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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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Angelalign Technology Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2024 (the “**Reporting Period**”), together with the comparative figures for the six months ended June 30, 2023, which have been reviewed by the audit committee of the Board (the “**Audit Committee**”).

In this announcement, “we”, “us”, “our” and “Angelalign” refer to the Company and where the context otherwise requires, the Group. Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the prospectus of the Company dated June 3, 2021 (the “**Prospectus**”).

#### **RESULTS HIGHLIGHTS**

- Our total case shipments increased by 60.3% from approximately 95,400 in the six months ended June 30, 2023 to approximately 152,900 in the six months ended June 30, 2024.
  - (i) In the China market, our case shipments increased by 10.8% from approximately 86,000 in the six months ended June 30, 2023 to approximately 95,300 in the six months ended June 30, 2024.
  - (ii) In the international markets, our case shipments increased significantly by 512.8% from approximately 9,400 in the six months ended June 30, 2023 to approximately 57,600 in the six months ended June 30, 2024, accounting for approximately 37.7% of total case shipments for the Reporting Period. We have successfully reached thousands of dental professionals in over 50 countries and regions globally as of June 30, 2024, comparing to over 30 countries and regions as of December 31, 2023.
- Our revenue for the six months ended June 30, 2024 was approximately RMB861.5 million, representing an increase of 39.8% from approximately RMB616.3 million for the six months ended June 30, 2023.
  - (i) Our revenue in the China market increased by 10.1% from approximately RMB575.0 million in the six months ended June 30, 2023 to approximately RMB633.3 million in the six months ended June 30, 2024, with average selling price of each product line remaining stable.

- (ii) Our revenue in the international markets increased by 452.5% from approximately RMB41.3 million in the six months ended June 30, 2023 to approximately RMB228.2 million in the six months ended June 30, 2024, accounting for approximately 26.5% of our total revenue.
- Our gross profit for the six months ended June 30, 2024 was approximately RMB537.9 million, representing an increase of 47.1% from approximately RMB365.7 million for the six months ended June 30, 2023.
  - (i) Our gross profit margin for the six months ended June 30, 2024 was approximately 62.4%, representing an increase of 3.1 percentage points from approximately 59.3% for the six months ended June 30, 2023.
- Our segment operating results for the six months ended June 30, 2024 were as follows:
  - (i) Our adjusted segment operating profit in the China market increased by 67.1% from approximately RMB67.2 million in the six months ended June 30, 2023 to RMB112.2 million in the six months ended June 30, 2024, because a substantially higher proportion of headquarters overheads is covered by international revenue due to the tremendous growth outside China.<sup>(1)</sup>
  - (ii) Our adjusted segment operating profit margin in the China market for the six months ended June 30, 2024 was approximately 17.7%, representing an increase of 6 percentage points from approximately 11.7% for the six months ended June 30, 2023, because a substantially higher proportion of headquarters overheads is covered by international revenue due to the tremendous growth outside China.<sup>(1)</sup>
  - (iii) Our adjusted segment operating losses in the international markets was approximately RMB114.2 million in the six months ended June 30, 2024, due to our continuous expansion in the international markets.<sup>(1)</sup>
- Our adjusted net profit for the six months ended June 30, 2024 was approximately RMB71.7 million, representing an increase of 95.8% from approximately RMB36.6 million for the six months ended June 30, 2023.<sup>(2)</sup>
- The Board did not declare any interim dividend for the six months ended June 30, 2024.

*Notes*

- (1) Adjusted segment operating profits/(losses) and adjusted segment operating profit margin is defined as segment operating profits/(losses) and segment operating profit margin with adjustments of respective share-based payments. Please refer to pages 15 to 16 of this announcement for more details.
- (2) Adjusted net profit is re-defined as net profit with adjustments of share-based payments, unrealized fair value (losses)/gains recognized in profit or loss in relation to unlisted equity investment, amortization in relation to acquisition and net foreign exchange gains. Please refer to pages 15 to 16 of this announcement for more details.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review<sup>(1)</sup>

Since our listing, in the face of an increasingly uncertain environment, we have progressively determined and executed on our development strategy as driven by the dual engines of “digitalization and globalization.” In the first half of 2024, our China operations led the industry, achieving steady growth in case shipments, revenue and profits; while our international business realized robust growth.

During the Reporting Period, our total case shipments increased by 60.3% year-on-year from approximately 95,400 to approximately 152,900, among which, case shipments in the China market increased to approximately 95,300, while the case shipments in the international market reached approximately 57,600. The total revenue increased by 39.8% year-on-year from RMB616.3 million to approximately RMB861.5 million, among which, the total revenue from China market increased to approximately RMB633.3 million, and the total revenue from international markets reached approximately RMB228.2 million. Gross profit increased by 47.1% year-on-year from approximately RMB365.7 million to approximately RMB537.9 million and the gross profit margin increased from approximately 59.3% to approximately 62.4%. The total adjusted net profit increased by 95.8% year-on-year from approximately RMB36.6 million to approximately RMB71.7 million, the adjusted segment operating profit in China market increased by 67.1% year-on-year from approximately RMB67.2 million to RMB112.2 million, and the adjusted segment operating profit margin in the China market increased from approximately 11.7% to approximately 17.7%.

#### **1. No.1 in China; Accelerating Abroad**

In the first half of 2024, we still adhered to the strategy of “high-quality growth” in the China market, achieving steady growth in case shipments, revenue, and profits, with average selling price of each product line remaining stable. We continued to expand our sales channels across various city levels, catering to the diverse needs of dental professionals and clinics with appropriate products, technologies and services. For example, with *MOOELI*, our digital remote solution, we assisted over 1,500 clinics in organizing various marketing activities, such as free dental check-ups and cleaning, benefiting over 150,000 patients. During the Reporting Period, case shipments in the China market reached approximately 95,300, representing a year-on-year increase of 10.8%, maintaining the leading market share position in China. Our coverage rate on clinics across different tiers of cities continued to improve.

In international markets, based on the strategy of “global organization + localized operations”, we adapted our approaches to continue to enhance our presence in strategic markets, including Europe, North America, Asia Pacific and Brazil. In the first half of 2024, leveraging our local advantages, high-quality medical design plans, clinical support, and stable and efficient delivery capabilities, we reached thousands of dental professionals in over 50 countries and regions globally, comparing to over 30 countries and regions as of December 31, 2023. During the Reporting Period, case shipments in the international markets reached approximately 57,600, accounting for 37.7% of total case shipments.

#### *Note*

(1) products and technologies mentioned in this section are available in certain countries and regions.

- In Europe, we held the first Angel Aligner European Academic Forum (歐洲時代天使學術論壇) in March 2024 in Spain. We invited dozens of orthodontic experts to discuss the clinical application and development of clear aligner technology, covering topics such as biomechanics, early orthodontic treatment, material and treatment planning, and future trends. The forum attracted more than 200 orthodontists.
- In North America, at the 124th American Association of Orthodontists (AAO) meeting in May 2024, American orthodontic opinion leaders, for the first time, shared the differentiated functions of Angel Aligner’s products using Angel Aligner patient cases.
- In Asia-Pacific, we further penetrated into Malaysia, Thailand and other countries through a combination of local business teams and regional dealer networks.
- In Brazil, we have strongly supported the growth of the brand “Self” owned by ADITEK DO BRASIL S.A. (“Aditek”) by empowering Aditek in medical design, intelligent manufacturing and other aspects. We are also preparing for the official launch of the “Angel Aligner” product series. In the future, we plan to meet the diversified needs of the local market with the dual-brand strategy of “Self” + “Angel Aligner”.

