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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)

REVISION OF THE ANNUAL CAP 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 and the business growth and expansion of the Group, the Board estimates that the 2021 Existing Annual Cap 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 2021 Existing Annual Cap of approximately RMB27.4 million to the 2021 Revised Annual Cap of RMB40.0 million. The terms of the Clear Aligners Purchase and Sales Framework Agreement and annual caps for the following two years remain unchanged.

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 under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the 2021 Revised Annual Cap is more than 0.1% but less than 5% and all the applicable percentage ratios for the 2021 Revised Annual Cap are less than 5%, the 2021 Revised Annual Cap and related transactions under the Clear Aligners Purchase and Sales Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 and the business growth and expansion of the Group, the Board approved to revise the 2021 Existing Annual Cap for the purchases of the Group's products and services contemplated under the Clear Aligners Purchase and Sales Framework Agreement of approximately RMB27.4 million to the 2021 Revised Annual Cap of RMB40.0 million.

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 adjustments 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 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 settles payment directly with CC Dental Group for the goods purchase price and CC Dental Group generally pays 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 terms and conditions the Group provides to a similar independent distributor. For more information, please refer to the section headed "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 the "Connected Transactions" section in the Prospectus.

REVISION OF THE 2021 EXISTING ANNUAL CAP

Historical Transaction Amount

The 2021 Existing Annual Cap under the Clear Aligners Purchase and Sales Framework Agreement is approximately RMB27.4 million for the year ending December 31, 2021. The transaction amount for the nine months ended September 30, 2021 under the Clear Aligners Purchase and Sales Framework Agreement is approximately RMB24.0 million. As of the date of this announcement, the 2021 Existing Annual Cap under the Clear Aligners Purchase and Sales Framework Agreement has not been exceeded. 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, the Board anticipates that the 2021 Existing Annual Cap will be exceeded.

The 2021 Revised Annual Cap

Based on the foregoing and arm's length negotiations between the Group and CC Dental Group, the Board has approved to revise the 2021 Existing Annual Cap of approximately RMB27.4 million to the 2021 Revised Annual Cap of RMB40.0 million for the year ending December 31, 2021. The annual caps for the following two years remain unchanged.

In determining the 2021 Revised Annual Cap, the Directors have considered, among others, the following factors: (i) 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 2021; (ii) the estimated sales volume of the Group's clear aligners and related services under the Clear Aligners Purchase and Sales Framework Agreement in 2021; and (iii) the estimated batches of clear aligners to be delivered in 2021 for the cases with CC Dental Group initiated in prior periods.

Reasons for and Benefits of Revising the 2021 Existing Annual Cap

Given the large sales network of CC Dental Group in China, the Group benefits from the business cooperation with CC Dental Group in 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 enhances 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 2021 Revised Annual Cap 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 2021 Revised Annual Cap 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 Group 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 Group has adopted and implemented a management system on connected transactions and the Board and various internal departments of the Group are responsible for the control and daily management in respect of the continuing connected transactions. The Group has also engaged external independent internal control consultant to enhance its internal control system, including, among others, the system for monitoring connected transactions;
- (2) the Board and various internal departments of the Group 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 Group are regularly monitoring the connected transactions and the management of the Group is regularly reviewing the pricing policies to ensure the connected transactions to be performed in accordance with the relevant agreements;
- (4) the Group 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 Group 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 Group is a leading clear aligner solutions provider in China. It 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, 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 transactions contemplated under the Clear Aligners Purchase and Sales Framework Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the 2021 Revised Annual Cap is more than 0.1% but less than 5% and all the applicable percentage ratios for the 2021 Revised Annual Cap are less than 5%, the 2021 Revised Annual Cap and related transactions under the Clear Aligners Purchase and Sales Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“2021 Existing Annual Cap”	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 year ending December 31, 2021 as stated in the Prospectus
“2021 Revised Annual Cap”	the revised annual cap 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 year ending December 31, 2021, as stated in this announcement
“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 and associates
“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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	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

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

Hong Kong, 21 October 2021

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.