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ANGELALIGN TECHNOLOGY INC.

時代天使科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6699)

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – REVISION OF THE 2022 AND 2023 ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE CLEAR ALIGNERS PURCHASE AND SALES FRAMEWORK AGREEMENT

Non-exempt Continuing Connected Transactions – Revision of the 2022 and 2023 Annual Caps for the Continuing Connected Transactions under the Clear Aligners Purchase and Sales Framework Agreement

Reference is made to the Company's Prospectus dated June 3, 2021, in relation to, inter alia, the continuing connected transactions under the Clear Aligners Purchase and Sales Framework Agreement dated May 20, 2021 entered into between Wuxi EA, a subsidiary of the Company and CC Dental, which regulates the purchase and sales of the clear aligners and related services between CC Dental Group and the Group.

In light of the increasing demand for the Group's clear aligners and related services, the continuing business growth and expansion of the Group, and the continuing business growth and expansion of CC Dental Group, the Board estimates that the 2022 and 2023 Existing Annual Caps for the purchases of the Group's products and services contemplated under the Clear Aligners Purchase and Sales Framework Agreement is unable to satisfy the business needs of the Group. Therefore, the Board approved to revise the 2022 and 2023 Existing Annual Caps, from approximately RMB36.6 million and RMB47.2 million for the year of 2022 and the year of 2023, respectively, to the 2022 and 2023 Revised Annual Caps of RMB150.0 million and RMB210.0 million for the year of 2022 and the year of 2023, respectively. Except for such revision, the terms of the Clear Aligners Purchase and Sales Framework Agreement remain unchanged.

Listing Rules Implications

CC Dental Group is controlled by CareCapital Group, the controlling shareholder of the Company. Accordingly, CC Dental Group is a connected person of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the Clear Aligners Purchase and Sales Framework Agreement constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the applicable requirements before the relevant existing annual cap for the year of 2022 and 2023 is exceeded. As the highest applicable percentage ratio for the 2022 and 2023 Revised Annual Caps is more than 5%, the 2022 and 2023 Revised Annual Caps and related transactions under the Clear Aligners Purchase and Sales Framework Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among others, (i) further details of the Clear Aligners Purchase and Sales Framework Agreement and the 2022 and 2023 Revised Annual Caps; (ii) a letter from Gram Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) a letter from the Independent Board Committee to the Independent Shareholders, containing its advice to the Independent Shareholders; and (iv) a notice of the AGM, will be published on the website of the Stock Exchange (www.hkexnews.hk) and of the Company (www.angelalign.com) and will be dispatched by the Company to the Shareholders in due course. As additional time is required to finalise certain information contained in the circular, the Company expects to dispatch the circular on or around April 21, 2022.

Reference is made to the Prospectus of Angelalign Technology Inc. (the “**Company**”) dated June 3, 2021, in relation to, inter alia, the continuing connected transactions under the Clear Aligners Purchase and Sales Framework Agreement dated May 20, 2021 entered into between Wuxi EA, a subsidiary of the Company and CC Dental, which regulates the purchase and sales of the clear aligners and related services between CC Dental Group and the Group. In light of the increasing demand for the Group’s clear aligners and related services, the continuing business growth and expansion of the Group, and the continuing business growth and expansion of CC Dental Group, the Board approved to revise the 2022 and 2023 Existing Annual Caps from approximately RMB36.6 million and RMB47.2 million for the year of 2022 and the year of 2023, respectively, to the 2022 and 2023 Revised Annual Caps of RMB150.0 million and RMB210.0 million for the year of 2022 and the year of 2023, respectively.

THE CLEAR ALIGNERS PURCHASE AND SALES FRAMEWORK AGREEMENT

The principal terms of the Clear Aligners Purchase and Sales Framework Agreement set forth in the Prospectus are summarized as below:

Date: May 20, 2021

Parties: CC Dental and Wuxi EA

Major Terms:

Pursuant to the Clear Aligners Purchase and Sales Framework Agreement, the Group agrees to grant to CC Dental Group rights to sell its clear aligners and related services in regions in China as agreed between CC Dental Group and the Group from time to time, and CC Dental Group agrees to purchase from the Group and sell to third parties the Group’s clear aligners and related services accordingly. The Clear Aligners Purchase and Sales Framework Agreement has a term commencing from the date of signing to December 31, 2023.