## ***2. User First; Enhancing Product Functions***

Focusing on a user-centric product strategy, Angelalign constantly explores and innovates to provide global dental professionals and patients with comprehensive digital orthodontic solutions at reasonable prices and with differentiated products and services.

### ***Adult Orthodontics***

In the first half of 2024, Angelalign launched new auxiliary attachments, “angelPad” (天使骀墊) and “New A6 Mandibular Advancement Block” (新版A6骀板) for bite opening. “angelPad” (天使骀墊) is an ancillary feature manufactured directly into aligners, and its herringbone structure markedly enhances orthodontic forces and stability, reducing the clinic time and providing better comfort for patients wearing aligners. “New A6 Mandibular Advancement Block” (新版A6骀板) disperses forces of the occlusal block more evenly and significantly improves the intensity of orthodontic forces, which comprehensively enhances the treatment effect in jaw misalignment correction and lower anterior teeth torque control.

### ***Early-stage Orthodontic Treatment***

In the field of early-stage orthodontic treatment, Angelalign embraces the philosophy of “age-based treatment” and “symptom-specific treatment”, that is, choosing the appropriate timing of orthodontic treatment through a comprehensive assessment of age, dental age and bone age; and accurately identifies indications at different developmental stages and makes timely and correct interventional treatment decisions. Based on these concepts, in the first half of 2024, we enriched our product line for kids, introduced exclusive design plans for kids and adolescents, and comprehensively enhanced medical support services.

- Launched “KiD Max” - the sub-brand product line for kids: covering the full-cycle management of children’s teeth, jaw and oral function at different growth stages.
- Launched the A6 Mandibular Advancement Solution and clear aligner Maxillary Protraction Solution for kids and adolescents: meeting the needs for various orthodontic efficiency at different stages of occlusion development, comprehensively improving the clinical treatment effects of mandibular advancement treatment and invisible anterior traction.
- Launched the “KiD care Intelligence Navigation” plan: combining “iDiagnose AI-enabled dental health report” (children’s edition) (AI口腔智能分析報告(兒童版)), a dedicated medical experts team and the digital remote solution *MOOELI* (children’s edition) to provide dental professionals with comprehensive management support throughout the early, middle and late stages of early-stage orthodontic treatment for kids and adolescents.

### ***3. Technological Empowerment, Connecting the Entire Digital Orthodontic Workflow***

Leveraging Angelalign’s technological expertise, we continue to apply computer technology throughout the entire digital orthodontic workflow, efficiently connecting dental professionals, patients, products and services from initial patient consultation, auxiliary diagnosis, plan design, and production to process monitoring. To this end, we continuously iterate the “iOrtho Digital Orthodontic Intelligent Service Platform”, successively launching digital tools to meet the evolving and personalized needs of dental professionals and their patients.

During the initial patient consultation phase, we launched “iSmile Maker” (微笑運營家), a tool that can rapidly simulate patients’ smiles after treatment, facilitating communication between dental professionals and patients.

In the auxiliary diagnosis phase, the new “iDiagnose AI” (口腔智能分析) tool can obtain a patient’s oral diagnosis report within minutes based on the patient’s facial images, intraoral photos, panoramic X-ray, lateral cephalometric radiographs and other information. The recently launched “iPano-Analysis” (智能全景片分析) function can identify issues with teeth, dental arches, periodontium and jawbones, aiding clinical diagnosis while promoting efficient communication between dental professionals and patients.

During the plan design phase, the new “Live Now” (方案實時生成), a real-time plan generation tool, and “Movement Evaluation” (牙移動評估難度), a tooth movement difficulty assessment tool, can complete a plan within a few minutes and automatically identify the difficulty of movement of each tooth, which facilitates the evaluation and modification of the treatment plan and helps dental professionals better predict and manage treatment risks.

In the production phase, in order to enhance the production capacity of mass customization, we adopt cutting-edge computer graphics technology combined with different process characteristics to automatically generate digital production models.

During the process monitoring phase, the new “Progress Analysis” (牙移動進展監控) function allows dental professionals to make more accurate treatment decisions by precisely comparing the deviation between a patient’s current intraoral situation and the designed plan.

#### **4. Innovation Leader, Firm Commitment to research and development (“R&D”)**

We always stand at the forefront of the industry with a firm commitment to innovation. We have formed a research and development team covering materials and processes, product design and development, software and algorithm development, clinical medicine, and biomechanics. In the first half of 2024, we recorded research and development expenses of RMB74.9 million, accounting for 8.7% of our total revenue. Our intellectual property achievements continued to emerge. As of June 30, 2024, we had 193 patents and 16 software copyrights.

In the first half of 2024, the “YY/T 1932-2024 Dentistry – Dental Splint Bracketless Orthodontic Aligner”, a standard jointly drafted by the Dental Medical Device Test Center of Peking University Hospital of Stomatology, Shanghai Angelalign Medical Devices Co., Ltd. and Sichuan Testing Center for Biomaterials and Medical Devices Co., Ltd., was officially approved and published by the National Medical Products Administration (“NMPA”). This standard stipulates the performance indicators and testing method for diaphragm-type bracketless orthodontic aligners and 3D-printed dental molds, filling a standard gap both domestically and internationally. It provides a clear basis and standard for the production and regulation of clear aligners. Angelalign took the lead in drafting and Angelalign innovatively proposed quantified requirements, standard test methods and standard samples for a number of technical indicators. Through the publication of the standard, we expect to effectively promote the standardization and high-quality development of the industry, better protecting rights of dental professionals and patients.

Angelalign has long been investing in the application of computer technology in malocclusion diagnosis, continually contributing forward-thinking academic viewpoints. During the Reporting Period, we published papers in international core journals and top industry conferences. For example, in May 2024, we presented the paper “FedLoGe: Joint Local and Generic Federated Learning under Long-tailed Data” at the International Conference on Learning Representations (ICLR) regarding enhancing the versatility, diversity and accuracy of algorithm models while ensuring data privacy security. In June 2024, we presented the paper “LETA: Tooth Alignment Prediction Based on Dual-branch Latent Encoding” at the IEEE Transactions on Visualization and Computer Graphic to explore the application of deep learning in 3D tooth alignment methods.

## **5. Green and Intelligent Upgrades; Build World-class Intelligent Manufacturing Capabilities**

Angelalign endeavors to build a world-class intelligent manufacturing system that is user-first, environmentally friendly and scalable. In the first half of 2024, we advanced the processes of “green manufacturing” and “intelligent unmanned production” to significantly improve the efficiency of scale-up production while taking into account the manufacturing precision and reliability of customized products.

Angelalign continues to make breakthroughs in the intellectualization and greening of new processes. During the Reporting Period, we continuously upgrade the laser trimming system. The upgraded non-contact laser trimming technology significantly enhances automation levels and reduces consumable use, making it more environmentally friendly. Meanwhile, this technology realizes the polishing-free trimming of the aligners, which can restore the original gingival margin shape of the aligner to the greatest extent to facilitate more complete coverage and optimal mechanical expression of aligners, making them more comfortable and better fitting for patients. This is another significant step we have made in “green manufacturing” following the launch of the non-cleaning technology for the resin used in 3D printing in 2023.

