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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 – CONTINUING CONNECTED TRANSACTIONS UNDER THE 2024-2026 CLEAR ALIGNERS PURCHASE AND SALES FRAMEWORK AGREEMENT**

#### **Non-exempt Continuing Connected Transactions – Continuing Connected Transactions under the 2024-2026 Clear Aligners Purchase and Sales Framework Agreement**

Reference is made to the announcements of the Company dated October 21, 2021 and March 24, 2022 and the Prospectus, in relation to, inter alia, the continuing connected transactions under the 2021-2023 Clear Aligners Purchase and Sales Framework Agreement dated May 20, 2021 entered into between Wuxi EA, a wholly-owned subsidiary of the Company, and CC Dental, a company controlled by CareCapital Group, the controlling shareholder of the Company, which regulates the purchase and sales of the clear aligners and related products and services between CC Dental Group and the Group.

The 2021-2023 Clear Aligners Purchase and Sales Framework Agreement will expire on December 31, 2023. The Directors expect that the Group will continue to provide clear aligners and certain other products and services to CC Dental Group. In this connection, on October 24, 2023, CC Dental and Wuxi EA entered into the 2024-2026 Clear Aligners Purchase and Sales Framework Agreement for a term of three years, commencing from January 1, 2024 and ending on December 31, 2026.

The Annual Caps set for the purchases of the Group's products and services contemplated under the 2024-2026 Clear Aligners Purchase and Sales Framework Agreement for the years ending December 31, 2024, 2025 and 2026 are RMB222.0 million, RMB260.0 million and RMB291.0 million, respectively.

#### **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 2024-2026 Clear Aligners Purchase and Sales Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Annual Caps are more than 5%, the related transactions under the 2024-2026 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 2024-2026 Clear Aligners Purchase and Sales Framework Agreement and the 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 EGM, will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.angelalign.com](http://www.angelalign.com)) and will be dispatched by the Company to the Shareholders in due course.

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## **THE 2024-2026 CLEAR ALIGNERS PURCHASE AND SALES FRAMEWORK AGREEMENT**

The principal terms of the 2024-2026 Clear Aligners Purchase and Sales Framework Agreement are summarized as below:

**Date:** October 24, 2023

**Parties:** CC Dental and Wuxi EA

### **Major Terms:**

Pursuant to the 2024-2026 Clear Aligners Purchase and Sales Framework Agreement, the Group agrees to grant to CC Dental Group rights to sell its clear aligners and certain other products and services such as intraoral scanners 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 certain other products and services accordingly. The 2024-2026 Clear Aligners Purchase and Sales Framework Agreement has a term of three years, commencing from January 1, 2024 to December 31, 2026.

## Pricing Policy:

Fees charged by the Group for purchases of its clear aligners and other products and 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 determines, 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 determines, on an annual basis, the general guide sales price of clear aligners and other products and services 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 contracts as further entered into between CC Dental Group and the Group under the 2024-2026 Clear Aligners Purchase and Sales Framework Agreement, which shall generally be in line with the term and conditions the Group provides to a similar independent distributor.

## THE HISTORICAL TRANSACTION AMOUNTS AND EXPECTED ANNUAL CAPS

### Historical Transaction Amounts

The historical transaction amounts for the purchases of the Group's clear aligners, intraoral scanners and other products and services relating to the 2021-2023 Clear Aligners Purchase and Sales Framework Agreement for the two years ended December 31, 2022 and the period from January 1, 2023 to September 30, 2023 are as follows:

|                                       | <b>For the year<br/>ended<br/>December 31,<br/>2021</b> | <b>For the year<br/>ended<br/>December 31,<br/>2022</b> | <b>For the period<br/>from January 1,<br/>2023 to<br/>September 30,<br/>2023</b> |
|---------------------------------------|---|---|--|
| <b>Historical transaction amounts</b> | RMB39.9 million   | RMB82.3 million   | RMB86.7 million  |