Pricing Policy:

Fees charged by the Group for purchases of its clear aligners and related services shall be primarily determined based on the general guide on sales price of such goods as provided by the Group from time to time to the distributors (including independent distributors), with certain adjustment determined from time to time by the parties on an arm's length basis with reference to the sales volume and historical performance. The Group generally determine, on an annual basis, the sales price with the CC Dental Group based on arm's length negotiations after taking into account of primarily (i) the general guide sales price the Group provided to its purchasers (including independent purchasers) for the corresponding year; (ii) the total sales volume the counterparty agreed to purchase from the Group; (iii) the length of business relationship with such respective purchasers; (iv) the industry position and sales capacity of such respective purchasers; and (v) the discount range the Group generally provided to its purchasers. The Group generally determine, on an annual basis, the general guide sales price of its clear aligner treatment products based on the estimated gross profit of its products and services for such year and the estimated market demand in such year. The Group generally settled payment directly with CC Dental Group for the goods purchase price and CC Dental Group generally paid the Group on a monthly basis. Specific price and payment will be made according to the respective clear aligner purchase and sales contracts as further entered into between CC Dental Group and the Group under the Clear Aligners Purchase and Sales Framework Agreement, which shall generally be in line with the term and conditions the Group provide to a similar independent distributor. For more information, please refer to "Business – Sales and Distribution – Sales to Distributors" in the Prospectus.

No terms have been modified or changed since the date of the Clear Aligners Purchase and Sales Framework Agreement. For more information, please refer to "Connected Transactions" section in the Prospectus.

REVISION OF THE 2022 AND 2023 EXISTING ANNUAL CAPS

Historical Transaction Amount

The 2022 and 2023 Existing Annual Caps for the purchases of the Group's products and services contemplated under the Clear Aligners Purchase and Sales Framework Agreement was approximately RMB36.6 million for the year of 2022 and RMB47.2 million for the year of 2023, respectively. The transaction amount for the year ended December 31, 2021 and the two months ended February 28, 2022 under the Clear Aligners Purchase and Sales Framework Agreement is approximately RMB39.9 million and RMB10.4 million, respectively, which has not exceeded the respective annual caps of the transactions in the same year, as amended. However, in light of the increasing demand for the Group's clear aligners and related services and the business growth and expansion of the Group, and the continuing business growth and expansion of CC Dental Group, the Board anticipates that the 2022 and 2023 Existing Annual Caps will be exceeded.

The 2022 and 2023 Revised Annual Caps

Based on the foregoing and arm's length negotiations between the Group and CC Dental Group, the Board has approved to revise the 2022 and 2023 Existing Annual Caps of approximately RMB36.6 million for the year of 2022 and RMB47.2 million for the year of 2023, respectively, to the 2022 and 2023 Revised Annual Caps of RMB150.0 million for the year of 2022 and RMB210.0 million for the year of 2023, respectively.

In determining the 2022 and 2023 Revised Annual Caps, the Directors have considered, among others, the following factors: (i) the historical growth of the sales volume in 2021 and the estimated growth of the sales volume of the Group's clear aligners and related services under the Clear Aligners Purchase and Sales Framework Agreement in 2022 and 2023; (ii) the estimated business growth of the Group and the estimated increase in sales of the Group through distributionship arrangement to further expand and scale the Group's business into lower-tier cities and markets; (iii) the estimated growth of the annualized sales volume of our pre-existing distributors that were acquired by CC Dental Group across the span of last year; (iv) the estimated business expansion of CC Dental Group both organically and by continuous acquisitions based on its leading position in the market; (v) the estimated growth potential of the clear aligner market in China; and (vi) the historical and prevailing market price for the Group's clear aligners and related services in the relevant period, prices offered to other distributors of the Group of comparable goods and services, as well as the potential fluctuations in the market price for such goods in 2022 and 2023.