Angelalign has always been committed to the automation of our entire manufacturing process and we continue to promote “intelligent unmanned production.” During the Reporting Period, we further improved the efficiency of key production processes, such as 3D printing, film pressing, trimming and sorting. For example, we realized automated gripping and loading of stereolithography models and aligners in discrete states through the integration of robotics and vision technology, which enhanced production efficiency.

Currently, the Company has two provincial-level intelligent factories. After the Huishan Base was selected as the Clear Aligner Appliance Intelligent Factory (隱形矯治器智能工廠) in the “2022 Jiangsu Province Intelligent Manufacturing Demonstration Factor” list, during the Reporting Period, the Chuangmei Base was selected for the “2024 Jiangsu Province Intelligent Manufacturing Factory” list issued by the Industry and Information Technology Department of Jiangsu as the Fully Customized Clear Aligner Intelligent Factory (全個性化定制隱形正畸智能工廠).

## Outlook

Despite global macroeconomic uncertainties, the global clear aligner industry still holds significant potential for growth. Moving forward, we will continue to pursue quality growth through the dual-engine strategy of “digitalization and globalization.” Specifically, we will pursue the following strategies:

- Strengthen R&D capabilities and continue to innovate clear aligner treatment solutions;
- Further add intelligence and digitalize our systems to improve operational efficiency;
- Optimize clinical services to enhance user experience;
- Increase production capacity and improve production efficiency;
- Enlarge the sales networks and reinforce brand recognition and academic influence; and
- Further expand into the international markets.

However, we must navigate the challenges brought about by macroeconomic uncertainties, including a weaker-than-expected global economic recovery, geopolitical conflicts, and reduced consumer confidence. These factors could lead to a decrease in the overall number of orthodontic treatment cases or a decline in consumers’ discretionary spending on high-end orthodontic solutions, which would adversely affect our operational results. Therefore, we must continuously assess their impact on our business, results of operations and financial position. We will devise strategies in a timely way to address these uncertainties and challenges.

## Financial Review

The following discussions are based on the financial information and notes set out in other sections of this announcement and should be read in conjunction with them.

### Revenue

Our revenue increased by 39.8% from RMB616.3 million for the six months ended June 30, 2023 to RMB861.5 for the six months ended June 30, 2024. The following table sets forth a breakdown of our revenue, both in absolute amounts and as a percentage of total revenue, by business line for the periods indicated.

	Six months ended June 30,			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Clear aligner treatment solutions	600,061	69.7	553,224	89.8
Sales of products	252,421	29.3	54,512	8.8
Other services	9,016	1.0	8,593	1.4
<b>Total</b>	<b>861,498</b>	<b>100.0</b>	<b>616,329</b>	<b>100.0</b>



- *Clear aligner treatment solutions.* Revenue generated from clear aligner treatment solutions mainly represents the revenue generated from provision of clear aligner treatment solutions to our clients in the China market. Our revenue generated from the provision of clear aligner treatment solutions increased by 8.5% from RMB553.2 million in the six months ended June 30, 2023 to RMB600.1 million in the six months ended June 30, 2024, primarily due to the increase of our case shipments in China market during the Reporting Period. Our revenue is also affected by the frequency of delivery of clear aligners and the number of sets contained in each delivered batch, which are typically dependent on the product line involved and the complexity of the relevant treatment plan, subject to a number of factors, such as specific demand of our dental professionals and our production capacity in the Reporting Period.
- *Sales of products.* Revenue generated from sales of products mainly represents the revenue generated from the sales of brackets, aligners and other products in international markets and sales of *MOOELI* and Angelalign Oral Care Orthodontic Series. Our revenue generated from sales of products increased by 363.1% from RMB54.5 million in the six months ended June 30, 2023 to RMB252.4 million in the six months ended June 30, 2024, primarily due to the robust growth of our international business.
- *Other services.* Revenue generated from other services primarily represented service fees generated by our dental clinic for the provision of orthodontics and cosmetic dentistry services and other dental services to patients. Our revenue generated from other services increased by 4.9% from RMB8.6 million in the six months ended June 30, 2023 to RMB9.0 million in the six months ended June 30, 2024.

### ***Cost of revenue***

Our cost of revenue increased by 29.1% from RMB250.6 million in the six months ended June 30, 2023 to RMB323.6 million in the six months ended June 30, 2024.

- *Clear aligner treatment solutions.* Our cost of revenue related to the provision of clear aligner treatment solutions decreased by 1.0% from RMB211.8 million in the six months ended June 30, 2023 to RMB209.7 million in the six months ended June 30, 2024, primarily due to the decrease in the unit cost of clear aligners as a result of our R&D efforts.
- *Sales of products.* Our cost of revenue related to the sales of products increased by 243.4% from RMB31.6 million in the six months ended June 30, 2023 to RMB108.5 million in the six months ended June 30, 2024, which is in line with the expansion of our international business.
- *Other services.* Our cost of revenue related to the provision of other services decreased by 24.7% from RMB7.2 million in the six months ended June 30, 2023 to RMB5.4 million in the six months ended June 30, 2024.

### ***Gross profit and gross profit margin***

Our gross profit increased by 47.1% from RMB365.7 million in the six months ended June 30, 2023 to RMB537.9 million in the six months ended June 30, 2024. The gross profit margin for the six months ended June 30, 2024 was 62.4%, as compared with 59.3% for the six months ended June 30, 2023. The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the periods indicated.

	<b>Six months ended June 30,</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Gross profit</b>	<b>Gross Profit margin</b>	<b>Gross profit</b>	<b>Gross profit margin</b>
	<b><i>RMB'000</i></b>	<b>%</b>	<b><i>RMB'000</i></b>	<b>%</b>
Clear aligner treatment solutions	<b>390,331</b>	<b>65.0</b>	341,413	61.7
Sales of products	<b>143,947</b>	<b>57.0</b>	22,927	42.1
Other services	<b>3,589</b>	<b>39.8</b>	1,389	16.2
<b>Total</b>	<b><u>537,866</u></b>	<b><u>62.4</u></b>	<b><u>365,729</u></b>	<b><u>59.3</u></b>

- *Clear aligner treatment solutions.* Our gross profit margin for the provisions of clear aligner treatment solutions increased from 61.7% in the six months ended June 30, 2023 to 65.0% in the six months ended June 30, 2024, primarily due to the decrease in unit cost of clear aligners as a result of our R&D efforts.
- *Sales of products.* Our gross profit margin for the sales of products increased from 42.1% for the six months ended June 30, 2023 to 57.0% for the six months ended June 30, 2024, primarily due to the scale of economics achieved with the expansion of our international business..
- *Other services.* Our gross profit margin for other services increased from 16.2% in the six months ended June 30, 2023 to 39.8% in the six months ended June 30, 2024.

### ***Selling and marketing expenses***

Our selling and marketing expenses increased by 68.1% from RMB204.1 million in the six months ended June 30, 2023 to RMB343.1 million in the six months ended June 30, 2024, primarily due to the increase in the marketing expenses associated with the expansion of our business.

### ***Administrative expenses***

Our administrative expenses increased by 30.9% from RMB120.7 million in the six months ended June 30, 2023 to RMB157.9 million in the six months ended June 30, 2024, with the expansion of our business.

