, Vietnam, and Thailand, provides the Group with unparalleled flexibility to navigate challenges such as US tariffs and other geopolitical risks.

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

In 2025, the Group aims to evolve beyond being a one-stop-shop dental prosthetic provider to becoming a full dental ecosystem, offering comprehensive support to our customers. With the Board's extensive experience and determination to overcome short-term challenges, the Group is well-positioned to seize new business opportunities while remaining cautious and prudent in safeguarding shareholders' interests.

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

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the revenue of the Group amounted to approximately HK\$3,364,018,000, representing an increase of approximately 6.1% as compared with approximately HK\$3,172,048,000 for the year ended 31 December 2023. The increase was largely attributable to increase in sales volume as a result of the increase in market share driven by the digitalisation trend in dental industry and offset by (i) the development of the volume-based procurement for dental implant treatment in the Greater China region; and (ii) the weakness in demand of implant dental treatment (a discretionary option for patients) in the US.

Gross Profit and Gross Profit Margin

The gross profit for the year ended 31 December 2024 was approximately HK\$1,798,871,000, which was approximately 5.8% higher than that of last year. The decrease in the gross profit margin of approximately 0.1 percentage points compared with the year ended 31 December 2023 was mainly attributable to development of the volume-based procurement for dental implant treatment in the Mainland China.

The gross profit margins of Fixed Prosthetic Devices business segment, Removable Prosthetic Devices business segment and Others business segment were approximately 55.1%, 54.9% and 44.7% respectively. The following table sets forth the breakdown of our gross profit and gross margin by product category.

	Year ended 31 December			
	2024		2023	
	Gross profit <i>HK\$'000</i>	Gross margin (%)	Gross profit <i>HK\$'000</i>	Gross margin (%)
<u>Product category</u>				
Fixed prosthetic devices	1,129,592	55.1	1,092,992	55.1
Removable prosthetic devices	438,325	54.9	387,095	54.3
Others	230,954	44.7	220,606	46.5
Total	<u>1,798,871</u>		<u>1,700,693</u>	

Selling and Distribution Expenses

The selling and distribution expenses increased by approximately 10.2% from approximately HK\$414,135,000 for the year ended 31 December 2023 to approximately HK\$456,191,000 for the year ended 31 December 2024, accounting for approximately 13.6% of the Group's revenue, as compared with approximately 13.1% for last year. The increase in the selling and distribution expenses was in line with the increase in sales while partially offset by increase in labour costs due to increase in number of headcounts.

Administrative Expenses

The administrative expenses increased by approximately 1.9% to approximately HK\$762,143,000 for the year ended 31 December 2024 from approximately HK\$747,869,000 for the year ended 31 December 2023, accounting for approximately 22.7% of the Group's revenue, as compared with approximately 23.6% for last year. The increase in the administrative expenses was primarily attributable to the increase in labour costs due to increase in number of headcount.

Other Operating Expenses

During the year ended 31 December 2024, the other operating expenses increased by approximately 549.2% from approximately HK\$4,709,000 for the year ended 31 December 2023 to approximately HK\$30,573,000 for the year ended 31 December 2024, accounting for 0.9% of the Group's revenue, as compared with 0.1% for the year ended 31 December 2023. Other operating expenses mainly represented (i) exchange losses, net, incurred of approximately HK\$26,217,000 (2023: HK\$2,872,000), including exchange loss of HK\$11,224,000 resulting from depreciation of Euro Dollar reserved for the acquisition of Hexa Ceram Company Limited in Thailand, which was completed on 9 January 2025; and (ii) write-off of property, plant and equipment of approximately HK\$2,758,000 (2023: HK\$695,000).

Finance Costs

During the year ended 31 December 2024, the finance costs increased by approximately 25.3% from approximately HK\$41,222,000 for the year ended 31 December 2023 to approximately HK\$51,651,000 for the year ended 31 December 2024, accounting for approximately 1.5% of the Group's revenue, as compared with approximately 1.3% for the corresponding period in 2023. The increase in finance costs were mainly due to the increase in the interest rate (i.e. HIBOR) when compared with the year ended 31 December 2023.

Income Tax Expense

Income tax expense increased by approximately 11.9% from approximately HK\$107,411,000 for the year ended 31 December 2023 to approximately HK\$120,198,000 for the year ended 31 December 2024.

