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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3600)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2025, DIVIDEND  
AND CLOSURE OF REGISTER OF MEMBERS**

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

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

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

## RESULTS HIGHLIGHTS

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

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

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

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

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

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

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

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

<sup>\*</sup> 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.

Additional highlights:

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

<sup>#</sup> *Volume of digital cases in 2024 is adjusted to align with the methodologies applied in 2025.*

## INTERIM RESULTS

The board of directors (the “**Board**” or the “**Directors**”) of Modern Dental Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024, as follows:

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2025

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	Notes		
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,863,769</b>	<b>3,496,596</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		143,809	136,151
Interest-bearing bank borrowings	17	511,418	621,241
Deferred tax liabilities		20,634	13,544
Other non-current liabilities	16	111,866	86
Total non-current liabilities		787,727	771,022
<b>NET ASSETS</b>		<b>3,076,042</b>	<b>2,725,574</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		72,769	73,166
Treasury shares		(9,255)	(7,879)
Reserves		2,926,140	2,650,581
		2,989,654	2,715,868
Non-controlling interests		86,388	9,706
<b>TOTAL EQUITY</b>		<b>3,076,042</b>	<b>2,725,574</b>



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE AND GROUP INFORMATION

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

## 2.1 BASIS OF PREPARATION

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

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES

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

Amendments to IAS21

*Lack of Exchangeability*

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

## 3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

### Geographical information

(a) Revenue from external customers

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

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

(b) Non-current assets

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

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

#### 4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

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

- \* 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.

## 5. PROFIT BEFORE TAX

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

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

- # Cost of inventories sold includes HK\$493,349,000 (unaudited) (six months ended 30 June 2024: HK\$475,514,000 (unaudited)) relating to employee benefit expense, lease payments not included in the measurement of lease liabilities and depreciation, which are also included in the respective total amounts disclosed above for each of these types of expenses.
- ## Research and development costs includes HK\$14,544,000 (unaudited) (six months ended 30 June 2024: HK\$22,523,000 (unaudited)) relating to employee benefit expense, lease payments not included in the measurement of lease liabilities and depreciation, which are also included in the respective total amounts disclosed above for each of these types of expenses.
- \* Gains on disposal of items of property, plant and equipment, net, gains on early termination of leases, net and foreign exchange gains, net are included in “other income and gains” in the interim condensed consolidated statements of profit or loss. Write-off of property, plant and equipment, losses on early termination of leases, net, and foreign exchange loss, net are included in “other operating expenses” in the interim condensed consolidated statements of profit or loss.

## 6. FINANCE COSTS

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

## 7. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2025	2024
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Current	73,136	66,383
Deferred	1,610	2,352
Total tax charge for the period	<u>74,746</u>	<u>68,735</u>

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

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

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



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

	<b>Six months ended 30 June</b>	
	<b>2025</b>	2024
	<b>(Unaudited)</b>	(Unaudited)
	<b><i>HK\$'000</i></b>	<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><b>285,247</b></u>	<u>215,249</u>
 <u>Number of shares</u>		
	<b>Six months ended 30 June</b>	
	<b>2025</b>	2024
	<b>(Unaudited)</b>	(Unaudited)
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period		
used in the basic and diluted earnings per share calculation	<u><b>939,233,485</b></u>	<u>952,816,099</u>

## 9. DIVIDENDS

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

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

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

## 10. PROPERTY, PLANT AND EQUIPMENT

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

## 11. GOODWILL

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

## 12. INTANGIBLE ASSETS

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

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

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

### 14. TRADE RECEIVABLES

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	361,599	266,117
1 to 2 months	95,112	100,536
2 to 3 months	59,672	53,100
3 months to 1 year	193,397	153,113
Over 1 year	<u>61,939</u>	<u>40,713</u>
	<u>771,719</u>	<u>613,579</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 material collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

## 15. TRADE PAYABLES

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

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

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.

## 16. OTHER PAYABLES AND ACCRUALS

		<b>30 June</b>	<b>31 December</b>
		<b>2025</b>	<b>2024</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Current</b>			
Accruals		<b>194,055</b>	194,397
Other payables		<b>50,132</b>	55,483
Contract liabilities		<b>26,324</b>	11,983
Deferred revenue		<b>5,190</b>	5,617
Consideration payable		<b>294</b>	294
Due to a non-controlling shareholder	(a)	—	4,800
Due to a related party		—	3,000
		<b>275,995</b>	<b>275,574</b>
<b>Other non-current liabilities</b>			
Put option liabilities	18	<b>96,692</b>	—
Due to a non-controlling shareholder	(a)	<b>4,800</b>	—
Deferred revenue		<b>55</b>	86
Other non-current liabilities		<b>10,319</b>	—
		<b>111,866</b>	<b>86</b>

Notes:

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

## 17. INTEREST-BEARING BANK BORROWINGS

		30 June 2025 (Unaudited)			31 December 2024 (Audited)		
		Effective/ contractual interest rate (%)	Maturity	HK\$'000	Effective/ contractual interest rate (%)	Maturity	HK\$'000
<b>Current</b>							
Current portion of long term bank loans – secured	Hong Kong						
	Interbank						
	Offered Rate						
	(“HIBOR”)						
	+0.69 to				HIBOR+0.725 to		
	HIBOR+0.72	2025-2026		60,772	HIBOR+0.80	2025	115,910
	2% to prime						
	rate	2025-2026		4,667		—	—
				<u>65,439</u>			<u>115,910</u>
<b>Non-current</b>							
Long term bank loans - secured	HIBOR+0.69 to				HIBOR+0.725 to		
	HIBOR+0.72	2026-2030		507,264	HIBOR+0.80	2026-2029	621,241
	2% to prime						
	rate	2026-2029		4,154		—	—
				<u>511,418</u>			<u>621,241</u>
				<u>576,857</u>			<u>737,151</u>

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

Notes:

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

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

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

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

- (b) As at 30 June 2025 (unaudited), the Group's bank borrowings are denominated in HK\$ and Thai Baht amounted to approximately HK\$568,036,000 and HK\$8,821,000, respectively. As at 31 December 2024 (audited), all the Group's bank borrowings are dominated in HK\$.



## 18. 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.

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. The present value of a put option liability of approximately HK\$96,692,000 has been recognised in the consolidated statement of financial position within other payables and accruals. For further information of the option agreement, please refer to the announcements of the Company dated 21 November 2024.

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

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

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

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

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

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

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

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

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

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

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

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

## Acquisition of Digital Sleep Design Pty Limited (“Digital Sleep”)

On 28 February 2025, MDP Pty Limited, an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with independent third parties to acquire 55% equity interest of Digital Sleep Design Pty Limited (“Digital Sleep”) at cash consideration of AUD3,154,000. The acquisition was completed on 28 February 2025. The acquisition will provide the Group with advance technology in anti-snoring devices to further expand the Group’s product offering and services to its existing clients.

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

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

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

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

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

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

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

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

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

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

## **19. EVENT AFTER THE REPORTING PERIOD**

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

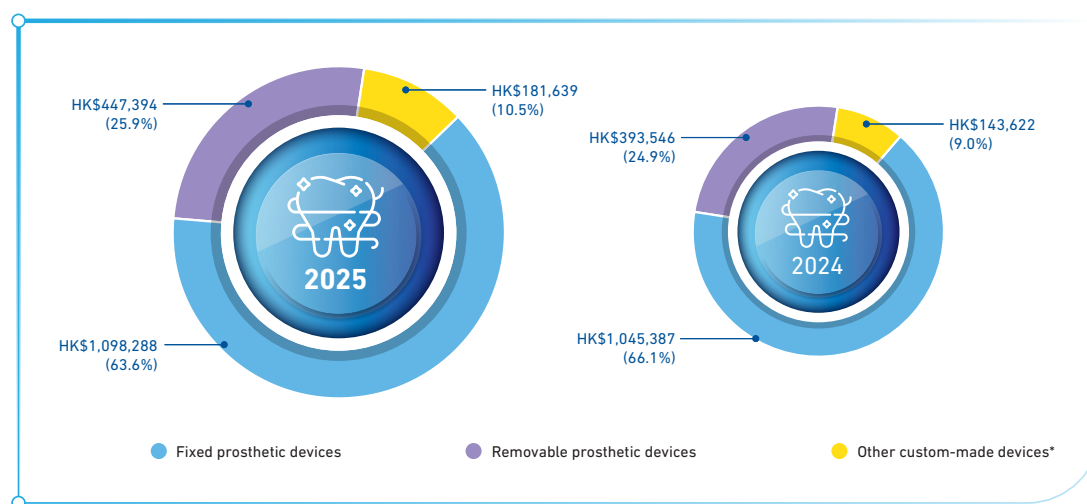
### BUSINESS REVIEW

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 aligner and the services of educational events and seminars rendered. Including in “others” segment, the sales of TrioClear (our own clear aligner) is approximately HK\$27,259,000 (six months ended 30 June 2024: HK\$22,346,000), represented an increase of 22.0%.

#### 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 six months ended 30 June 2025 and 2024 respectively:

#### Breakdown of revenue of custom-made products (HK\$'000 and %)



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

### ***Removable Prosthetic Devices***

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

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

### ***Other Custom-made Devices***

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

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

## ***Others***

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

## ***Product Category***

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

	Six months ended 30 June					
	2025			2024		
	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	657,143	1,098,288	1,671	580,514	1,045,387	1,801
Removable prosthetic devices	412,404	447,394	1,085	294,595	393,546	1,336
Other custom-made devices	334,355	181,639	543	217,796	143,622	659
Subtotal	1,403,902	1,727,321	1,230	1,092,905	1,582,555	1,448
Others*	N/A	107,493	N/A	N/A	119,276	N/A
Total		<u>1,834,814</u>			<u>1,701,831</u>	

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



### ***Sales volume and average selling price***

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

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

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

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

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

<sup>#</sup> Volume of digital cases in 2024 is adjusted to align with the methodologies applied in 2025.