### ***Research and development expenses***

We recorded R&D expenses of RMB74.9 million in the six months ended June 30, 2024, as compared to RMB86.1 million in the six months ended June 30, 2023, with the improvement in efficiency of R&D efforts and the progression of our various R&D projects.

### ***Net impairment losses on financial assets***

We recorded net impairment losses on financial assets of RMB1.3 million in the six months ended June 30, 2024, as compared with net impairment losses on financial assets of RMB4.0 million in the six months ended June 30, 2023, primarily due to the decrease in loss allowance provision for trade receivables.

### ***Other income***

We recorded other income of RMB51.4 million in the six months ended June 30, 2024, as compared with RMB5.2 million in the six months ended June 30, 2023, primarily due to the increase in interest on term deposits with initial terms over three months.

### ***Other (losses)/gains – net***

We recorded other losses – net of RMB7.3 million in the six months ended June 30, 2024, as compared with other gains – net of RMB27.6 million in the six months ended June 30, 2023, which was primarily due to the foreign exchange losses incurred.

We've purchased and disposed some wealth management products during the Reporting Period, the profits of which were also recorded in other (losses)/gains – net. None of the purchase or sale of wealth management products during the Reporting Period was large enough to constitute notifiable transactions as defined under Chapter 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### ***Finance income***

Our finance income decreased by 60.7% from RMB53.0 million in the six months ended June 30, 2023 to RMB20.9 million in the six months ended June 30, 2024, primarily because we purchased more term deposits products with initial terms over three months, the interests on which were recorded in other income.

### ***Finance costs***

Our finance costs reached RMB6.5 million in the six months ended June 30, 2024, as compared to RMB1.0 million in the six months ended June 30, 2023, primarily due to the increase in interest expenses on bank borrowings made by Aditek and credit loans.

### ***Share of results of investments accounted for using the equity method***

We had a share of loss of investment accounted for using the equity method of RMB0.5 million in the six months ended June 30, 2024, compared to a share of loss of investment accounted for using the equity method RMB0.1 million in the six months ended June 30, 2023.

### ***Profit before income tax***

As a result of the foregoing, we recorded profit before tax of RMB17.5 million in the six months ended June 30, 2024, compared to RMB35.6 million in the six months ended June 30, 2023.

### ***Income tax expenses***

Our income tax expenses decreased from RMB6.3 million in the six months ended June 30, 2023 to RMB2.8 million in the six months ended June 30, 2024, primarily due to the decrease of profit before income tax.

### ***Profit for the period***

As a result of the foregoing, our net profit decreased by 49.7% from RMB29.3 million in the six months ended June 30, 2023 to RMB14.7 million in the six months ended June 30, 2024. The net profit margin for the six months ended June 30, 2024 was 1.7%, as compared with 4.8% for the six months ended June 30, 2023.

## ***Liquidity, capital resources and capital structure***

In the six months ended June 30, 2024, our primary use of cash was to fund our working capital requirements and other recurring expenses. We satisfied our capital expenditures and working capital requirements primarily using our own funds and the proceeds from the Global Offering.

We have continued to maintain a healthy and sound financial position and have followed a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved. Our current assets increased from approximately RMB3,718.8 million as of December 31, 2023 to approximately RMB3,936.1 million as of June 30, 2024, primarily due to the increase in trade and other receivables and prepayments.

### ***Cash and cash equivalents and term deposits***

Our cash and cash equivalents primarily consisted of cash at banks. Meanwhile, to enhance our treasury management efficiency while satisfying the needs of our daily operation, we purchased several term deposits products with initial terms over three months with higher yields during the Reporting Period. The total of our cash and cash equivalents and term deposits increased from RMB2,689.5 million as of December 31, 2023 to RMB2,810.3 million as of June 30, 2024.

The following table sets forth our cash flows for the periods indicated. Our net cash used in operating activities increased from RMB93.0 million in the six months ended June 30, 2023 to RMB129.2 million in the six months ended June 30, 2024 with the expansion of our international business. Our net cash used in investing activities increased from RMB595.9 million in the six months ended June 30, 2023 to RMB1,903.5 million in the six months ended June 30, 2024, mainly because we purchased several term deposits products with initial terms over three months during the Reporting Period. The purchase of such term deposits products did not constitute a notifiable transaction under Chapter 14 of the Listing Rules. And the net cash generated from financing activities reached RMB288.5 million in the six months ended June 30, 2024 as compared to RMB26.8 million used in financing activities, mainly because we received bank borrowing proceeds during the Reporting Periods.

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<i>RMB'000</i>	
Net cash used in operating activities	<b>(129,202)</b>	(93,027)
Net cash used in investing activities	<b>(1,903,454)</b>	(595,938)
Net cash generated from/(used in) financing activities	<b>288,512</b>	(26,797)
Net decrease in cash and cash equivalents	<b>(1,744,144)</b>	(715,762)
Cash and cash equivalents at beginning of the period	<b>2,689,541</b>	3,649,376
Exchange gains on cash and cash equivalents	<b>3,818</b>	94,703
Cash and cash equivalents at the end of the period	<b>949,215</b>	<b>3,028,317</b>

### ***Exposure to exchange rate fluctuation***

Our businesses are principally conducted in RMB, and have entities mainly operating in USD, Brazilian Real (“BRL”) and EUR. We are subject to foreign exchange risk arising from future commercial transactions and recognized assets and liabilities which are denominated in foreign currencies and net investment in foreign operations. We recognized net foreign exchange losses of RMB7.8 million in the six months ended June 30, 2024, as compared to net foreign exchange gains of RMB14.8 million in the six months ended June 30, 2023.

In addition, in the six months ended June 30, 2024, we recorded exchange differences on translation of the Company of RMB62.6 million as other comprehensive income, as compared with RMB88.1 million in the six months ended June 30, 2023, primarily due to the exchange rate fluctuation.

We have not implemented any hedging arrangements. We manage our foreign exchange risk by closely monitoring the movement of the foreign currency rates. Cash repatriation from the People’s Republic of China (the “**PRC**”) is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. We did not have other significant exposure to foreign exchange risk.

### ***Capital expenditure***

For the six months ended June 30, 2024, our total capital expenditure amounted to approximately RMB108.7 million, compared to RMB55.4 million for the six months ended June 30, 2023, which primarily consisted of the cash paid for the purchase of property, plant and equipment in connection with the construction of the Chuangmei Center.

### ***Capital commitments***

Our capital commitments primarily consisted of property, plant and equipment investment for the Chuangmei Center construction. The following table sets forth a summary of our capital commitments as of the dates indicated.

	<b>As of June 30, 2024</b>	<b>As of December 31, 2023</b>
	<i>RMB’000</i>	
Property, plant and equipment	<b>22,318</b>	2,539
Intangible assets	<b>2,330</b>	–
<b>Total</b>	<b><u>24,648</u></b>	<b><u>2,539</u></b>

### ***Contingent liabilities***

As of June 30, 2024, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of the Group.

### ***Future plans for material investments and capital assets***

Save as disclosed in the Prospectus and this announcement, as of June 30, 2024, we did not have other substantial future plans for material investments and capital assets.