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

Profit for the year increased by approximately 1.2% from approximately HK\$402,177,000 for the year ended 31 December 2023 to approximately HK\$406,943,000 for the year ended 31 December 2024.

Profit attributable to owners of the Company for the year ended 31 December 2024 amounted to approximately HK\$408,002,000, representing an increase of approximately HK\$3,900,000, or approximately 1.0%, as compared with approximately HK\$404,102,000 for the year ended 31 December 2023.

The increase in profit and profit attributable to owners of the Company was predominately due to the increase in market share driven by the digitalisation trend in dental industry.

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 2024 and 2023, 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 and remeasurement gains on contingent considerations.

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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
EBITDA and Adjusted EBITDA		
Net profit	406,943	402,177
Tax	120,198	107,411
Finance costs	51,651	41,222
Depreciation of right-of-use assets	51,815	52,987
Depreciation of property, plant and equipment	79,934	72,011
Amortisation of intangible assets	7,423	20,551
Less:		
Bank interest income	(9,168)	(1,888)
EBITDA	708,796	694,471
One-off cost in connection with acquisitions	15,521	—
One-off cost in connection with relocations	14,242	—
One-off cost in connection with implementation of ERP system	2,922	—
Remeasurement gains on contingent considerations	—	(572)
Adjusted EBITDA	741,481	693,899
Adjusted EBITDA Margin	22.0%	21.9%

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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit from core operations		
Net profit	406,943	402,177
Add:		
One-off cost in connection with acquisitions	15,521	—
One-off cost in connection with relocations	14,242	—
One-off cost in connection with implementation of ERP system	2,922	—
Less:		
Remeasurement gains on contingent considerations	—	(572)
Tax credit related to one-off cost acquisition, relocations and implementation of ERP system	(4,646)	—
Profit from core operations	<u>434,982</u>	<u>401,605</u>
Profit from core operations Margin	<u>12.9%</u>	<u>12.7%</u>

LIQUIDITY AND FINANCIAL RESOURCES

Cash Flows

The table below summarises the Group's cash flows for the years ended 31 December 2024 and 31 December 2023 respectively:

	For the year ended	
	31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flows from operating activities	521,190	575,760
Net cash flows used in investing activities	(145,473)	(154,957)
Net cash flows used in financing activities	(227,704)	(173,640)

The Group derives its working capital mainly from cash on hand and net cash generated from operating activities. The Board expects that the Group will rely on the internally generated funds and the available banking 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\$816,825,000 as of 31 December 2024 (2023: HK\$697,694,000), which was mainly denominated in HK\$, RMB, US\$, EUR and AUD.

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 2024, the net cash flows from operating activities has decreased to approximately HK\$521,190,000 (2023: HK\$575,760,000). The decrease in net cash flows from operating activities was primarily attributable to increase in income tax paid, mainly due to increase in provisional tax paid, by approximately HK\$47,125,000 to approximately HK\$184,798,000 for the year ended 31 December 2024 from approximately HK\$137,673,000 for the year ended 31 December 2023.

Investing Activities

The net cash flows used in investing activities for the year ended 31 December 2024 of approximately HK\$145,473,000, of which approximately HK\$153,504,000 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\$227,704,000 for the year ended 31 December 2024. The outflow was mainly attributable to (i) advancement of bank borrowings, net of approximately HK\$60,624,000 (2023: advancement of bank borrowings, net of HK\$45,524,000); (ii) payment for dividend of approximately HK\$160,659,000 (2023: HK\$99,030,000); (iii) repurchase of the Company's ordinary shares of approximately HK\$25,054,000 (2023: HK\$20,150,000); (iv) payment for lease liabilities of approximately HK\$60,508,000 (2023: HK\$61,178,000); and (v) payment for interest expenses of approximately HK\$42,107,000 (2023: HK\$38,806,000).

Capital Expenditure and Research and Development expenses

During the year ended 31 December 2024, the Group's capital expenditure amounted to approximately HK\$153,504,000 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 2024, the Group has invested in acquisition of the latest state-of-the-art machineries of approximately HK\$59,207,000 (2023: HK\$32,862,000) and incurred research and development costs of approximately HK\$43,564,000 (2023: HK\$43,239,000). The aggregate amounts collectively represented approximately 3.1% of the revenue of the Group (2023: 2.4%).