REASONS FOR AND BENEFITS OF REVISING THE ANNUAL CAPS

CC Dental Group is one of the major national distributors in China's dental industry and is expanding rapidly in the dental industry. Given the large sales network of CC Dental Group in China and the competitive advantages of various distributors under CC Dental Group, the Group benefits from the business cooperation with CC Dental Group in CC Dental Group's network of sales of its products and related services as well as expansion and promotion of its products and brands among the hospitals and dental clinics in China, which shall in turn further enhance the Group's competitiveness.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions under the Clear Aligners Purchase and Sales Framework Agreement and the 2022 and 2023 Revised Annual Caps are (i) in the ordinary and usual course of the Group's business; (ii) on normal commercial terms or better; and (iii) fair and reasonable and in the interests of the Group and its Shareholders as a whole.

Except for Mr. FENG Dai, Mr. HUANG Kun and Mr. HU Jiezhong, who hold positions in CareCapital Group, the controlling shareholder of the Company and CC Dental Group, had abstained from voting on the resolutions in respect of the 2022 and 2023 Revised Annual Caps under the Clear Aligners Purchase and Sales Framework Agreement at the Board meeting, none of the other Directors has material interests in the transaction or is required to abstain from voting on such resolutions.

INTERNAL CONTROL MEASURES

The Company has adopted the following internal control and corporate governance measures to closely monitor connected transactions and ensure future compliance with the Listing Rules:

- (1) the Company has adopted and implemented a management system on connected transactions and the Board and various internal departments of the Company are responsible for the control and daily management in respect of the continuing connected transactions. The Company has also engaged external independent internal control consultant to enhance our internal control system, including, among others, the system for monitoring connected transactions;

- (2) the Board and various internal departments of the Company are jointly responsible for evaluating the terms of the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps (if applicable) under each transaction;
- (3) the Board and the finance department of the Company are regularly monitoring the connected transactions and the management of the Company will regularly review the pricing policies to ensure the connected transactions to be performed in accordance with the relevant agreements;
- (4) the Company has engaged external independent auditor which will, and the independent non-executive Directors also will, conduct annual review on the connected transactions to ensure that the transactions contemplated thereunder have been conducted pursuant to the requirements of the Listing Rules and have fulfilled the relevant disclosure requirements; and
- (5) the Company will continue to comply with the relevant requirements under Chapter 14A of the Listing Rules for the continuing connected transactions, and comply with the conditions prescribed under the waiver submitted to the Stock Exchange in connection with the continuing connected transactions in this regard.

INFORMATION ABOUT THE PARTIES

The Group

The Company is a leading clear aligner solutions provider in China. The Group facilitates dental professionals throughout the entire clear aligner treatment process with Angelalign clear aligner system, which comprises a trio of interrelated components: (1) digitally-assisted case assessment support and treatment planning services, (2) customized, removable clear aligners based on specific treatment plans, and (3) iOrtho, a cloud-based service platform.

CC Dental Group

CC Dental Group is established in the PRC and is wholly-controlled by CareCapital Group, the controlling shareholder of the Company. CC Dental Group is one of the major distribution service providers in China's dental industry, and principally engages in distributing and selling full range of dental products including, among others, dental devices, equipment and consumable. CC Dental Group is committed to serving dental customers across the country with products and services from dental devices and equipment, digital solutions, dental clinic management software to comprehensive specialized services.

LISTING RULES IMPLICATIONS

CC Dental Group is controlled by CareCapital Group, which is the controlling shareholder of the Company. As such, CC Dental Group is a connected person of the Company under Rule 14A.07 of the Listing Rules, and transactions between CC Dental Group and the Group constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the applicable requirements before the 2022 and 2023 Existing Annual Caps are exceeded. As the highest applicable percentage ratio for the 2022 and 2023 Revised Annual Caps is more than 5%, the 2022 and 2023 Revised Annual Caps and related transactions under the Clear Aligners Purchase and Sales Framework Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, CareCapital Group and Mr. FENG Dai, the ultimate controlling person of CareCapital Group, controlled 100,000,000 Shares, representing approximately 59.4% of the issued share capital of the Company; Mr. HUANG Kun, through his wholly-owned company, controlled 717,200 Shares, representing approximately 0.4% of the issued share capital of the Company. CareCapital Group, Mr. FENG Dai, Mr. HUANG Kun and their respective associates are required to abstain from voting at the AGM in respect of the resolutions on the 2022 and 2023 Revised Annual Caps of the Clear Aligners Purchase and Sales Framework Agreement as a result of having material interest therein. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed in this announcement, no other Shareholder is required to abstain from voting at the AGM.