### ***Material acquisitions and disposals of subsidiaries and affiliated companies***

On March 19, 2024, Angelalign Technology Pte. Ltd. (“**Angelalign SG**”), a wholly owned entity of the Company, CareCapital Aligner Tech L.P. (the “**Partnership**”) and CareCapital Orthodontics Development (“**CC Orthodontics**”) entered into a share purchase agreement, pursuant to which, Angelalign SG agreed to purchase, and the Partnership, as the sole shareholder of CC Orthodontics, agreed to transfer, 100% of the equity interests of CC Orthodontics at nil consideration, after which, CC Orthodontics will be a wholly-owned subsidiary of Angelalign SG. For details, please refer to the announcement of the Company dated March 19, 2024.

Save as disclosed in this announcement, in the six months ended June 30, 2024, we did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

***Significant investments and acquisition of capital assets***

Save as disclosed in this announcement, in the six months ended June 30, 2024, we did not hold any significant investments nor made any significant acquisition of capital assets.

***Charge on group's assets***

As of June 30, 2024, we had pledged certain property, plant and equipment in Brazil with a net carrying value of BRL32.4 million, equivalent to approximately RMB42.9 million for the banking facilities granted to Aditek to finance its daily working capital and capital expenditure plans.

Save as disclosed above, as of June 30, 2024, we had no other charges on our assets.

***Borrowings and gearing ratio***

As of June 30, 2024, our bank borrowings amounted to approximately RMB324.0 million, which consisted of bank borrowings made by Aditek (denominated in BRL) and credit loans (denominated in RMB). The gearing ratio as of June 30, 2024 was 9.9%, which represents the percentage of bank borrowings to total equity. As of June 30, 2024, all of our bank borrowings were made at fixed interest rate.

***Key financial indicators***

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated.

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	2023
<b>Profitability ratios</b>		
Gross profit margin <sup>(1)</sup>	<b>62.4%</b>	59.3%
Net profit margin <sup>(2)</sup>	<b>1.7%</b>	4.8%
Adjusted net profit margin <sup>(3)</sup>	<b>8.3%</b>	5.9%
	<b>As of June 30, 2024</b>	As of December 31, 2023
<b>Liquidity ratio</b>		
Current ratio <sup>(4)</sup>	<b>2.9</b>	4.2

*Notes*

- (1) The calculation of gross profit margin is based on gross profit divided by revenue for the period indicated and multiplied by 100.0%.
- (2) The calculation of net profit margin is based on net profit divided by revenue for the period indicated and multiplied by 100.0%.
- (3) The calculation of adjusted net profit margin, a non-IFRS measure, is based on adjusted net profit divided by revenue for the period indicated and multiplied by 100.0%.
- (4) The calculation of current ratio is based on current assets divided by current liabilities as of the dates indicated.

## NON-IFRS MEASURES

To supplement our condensed consolidated financial statements which are presented in accordance with the IFRS, we use adjusted EBITDA and adjusted net profit as additional financial measures, which are not required by or presented in accordance with the IFRS. To help the users of the financial statements to have a better understanding on the operating results of the Company, we define: (1) adjusted EBITDA as EBITDA (which is profit before income tax plus depreciation of property, plant and equipment, depreciation of right-of-use assets, and amortization of intangible assets, less interest income recorded as finance income) for the period with adjustments of certain items which are not closely related to major operations including share-based payments, unrealized fair value (losses)/gains of investment in relation to unlisted equity investments and net foreign exchange gain, and (2) adjusted net profit as profit for the period adjusted by certain items, including share-based payments, amortization of intangible assets related to certain acquisitions, unrealized fair value (losses)/gains of investment in relation to unlisted equity investments and net foreign exchange gain.

We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impacts of items that our management does not consider indicative of our operating performance.

The following table reconciles our adjusted segment operating profits/(losses) for the periods indicated.

	<b>Six months ended June 30,</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Mainland China</b>	<b>Other countries and regions</b>	<b>Mainland China</b>	<b>Other countries and regions</b>
	<i>RMB'000</i>			
<b>Segment operating profits/(losses)</b>	<b>80,267</b>	<b>(118,315)</b>	47,755	(92,895)
<i>Add:</i>				
Share-based payments	<b>31,981</b>	<b>4,102</b>	19,407	781
<b>Adjusted segment operating profits/(losses)</b>	<b>112,248</b>	<b>(114,213)</b>	67,162	(92,114)

The following table reconciles our adjusted EBITDA and adjusted net profit for the periods indicated.

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(RMB'000)</i>	
<b>Profit for the period</b>	<b>14,726</b>	29,299
<i>Add:</i>		
Income tax expenses	<b>2,803</b>	6,267
<b>Profit before income tax</b>	<b>17,529</b>	<b>35,566</b>
<i>Add:</i>		
Depreciation of property, plant and equipment	<b>28,520</b>	25,364
Depreciation of right-of-use assets	<b>15,884</b>	8,761
Amortization of intangible assets	<b>8,269</b>	7,446
(Finance income – net)	<b>(14,351)</b>	(52,054)
<b>EBITDA</b>	<b>55,851</b>	25,083
<i>Add:</i>		
Share-based payments	<b>36,083</b>	20,188
Unrealized fair value losses/(gains) recognized in profit or loss in relation to unlisted equity investment	<b>9,370</b>	(1,816)
Net foreign exchange losses/(gains)	<b>7,841</b>	(14,792)
<b>Adjusted EBITDA</b>	<b>109,145</b>	<b>28,663</b>
<b>Profit for the period</b>	<b>14,726</b>	29,299
<i>Add:</i>		
Share-based payments	<b>36,083</b>	20,188
Amortization in relation to acquisition	<b>3,630</b>	3,718
Unrealized fair value losses/(gains) recognized in profit or loss in relation to unlisted equity investment	<b>9,370</b>	(1,816)
Net foreign exchange losses/(gains)	<b>7,841</b>	(14,792)
<b>Adjusted net profit</b>	<b>71,650</b>	<b>36,597</b>



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	<b>Six months ended June 30,</b>	
		<b>2024</b>	<b>2023</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	6	861,498	616,329
Cost of revenue	7	<u>(323,632)</u>	<u>(250,600)</u>
<b>Gross profit</b>		<b>537,866</b>	365,729
Selling and marketing expenses	7	(343,123)	(204,066)
Administrative expenses	7	(157,923)	(120,682)
Research and development expenses	7	(74,868)	(86,121)
Net impairment losses on financial assets		(1,332)	(3,983)
Other income	8	51,360	5,165
Other expenses	8	(1,000)	–
Other (losses)/gains – net	8	<u>(7,299)</u>	<u>27,617</u>
<b>Operating profit/(loss)</b>		<b>3,681</b>	(16,341)
Finance income	9	20,863	53,035
Finance costs	9	(6,512)	(981)
Finance income – net	9	14,351	52,054
Share of results of investments accounted for using the equity method		<u>(503)</u>	<u>(147)</u>
<b>Profit before income tax</b>		<b>17,529</b>	35,566
Income tax expense	10	<u>(2,803)</u>	<u>(6,267)</u>
<b>Profit for the period</b>		<b><u>14,726</u></b>	<b><u>29,299</u></b>
<b>Profit attributable to</b>			
– Owners of the Company		22,479	32,308
– Non-controlling interests		(7,753)	(3,009)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on translation of the Company		62,639	88,079
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of subsidiaries		<u>(65,037)</u>	<u>12,912</u>
		(2,398)	100,991
<b>Total comprehensive income for the period</b>		<b><u>12,328</u></b>	<b><u>130,290</u></b>