CAPITAL STRUCTURE

Bank borrowings

Bank borrowings of the Group as of 31 December 2024 amounted to approximately HK\$737,151,000 as compared to approximately HK\$676,191,000 as of 31 December 2023. As of 31 December 2024, all bank borrowings were denominated in HK\$. As of 31 December 2024, 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 Announcement.

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 2024, the gearing ratio of the Group was approximately 14% (2023: 16%), reflecting that the Group's financial position was at a sound level.

Debt securities

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

Contingent liabilities

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

CHARGE OF GROUP ASSETS

During the year ended 31 December 2024, Modern Dental Laboratory Company Limited, a subsidiary of the Company, entered into certain bank loans facility agreements (the “**Facility Agreements**”) for certain term loans and a revolving credit, secured by corporate guarantees of the Company and certain of its subsidiaries. Pursuant to the Facility Agreements, if the aggregate shareholding of Mr. Chan Kwun Fung, Mr. Chan Kwun Pan, Dr. Chan Ronald Yik Long, Ms. Chan Yik Yu, Mr. Ngai Chi Ho Alwin and Mr. Ngai Shing Kin, directly or indirectly, in the Company's share capital ceases to be at least 50%, the commitment under the Facility Agreements will be cancelled and all the outstanding amounts under the Facility Agreements will become immediately due and payable.

Pledged bank deposits of the Group as of 31 December 2024 amounted to approximately HK\$194,000 as compared to approximately HK\$201,000 as of 31 December 2023.

Commitments

The Group had no other significant capital commitments as of 31 December 2024.

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

On 21 November 2024, Modern Dental Asia Pacific Limited (the “Purchaser”) (an indirect wholly-owned subsidiary of the Company), Acheval Holdings Limited (“Vendor A”) (the legal and beneficial owner of 52,500 shares in Hexa Ceram Company Limited (the “Target Company”) as at 21 November 2024), Mr. Anucha Meekiatichaikun (“Mr. Meekiatichaikun”) (as warrantor) and the Company (as guarantor) entered into the sale and purchase agreement A, pursuant to which, amongst others, the Purchaser has conditionally agreed to purchase, and Vendor A has conditionally agreed to sell 52,500 shares in the Target Company, representing 25% of the registered capital of the Target Company, at a total consideration of 326,216,000 Thai Baht (THB) (equivalent to approximately HK\$74,384,000) (assuming there will be no change to the completion date).

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 (equivalent to approximately HK\$139,718,000) (assuming there will be no change to the completion date).

In connection with the acquisitions of shares, the Purchaser, the Company, Mr. Meekiatchaikun and the Target Company entered into the shareholders agreement on 21 November 2024 to define and regulate the respective rights and obligations of the shareholders of the Target Company upon the completion of acquisitions of shares.

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.

All the conditions precedent to the completion of acquisitions of shares had been fulfilled and the acquisitions of shares took place simultaneously on 9 January 2025 in accordance with the terms of the sale and purchase agreements. The shareholders agreement and the option agreement have also become effective and binding upon the parties on 9 January 2025.

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

Saved as disclosed above, and in this Announcement, the Group had no significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures for the year ended 31 December 2024 and there is no plan for material investments or capital assets as at the date of this Announcement.

OFF-BALANCE SHEET TRANSACTIONS

During the year ended 31 December 2024, the Group did not enter into any material off-balance sheet transactions.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the year ended 31 December 2024, the Company repurchased 1,700,000 of its Shares (as defined below) on the Stock Exchange at an aggregate consideration of approximately HK\$6,959,000 (before expenses).

Save as disclosed above, the Group has no important events after the year ended 31 December 2024 and up to the date of this Announcement.

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 (2024: ranged between 15% and 21%; 2023: ranged between 16% and 26%); the budgeted sales growth rates (2024: ranged between 0% and 10%; 2023: ranged between 0% and 10%); and budgeted EBITDA margins (2024: ranged between 7% and 36%; 2023: ranged between 10% and 33%), are determined with reference to historical performance of the Group; market research of the prosthetic devices industry and the specific business plans of the Group.

Centralisation of Production Facilities

The production of the Group relied heavily on its existing production facilities in Shenzhen, Mainland China and in Dongguan, Mainland China. If there are disruptions to the production sites in Shenzhen and Dongguan, the Group may suffer from interruptions to its business. The management has started a new production facility in Vietnam to further mitigate the risk. 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.