## 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 six months ended 30 June 2025 and 2024, respectively:

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

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

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

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

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

## ***Europe***

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

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

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

## ***North America***

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

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

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

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

## ***Greater China***

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

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

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

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

## ***Australia***

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

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

## ***Others***

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

## **FUTURE PROSPECTS AND STRATEGIES**

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

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

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

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

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

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

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

## **FINANCIAL REVIEW**

### ***Revenue***

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



## ***Gross Profit and Gross Profit Margin***

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

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

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

### ***Selling and Distribution Expenses***

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

### ***Administrative Expenses***

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

### ***Other Operating Expenses***

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

### ***Finance Costs***

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

### ***Income Tax Expense***

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

### ***Profit for the Period and Profit Attributable to Owners of the Company***

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

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

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

### ***Non-IFRS Measures***

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

### ***EBITDA, Adjusted EBITDA and Profit from Core Operations***

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

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

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

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

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Cash Flows**

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

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

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

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

### ***Operating Activities***

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

### ***Investing Activities***

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

### ***Financing Activities***

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

### ***Capital Expenditure and Research and Development Expenses***

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



## **CAPITAL STRUCTURE**

### **Funding and treasury policies**

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

### **Bank borrowings**

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

### **Cash and cash equivalents**

The amount in which cash and cash equivalents were held are set out in the paragraph headed "Liquidity and Financial Resources" 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, lease liabilities, less cash and cash equivalents and pledged deposits. As of 30 June 2025, the gearing ratio of the Group was approximately 18% (31 December 2024: 14%), reflecting that the Group's financial position was at a sound level.

### **Debt securities**

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

## **Contingent liabilities**

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

## **Charge of group assets**

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

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

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

## **Commitments**

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

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

On 21 November 2024, Modern Dental Asia Pacific Limited (the “Purchaser”) (an indirect wholly-owned subsidiary of the Company), Acheval Holdings Limited (“Vendor A”) (the legal and beneficial owner of 52,500 shares in Hexa Ceram 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 THB 326,216,000

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

In connection with the acquisitions of shares, concurrent with the signing of the sale and purchase agreements on 21 November 2024, the Purchaser (as option holder), Mr. 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.

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

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

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

## **OFF-BALANCE SHEET TRANSACTIONS**

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

## **IMPORTANT EVENTS AFTER THE PERIOD UNDER REVIEW**

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

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

Save as disclosed above, the Group has no important events after the period under review up to the date of this 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 period. The key assumptions for 31 December 2024, such as the pre-tax discount rates (ranged between 15% and 21%); the budgeted sales growth rates (ranged between 0% and 10%); and budgeted EBITDA margins (ranged between 7% and 36%), are determined with reference to historical performance of the Group; market research of the prosthetic devices industry and the specific business plans of the Group.

### **Centralisation of Production Facilities**

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

## **Interest Rate Risk**

Our exposure to the interest rate risk relates primarily to our long-term debt obligations with floating interest rates. We manage our interest rate exposure with a focus on reducing our overall cost of debt and exposure to changes in interest rate. Our management continues to monitor the cash flows of our operation and the debt markets, where we would expect to refinance these borrowings with a lower cost of debt when desirable. For the six months ended 30 June 2025, the interest rate on floating-rate bank loans was approximately HIBOR+0.69% to HIBOR+0.80% per annum for term loans dominated in Hong Kong Dollars and 2% to prime rates per annum for term loans 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, 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.

## **EMPLOYEE AND REMUNERATION POLICY**

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

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

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



## SHARE OPTION SCHEME

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

The 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 at 30 June 2025, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

## PRE-IPO RESTRICTED SHARE UNIT SCHEME

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

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

## **DIVIDENDS**

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

## **CLOSURE OF REGISTER OF MEMBERS**

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

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

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

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

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

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

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

## **CORPORATE GOVERNANCE**

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

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

In the opinion of the Directors, during the six months ended 30 June 2025, the Company has complied with all applicable code provisions as set out in the CG Code, save and except for code provision C.2.1. Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Chan Ronald Yik Long (“Dr. Chan”) is both our Chairman and Chief Executive Officer, and is responsible for the overall management of our Group and directing the strategic development and business plans of our Group. We believe Dr. Chan is instrumental to our growth and business expansion. Our Board considers that the roles of chairman and chief executive 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 four independent non-executive Directors as at the date of this announcement, 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.

## **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 during the six months ended 30 June 2025.

## **REVIEW OF INTERIM RESULTS**

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

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.moderndentalgp.com](http://www.moderndentalgp.com)). The interim report of the Company for the six months ended 30 June 2025 will be despatched to the Shareholders 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, 28 August 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 Pan and Chan Chi Yuen as executive Directors, Chan Kwun Fung, as non-executive Director and Cheung Wai Bun Charles J.P., Chan Yue Kwong Michael, Cheung Wai Man William and Yau Ka Po as independent non-executive Directors.*