	<i>Note</i>	<b>Six months ended June 30,</b> <b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>
<b>Total comprehensive income for the period attributable to:</b>			
– Owners of the Company		<b>23,085</b>	128,744
– Non-controlling interests		<b>(10,757)</b>	1,546
		<b>12,328</b>	130,290
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
– Basic	<i>11</i>	<b>0.13</b>	0.19
– Diluted	<i>11</i>	<b>0.13</b>	0.19

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at <b>June 30, 2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>12</i>	491,777	428,843
Intangible assets	<i>13</i>	140,806	159,639
Right-of-use assets	<i>14</i>	120,939	99,238
Investments accounted for using the equity method		48,363	19,275
Deferred tax assets		53,534	37,744
Financial assets at fair value through profit or loss	<i>18</i>	265,767	251,674
Trade and other receivables and prepayments	<i>16</i>	37,131	41,433
		<b>1,158,317</b>	1,037,846
<b>Current assets</b>			
Inventories		123,679	95,291
Trade and other receivables and prepayments	<i>16</i>	350,366	183,891
Financial assets at fair value through profit or loss	<i>18</i>	651,819	750,085
Term deposits with initial terms over three months	<i>17</i>	1,861,046	–
Cash and cash equivalents	<i>17</i>	949,215	2,689,541
		<b>3,936,125</b>	3,718,808
<b>Total assets</b>		<b>5,094,442</b>	4,756,654
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>19</i>	110	110
Share premium	<i>19</i>	2,632,283	2,803,094
Shares held for employee share scheme	<i>19</i>	*	–
Other reserves		122,736	82,554
Retained earnings		477,018	454,539
		<b>3,232,147</b>	3,340,297
Non-controlling interests		<b>56,556</b>	67,313
<b>Total equity</b>		<b>3,288,703</b>	3,407,610

\* The balance represents an amount less than RMB1,000.

	<i>Note</i>	As at <b>June 30, 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at December 31, 2023 <i>RMB'000</i> <b>(Audited)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings		4,093	6,273
Contract liabilities		60,637	71,443
Lease liabilities		41,445	30,343
Deferred income		32,261	33,753
Deferred tax liabilities		22,744	27,270
Other non-current liabilities	22	295,802	300,863
		<u>456,982</u>	<u>469,945</u>
<b>Current liabilities</b>			
Bank borrowings		319,938	11,077
Trade and other payables	21	569,549	375,221
Contract liabilities		411,449	450,593
Current income tax liabilities		18,180	24,624
Lease liabilities		29,641	17,584
		<u>1,348,757</u>	<u>879,099</u>
<b>Total liabilities</b>		<u>1,805,739</u>	<u>1,349,044</u>
<b>Total equity and liabilities</b>		<u><u>5,094,442</u></u>	<u><u>4,756,654</u></u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Attributable to owners of the Company							Non- controlling interests	Total equity
	Share capital	Share premium	Shares held for employee share scheme	Other reserves	Retained earnings	Total	Total		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>		
(Unaudited)									
<b>Balance at January 1, 2024</b>	110	2,803,094	–	82,554	454,539	3,340,297	67,313	3,407,610	
<b>Comprehensive income</b>									
Profit for the period	–	–	–	–	22,479	22,479	(7,753)	14,726	
Other comprehensive income									
– Currency translation differences	–	–	–	606	–	606	(3,004)	(2,398)	
<b>Total comprehensive income for the period</b>	–	–	–	606	22,479	23,085	(10,757)	12,328	
<b>Transactions with owners in their capacity as owners</b>									
Equity-settled share-based payment transactions	20	–	–	36,083	–	36,083	–	36,083	
Shares issued for restricted share award scheme	19	*	–	*	–	*	–	*	
Dividends declared	19	–	(169,889)	–	–	(169,889)	–	(169,889)	
Repurchase and cancellation of shares	19	*	(922)	–	–	(922)	–	(922)	
Changes in put option liabilities in respect of non-controlling interests	22	–	–	3,493	–	3,493	–	3,493	
<b>Total transactions with owners in their capacity as owners</b>	*	(170,811)	*	39,576	–	(131,235)	–	(131,235)	
<b>Balance at June 30, 2024</b>	110	2,632,283	*	122,736	477,018	3,232,147	56,556	3,288,703	

\* The balance represents an amount less than RMB1,000.

	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Share premium	Shares held for employee share scheme	Other reserves	Retained earnings	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Unaudited)									
<b>Balance at January 1, 2023</b>		110	2,941,876	(1,098)	237,820	428,058	3,606,766	(4,569)	3,602,197
<b>Comprehensive income</b>									
Profit for the period		-	-	-	-	32,308	32,308	(3,009)	29,299
Other comprehensive income									
- Currency translation differences		-	-	-	96,436	-	96,436	4,555	100,991
<b>Total comprehensive income for the period</b>		-	-	-	96,436	32,308	128,744	1,546	130,290
<b>Transactions with owners in their capacity as owners</b>									
Equity-settled share-based payment transactions	20	-	-	-	20,188	-	20,188	-	20,188
Shares issued for option exercise	19	*	3,150	-	(1,597)	-	1,553	-	1,553
Non-controlling interests arising from acquisition of a subsidiary		-	-	-	-	-	-	72,814	72,814
Shares issued for restricted share award scheme	19	*	-	*	-	-	*	-	*
Dividends declared	19	-	(105,966)	-	-	-	(105,966)	-	(105,966)
Recognition of put option liabilities arising from business combinations		-	-	-	(234,875)	-	(234,875)	-	(234,875)
Changes in put option liabilities in respect of non-controlling interests		-	-	-	(57,544)	-	(57,544)	-	(57,544)
<b>Total transactions with owners in their capacity as owners</b>		*	(102,816)	*	(273,828)	-	(376,644)	72,814	(303,830)
<b>Balance at June 30, 2023</b>		<u>110</u>	<u>2,839,060</u>	<u>(1,098)</u>	<u>60,428</u>	<u>460,366</u>	<u>3,358,866</u>	<u>69,791</u>	<u>3,428,657</u>

\* The balance represents an amount less than RMB1,000.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Note</i>	<b>Six months ended June 30,</b> <b>2024</b>	<b>2023</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>			
Cash used in operations		(101,577)	(57,121)
Income tax paid		(27,625)	(35,906)
		<b>(129,202)</b>	<b>(93,027)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and other non-current assets		(106,876)	(49,255)
Purchases of intangible assets		(1,828)	(6,104)
Proceeds from disposal of property, plant and equipment		1,335	1,255
Consideration paid for the acquisition of a subsidiary		–	(23,895)
Investment in associate and joint venture		(30,000)	–
Consideration paid for derivative financial asset	18	–	(5,842)
Purchase of term deposit with initial terms over three months	17	(1,861,046)	(505,806)
Purchases of financial assets at fair value through profit or loss	18	(1,455,508)	(3,100,000)
Proceeds from disposals of financial assets at fair value through profit or loss	18	1,540,157	3,110,310
Loans provided to employees		–	(61,739)
Proceeds of loans repaid by employees		1,653	–
Loans provided to an investee company		(22,101)	–
Interest received		30,760	45,138
		<b>(1,903,454)</b>	<b>(595,938)</b>
<b>Cash flows from financing activities</b>			
Proceeds from shares issued for option exercise		–	1,553
Proceeds from bank borrowings		314,912	–
Borrowing interest paid		(3,856)	(149)
Repayments of bank borrowings		(6,170)	(19,996)
Principal elements of lease payments		(13,043)	(7,373)
Interest paid of lease liabilities		(2,409)	(832)
		<b>(922)</b>	<b>–</b>
		<b>288,512</b>	<b>(26,797)</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		2,689,541	3,649,376
Exchange gains on cash and cash equivalents		3,818	94,703
		<b>949,215</b>	<b>3,028,317</b>
<b>Cash and cash equivalents at the end of the period</b>			

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

Angelalign Technology Inc. (the “**Company**”) was incorporated in the Cayman Islands on November 29, 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the clear aligner treatment solutions including treatment planning services, manufacturing and marketing of clear aligners. CareCapital Group is the ultimate holder of the Company which controlled the business of the Group through CareCapital Orthotech Limited (“**CareCapital Orthotech**”), a company incorporated in Hong Kong.