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 2024, the interest rate on floating-rate bank loans were ranged approximately from HIBOR+0.725% to HIBOR+1.60% per annum (2023: ranged approximately from HIBOR+1.15% to HIBOR+1.60%) for term loans. 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 and US\$ 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 Announcement.

EMPLOYEE AND REMUNERATION POLICY

The Group had a total of 7,106 (2023: 7,035) dedicated full-time employees at our production facilities, service centers, points of sales and other sites as of 31 December 2024, mainly including 4,861 (2023: 4,831) production staff members, 757 (2023: 709) general management staff members and 475 (2023: 519) customer service staff members.

Total staff costs of the Group (excluding the Directors’ and chief executive’s remuneration) for the year ended 31 December 2024 was approximately HK\$1,532,248,000 (2023: HK\$1,439,045,000). 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, 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.

SHARE OPTION SCHEME

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

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

As of 31 December 2024, no options had been granted or agreed to be granted pursuant to the Share Option Scheme.

Pursuant to Rule 17.03A of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), the participants of a scheme shall only comprise directors and employees of the issuer or any of its subsidiaries and the persons who provide services to the issuer group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the issuer group.

PRE-IPO RESTRICTED SHARE UNIT SCHEME

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

As of 31 December 2024, no outstanding restricted share units were granted or vested pursuant to the Pre-IPO RSU Scheme.

DIVIDENDS

The Board declared an interim dividend of HK8.0 cents (six months ended 30 June 2023: HK6.0 cents) per ordinary share for the six months ended 30 June 2024.

The Board recommended a final dividend of HK9.2 cents (2023: HK9.0 cents) per ordinary share, out of the share premium account, for the year ended 31 December 2024 (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 29 May 2025, the Proposed Final Dividend will be paid on 30 June 2025 to Shareholders whose names appear on the Register of Members of the Company as at the close of business on 10 June 2025.

CLOSURE OF REGISTER OF MEMBERS

To determine the entitlement to attend and vote at the AGM to be held on 29 May 2025, the Register of Members of the Company will be closed from Monday, 26 May 2025 to Thursday, 29 May 2025, 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 Friday, 23 May 2025, 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 Thursday, 5 June 2025 to Tuesday, 10 June 2025, 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 Wednesday, 4 June 2025.

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

During the year ended 31 December 2024, the Company repurchased 6,121,000 of its ordinary shares (the “Shares”) on the Stock Exchange at an aggregate consideration of approximately HK\$25,054,000 (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	Lowest	
		HK\$	HK\$	
January 2024	1,000,000	3.80	3.70	3,788
April 2024	400,000	4.22	4.06	1,654
June 2024	721,000	4.30	4.30	3,100
July 2024	1,900,000	4.30	4.04	7,903
August 2024	100,000	3.78	3.77	378
September 2024	100,000	3.92	3.88	391
December 2024	1,900,000	4.27	3.94	7,840
	<u>6,121,000</u>			<u>25,054</u>

Out of 6,121,000 repurchased Shares, 4,221,000 Shares of approximately HK\$17,214,000 (before expenses) were cancelled during the year ended 31 December 2024, while the remaining 1,900,000 Shares of approximately HK\$7,840,000 (before expenses) were pending cancellation 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 2023 and 30 May 2024, 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 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the year ended 31 December 2024, the Company has complied with the applicable code provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

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

The Company has adopted the Securities Dealing Code containing the provisions set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules, and after having made specific enquiry with regard to securities transactions by the Directors, all Directors have confirmed their compliance with the required standards set out in the Model Code regarding Directors' securities transactions throughout the year.

AUDIT COMMITTEE

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 Group's final results for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group have been reviewed by all the members of the audit committee.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by the Company's auditor on the preliminary announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and on the website of the Company (<https://www.moderndentalgp.com>). The annual report of the Company for the year ended 31 December 2024 will be despatched to shareholders of the Company and will be published on the same websites in due course.

By order of the Board
Modern Dental Group Limited
Chan Ronald Yik Long
Chairman and Chief Executive Officer

Hong Kong, 27 March 2025

As at the date of this announcement, the board of directors of the Company comprises Chan Ronald Yik Long, Chan Yik Yu, Chan Kwun Fung, Chan Kwun Pan, and Chan Chi Yuen, as executive Directors, and Cheung Wai Bun Charles J.P., Chan Yue Kwong Michael, Cheung Wai Man William and Yau Ka Po as independent non-executive Directors.