The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the 2022 and 2023 Revised Annual Caps, which comprises all the three independent non-executive Directors, who have no material interest in the transactions contemplated under the Clear Aligner Purchases and Sales Agreement. The Independent Board Committee will advise the Independent Shareholders on voting at the AGM on the resolutions in respect of the 2022 and 2023 Revised Annual Caps, after taking into account the recommendations of the Independent Financial Adviser.

In this connection, the Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2022 and 2023 Revised Annual Caps.

The Company will disclose the information in relation to the 2022 and 2023 Revised Annual Caps in its subsequent published annual report and accounts in accordance with Rule 14A.49 of the Listing Rules.

A circular containing, among others, (i) further details of the Clear Aligners Purchase and Sales Framework Agreement and the 2022 and 2023 Revised Annual Caps; (ii) a letter from Gram Capital, the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) a letter from the Independent Board Committee to the Independent Shareholders, containing its advice to the Independent Shareholders; and (iv) a notice of the AGM, will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.angelalign.com) and will be dispatched by the Company to the Shareholders in due course. As additional time is required to finalise certain information contained in the circular, the Company expects to dispatch the circular on or around April 21, 2022.

DEFINITIONS

“AGM”	the annual general meeting of the Company to be held on May 26, 2022 or any adjournment thereof, which will be further notified by the Company in relevant circular
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“CareCapital Group”	Mr. FENG Dai and the entities controlled by him directly or indirectly for holding interests in the Company under the trade name of CareCapital
“CC Dental”	Shanghai CareCapital Dental Devices Co., Ltd. (上海松佰牙科器械有限公司)
“CC Dental Group”	CC Dental and its subsidiaries
“Clear Aligners Purchase and Sales Framework Agreement”	the clear aligners purchase and sales framework agreement entered into between Wuxi EA and CC Dental on May 20, 2021
“Company”	Angelalign Technology Inc. (時代天使科技有限公司), an exempted company incorporated under the laws of Cayman Islands with limited liability on November 29, 2018
“connected person”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors as established for the purpose of, among others, considering the and, if though fit, approving, among others, the 2022 and 2023 Revised Annual Caps
“Independent Financial Adviser” or “Gram Capital”	the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the resolutions proposed to approve the 2022 and 2023 Revised Annual Caps and transactions contemplated thereunder, being Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Independent Shareholders”	the Shareholders other than CareCapital Group and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“PRC” or “China”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan solely for the purpose of this announcement
“Prospectus”	the prospectus of the Company dated June 3, 2021 in connection with its initial public offering and listing on the main board of the Stock Exchange
“RMB”	renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company of US\$0.0001 each
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Wuxi EA”	Wuxi EA Medical Instruments Technologies Limited (無錫時代天使醫療器械科技有限公司), a company incorporated under the laws of the PRC with limited liability on February 10, 2010 and an wholly-owned subsidiary of the Company
“2022 and 2023 Existing Annual Caps”	the existing annual caps of the total revenues from CC Dental Group to the Group for purchases of the Group’s products and services under the Clear Aligners Purchase and Sales Framework Agreement for the years ending December 31, 2022 and December 31, 2023, as stated in the Prospectus
“2022 and 2023 Revised Annual Caps”	the revised annual caps of the total revenues from CC Dental Group to the Group for purchases of the Group’s products and services under the Clear Aligners Purchase and Sales Framework Agreement for the years ending December 31, 2022 and December 31, 2023, as stated in this announcement

By Order of the Board
Angelalign Technology Inc.
Mr. FENG Dai
Chairman

Hong Kong, March 24, 2022

As at the date of this announcement, the Board comprises Ms. LI Huamin and Mr. SONG Xin as executive Directors; Mr. FENG Dai, Mr. HUANG Kun and Mr. HU Jiezhong as non-executive Directors; Mr. HAN Xiaojing, Ms. DONG Li and Mr. SHI Zi as independent non-executive Directors.