The Company completed its initial public offering (“**IPO**”) and listed its shares on the Main Board of the Stock Exchange of Hong Kong Limited (“**HKSE**”) on June 16, 2021.

The Interim Financial Information for the six months ended June 30, 2024 (the “**Interim Financial Information**”) is presented in Renminbi (“**RMB**”), unless otherwise stated, and was approved for issue by the Board of Directors of the Company on August 22, 2024.

## 2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”. The Interim Financial Information does not include all of the notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2023 (the “**2023 Financial Statements**”), which have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”).

## 3 MATERIAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the 2023 Financial Statements, except for the adoption of new and amended IFRS Accounting Standards effective for the financial year beginning January 1, 2024.

### (a) New standards and amendments adopted by the Group

The following standards and amendments apply for the first time to financial reporting periods commencing January 1, 2024:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 2024
Amendments to IAS 1	Non-Current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16	Lease liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024



**(b) New amendments not yet been adopted**

		<b>Effective for accounting periods beginning on or after</b>
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7	Financial Instruments Standards	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Based on management's preliminary assessment, none of the above amendments is expected to have a significant impact on the Group's consolidated financial statements.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 Financial Statements.

**5 FINANCIAL RISK MANAGEMENT**

**5.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the 2023 Financial Statements, and should be read in conjunction with the 2023 Financial Statements.

There have been no significant changes in the risk factors and management policies since the year ended December 31, 2023.

**(a) Liquidity risk**

To manage the liquidity risk, management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn banking facilities) and cash and cash equivalents on the basis of expected cash flow. The Group expects to fund the future cash flow needs mainly through internally generated cash flows from operations.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position dates to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
<b>As at June 30, 2024 (Unaudited)</b>					
Lease liabilities	32,216	22,770	21,313	3,875	80,174
Trade and other payables excluding non-financial liabilities	368,616	–	–	–	368,616
Bank borrowings	320,150	4,462	230	–	324,842
Other non-current financial liabilities	–	–	604,660	–	604,660
<b>Total</b>	<b><u>720,982</u></b>	<b><u>27,232</u></b>	<b><u>626,203</u></b>	<b><u>3,875</u></b>	<b><u>1,378,292</u></b>
<b>As at December 31, 2023 (Audited)</b>					
Lease liabilities	19,629	18,631	9,968	4,543	52,771
Trade and other payables excluding non-financial liabilities	171,517	–	–	–	171,517
Bank borrowings	11,651	5,074	1,942	–	18,667
Other non-current financial liabilities	–	–	670,092	–	670,092
<b>Total</b>	<b><u>202,797</u></b>	<b><u>23,705</u></b>	<b><u>682,002</u></b>	<b><u>4,543</u></b>	<b><u>913,047</u></b>

## 5.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and cash equivalents. Total capital is calculated as "equity" as shown in the interim condensed consolidated statement of financial position.

As at June 30, 2024 and December 31, 2023, the Group maintained at net cash position.

## 5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at June 30, 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2), and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(a) **Fair value hierarchy**

As at June 30, 2024, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	<b>Level 1</b> <b>RMB'000</b>	<b>Level 2</b> <b>RMB'000</b>	<b>Level 3</b> <b>RMB'000</b>	<b>Total</b> <b>RMB'000</b>
<b>As at June 30, 2024 (Unaudited)</b>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss				
– Wealth management products with variable return	–	651,819	–	651,819
– Derivative financial asset	–	–	7,371	7,371
– Investments in unlisted equity investments	–	–	258,396	258,396
	<u>–</u>	<u>–</u>	<u>258,396</u>	<u>258,396</u>
	<u>–</u>	<u>651,819</u>	<u>265,767</u>	<u>917,586</u>

As at December 31, 2023, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	<b>Level 1</b> <b>RMB'000</b>	<b>Level 2</b> <b>RMB'000</b>	<b>Level 3</b> <b>RMB'000</b>	<b>Total</b> <b>RMB'000</b>
<b>As at December 31, 2023 (Audited)</b>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss				
– Wealth management products with variable return	–	750,894	–	750,894
– Derivative financial asset	–	–	8,597	8,597
– Investments in unlisted equity investments	–	–	242,268	242,268
	<u>–</u>	<u>–</u>	<u>242,268</u>	<u>242,268</u>
	<u>–</u>	<u>750,894</u>	<u>250,865</u>	<u>1,001,759</u>

During the six months ended 30 June 2024, there were no transfers between levels 1, 2 and 3.

The fair value of financial instruments traded in active markets is determined with reference to quoted market prices at the end of the Reporting Period. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- Black-Scholes Model and unobservable inputs mainly including assumptions of expected volatility
- The latest round financing, i.e. the prior transaction price or the third-party pricing information, and
- A combination of observable and unobservable inputs, mainly including expected volatility, risk-free interest rate, market multiples, etc.

The following table presents the changes in level 3 instruments during the period/year:

	<b>As at June 30, 2024 RMB'000 (Unaudited)</b>	As at June 30, 2023 RMB'000 (Unaudited)
<b>Derivative financial asset</b>		
Balance at the beginning of the period	8,597	–
Additions	–	5,842
Unrealized fair value losses recognized in profit or loss	(416)	(24)
Currency translation differences	(810)	756
	<u>7,371</u>	<u>6,574</u>
<b>Investments in unlisted equity investments</b>		
Balance at the beginning of the period	242,268	121,227
Additions	24,240	–
Unrealized fair value (losses)/gains recognized in profit or loss	(9,370)	1,816
Currency translation differences	1,258	2,071
	<u>258,396</u>	<u>125,114</u>

**(b) Valuation processes inputs and relationships to fair value**

The Group has a team that manages the valuation of level 2 and level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case-by-case basis. Every half year, the team would use valuation techniques to determine the fair value of the Group's level 2 and level 3 instruments. External valuation experts will be involved when necessary.

During the six months ended June 30, 2024, the Group purchased wealth management products with variable return based on forward exchange rates or gold prices at certain dates. The Group classified these wealth management products into level 2 financial instruments as the inputs included were observable. The fair value of financial instruments in level 2 is determined using valuation techniques with the use of observable market data such as the future cash flows based on forward exchange rates or gold price and observable yield curve.