## Expected Annual Caps

The Annual Caps set for the purchases of the Group's products and services contemplated under the 2024-2026 Clear Aligners Purchase and Sales Framework Agreement are as follows:

|                        | For the year ending<br>December 31, 2024 | For the year ending<br>December 31, 2025 | For the year ending<br>December 31, 2026 |
|------------------------|--|--|--|
| <b>The Annual Caps</b> | RMB222.0 million                         | RMB260.0 million                         | RMB291.0 million                         |

In determining the Annual Caps, the Directors have considered, among others, the following factors: (i) the historical transaction amounts; (ii) the historical growth of the transaction amounts in the two years ended December 31, 2022 and the period from January 1, 2023 to September 30, 2023 and the estimated growth of the transaction amounts of the Group's products and services under the 2024-2026 Clear Aligners Purchase and Sales Framework Agreement in 2024, 2025 and 2026; (iii) the increase in transaction amounts brought by the potential acquisition of the Group's pre-existing distributors by CC Dental Group in 2024, 2025 and 2026; (iv) the estimated business expansion of CC Dental Group both organically and by continuous acquisitions based on its leading position in the market; and (v) the estimated growth potential of the clear aligner market in China.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS UNDER THE 2024-2026 CLEAR ALIGNERS PURCHASE AND SALES FRAMEWORK AGREEMENT**

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 2024-2026 Clear Aligners Purchase and Sales Framework Agreement 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 the 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 2024-2026 Clear Aligners Purchase and Sales Framework Agreement at the Board meeting, none of the other Directors has material interests in the aforesaid 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;
- (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 various internal 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 continuing 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 global clear aligner solutions provider. 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 institutions and professionals 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.

As one or more of the applicable percentage ratios in respect of the Annual Caps are more than 5%, the related transactions under the 2024-2026 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 100,431,000 Shares, representing approximately 59.3% 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 EGM in respect of the resolutions on the 2024-2026 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 EGM.

The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the 2024-2026 Clear Aligners Purchase and Sales Framework Agreement, which comprises all the three independent non-executive Directors, who have no material interest in the transactions contemplated under the 2024-2026 Clear Aligner Purchases and Sales Framework Agreement. The Independent Board Committee will advise the Independent Shareholders on voting at the EGM on the resolutions in respect of the 2024-2026 Clear Aligner Purchases and Sales Framework Agreement, 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 2024-2026 Clear Aligner Purchases and Sales Framework Agreement.

The Company will disclose the information in relation to the 2024-2026 Clear Aligner Purchases and Sales Framework Agreement 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 2024-2026 Clear Aligners Purchase and Sales Framework Agreement and the 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 EGM, will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.angelalign.com](http://www.angelalign.com)) and will be dispatched by the Company to the Shareholders in due course.

## DEFINITIONS

|   |  |
|---|--|
| “2021-2023 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   |
| “2024-2026 Clear Aligners Purchase and Sales Framework Agreement” | the clear aligners purchase and sales framework agreement entered into between Wuxi EA and CC Dental on October 24, 2023   |
| “Annual Caps”   | The annual caps of the total revenues from CC Dental Group to the Group for purchases of the Group’s products and services under the 2024-2026 Clear Aligners Purchase and Sales Framework Agreement for the years ending December 31, 2024, 2025 and 2026 |
| “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   |
| “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, the shares of which are listed on the Main Board of the Stock Exchange                             |
| “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   |
| “EGM”   | the extraordinary general meeting of the Company to be held in December 2023, which will be further notified by the Company in due course  |
| “Group”   | the Company and its subsidiaries   |
| “Hong Kong”   | the Hong Kong Special Administrative Region of the PRC   |

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|---|---|
| “Independent Board Committee”                     | an independent committee of the Board comprising all the independent non-executive Directors as established by the Board pursuant to the Listing Rules to advise the Independent Shareholders in respect of terms of the 2024-2026 Clear Aligners Purchase and Sales Framework Agreement and transactions contemplated thereunder   |
| “Independent Financial Adviser” or “Gram Capital” | 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), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2024-2026 Clear Aligners Purchase and Sales Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) |
| “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  |
| “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   |
| “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 and a wholly-owned subsidiary of the Company   |

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

Hong Kong, October 24, 2023

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