(c) **Valuation processes inputs and relationships to fair value**

The components of the level 3 instruments include investments in unlisted companies classified as FVPL and derivative financial asset. As these investments and instruments are not traded in an active market, the majority of their fair values have been determined using applicable valuation techniques including comparable companies approach, comparable transactions approach and other option pricing approach. These valuation approaches require significant judgments, assumptions and inputs, including risk-free rates, expected volatility, relevant underlying financial projections, and market information of recent transactions (such as recent fund-raising transactions undertaken by the investees) and other exposures, etc.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Expected volatility for investment in unlisted equity investments and derivative financial asset are estimated based on average volatility for similar types of companies.
- Risk-free interest rate for investments in unlisted equity investments and derivative financial asset are derived from interest rates on treasury bonds over the same period.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at		Unobservable inputs	Range of inputs at		Relationship of unobservable inputs to fair value
	June 30, 2024	December 31, 2023		June 30, 2024	December 31, 2023	
	RMB'000 (Unaudited)	RMB'000 (Audited)		RMB'000 (Unaudited)	RMB'000 (Audited)	
Investments in unlisted equity investments	258,396	242,268	Expected volatility	42.1% – 57.7%	43.16% – 48.71%	Increased/decreased expected volatility by 100 basis points (bps), the fair value for investments in unlisted equity investments would have been approximately RMB1,527,000 lower/RMB1,311,000 higher. (2023: RMB822,000 lower/RMB1,294,000 higher.)
			Risk-free interest rate	2.52% – 4.33%	1.93% – 3.95%	Increased/decreased risk-free interest rate by 100 bps, the fair value for investments in unlisted equity investments would have been approximately RMB4,447,000 lower/ RMB4,554,000 higher. (2023: RMB5,326,000 lower/RMB5,495,000 higher)
Derivative financial asset	7,371	8,597	Expected volatility	47.83%	48.71%	Increased/decreased expected volatility by 100 bps, the fair value would have been approximately RMB128,000 higher/lower. (2023: RMB151,000 higher/lower.)

The carrying amounts of the Group's financial assets and liabilities, including cash and cash equivalents, trade and other receivables (excluding non-financial assets) less allowance for impairment, trade and other payables (excluding non-financial liabilities), lease liabilities, bank borrowings and other non-current financial liabilities approximated their fair values due to their short maturities.

## 6 REVENUE AND SEGMENT INFORMATION

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from external customers is recognized over time and is derived from the rendering of:		
– Clear aligner treatment solutions	600,061	553,224
– Other services	9,016	8,593
	609,077	561,817
Revenue from external customers is recognized at a point in time and is derived from:		
– Sales of products (i)	252,421	54,512
	861,498	616,329
Total revenue	861,498	616,329

- (i) This represented: (1) sales of intraoral scanners to hospitals, dental clinics and distributors and (2) sales of brackets, aligners and other products. Revenue from sales of products was recognized when the products were delivered to and accepted by the customers.

The chief operating decision maker (“CODM”) identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments. An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group’s management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the reportable segment profit, which is measured consistently with the Group’s profit before tax except that other unallocated income, gains and losses, net impairment losses on financial assets, finance income-net, and share of results of investments accounted for using the equity method are excluded from such measurement.

## Segment revenue and results

As a result of this evaluation, the Group has the following reportable segments for six months ended June 30, 2024:

	Six months ended June 30, 2024		
	Mainland China <i>RMB'000</i> (Unaudited)	Other countries and regions <i>RMB'000</i> (Unaudited)	Consolidated <i>RMB'000</i> (Unaudited)
Revenue	<u>633,260</u>	<u>228,238</u>	<u>861,498</u>
<b>Segment operating profits/(losses)</b>	<u>80,267</u>	<u>(118,315)</u>	<u>(38,048)</u>
Other unallocated income, gains and losses			43,061
Net impairment losses on financial assets			(1,332)
Finance income – net			14,351
Share of results of investments accounted for using the equity method			<u>(503)</u>
<b>Profit before tax</b>			17,529
Income tax expense			<u>(2,803)</u>
<b>Profit for the year</b>			<u>14,726</u>

	Six months ended June 30, 2023		
	Mainland China <i>RMB'000</i> (Unaudited)	Other countries and regions <i>RMB'000</i> (Unaudited)	Consolidated <i>RMB'000</i> (Unaudited)
Revenue	<u>575,018</u>	<u>41,311</u>	<u>616,329</u>
<b>Segment operating profits/(losses)</b>	<u>47,755</u>	<u>(92,895)</u>	<u>(45,140)</u>
Other unallocated income, gains and losses			32,782
Net impairment losses on financial assets			(3,983)
Finance income – net			52,054
Share of results of investments accounted for using the equity method			<u>(147)</u>
<b>Profit before tax</b>			35,566
Income tax expense			<u>(6,267)</u>
<b>Profit for the year</b>			<u>29,299</u>

## Geographical information

Information about the Group's non-current assets is presented based on the geographical locations of the assets.

	As at <b>June 30,</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Mainland China	692,809	778,183
Other countries and regions	465,508	259,663
	<b>1,158,317</b>	<b>1,037,846</b>

## Information about major customers

Since none of the Group's provision of services to a single customer amounting to 10% or more of the Group's total revenue for the periods ended June 30, 2024 and 2023, no major customer information is presented in accordance with IFRS 8 "Operating Segments".

## 7 EXPENSES BY NATURE

Expenses included in cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses are analyzed below:

	Six months ended June 30, <b>2024</b> <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Changes in inventories of finished goods and work in progress	219	(1,108)
Raw materials and consumables used and other inventories	110,207	115,787
Employee benefit expenses	464,371	327,216
Advertising and promotion expenses	85,206	44,901
Depreciation and amortization	52,673	41,571
Professional service and consulting fees	43,155	31,668
Delivery costs	43,397	13,020
Outsourcing costs	25,307	12,750
Travelling expenses	24,126	16,603
Taxes and surcharges	7,158	7,925
Short-term lease and variable lease expenses	1,551	5,760
Utility costs	10,060	4,174
Office expenses	9,759	8,149
Entertainment expenses	6,212	3,977
Auditor's remuneration		
– Interim review services	1,300	1,725
– Non-Audit services	1,774	1,794
Others	13,071	25,557
	<b>899,546</b>	<b>661,469</b>



**8 OTHER INCOME, OTHER EXPENSES AND OTHER (LOSSES)/GAINS – NET**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other income</b>		
Government grants	14,070	3,866
Interest on term deposits with initial terms over three months	37,290	1,299
	<u>51,360</u>	<u>5,165</u>
<b>Other expenses</b>		
Donations	(1,000)	–
<b>Other (losses)/gains – net</b>		
Net foreign exchange (losses)/gains	(7,841)	14,792
Realized and unrealized gains on financial assets at FVPL	28	12,102
Losses on disposals of property, plant and equipment	(105)	(48)
Others	619	771
	<u>(7,299)</u>	<u>27,617</u>

**9 FINANCE INCOME – NET**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Finance income:</b>		
– Interest income on bank deposits	20,863	53,035
<b>Finance costs:</b>		
– Interest expense on lease liabilities	(2,409)	(832)
– Interest expense on bank borrowings	(4,103)	(149)
<b>Finance income – net</b>	<u>14,351</u>	<u>52,054</u>

## 10 INCOME TAX EXPENSE

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current income tax		
– Mainland China corporate income tax	21,557	14,043
– Hong Kong profits tax	–	57
– Other countries and regions taxes	339	–
	<u>21,896</u>	<u>14,100</u>
Deferred income tax		
– Mainland China corporate income tax	(12,467)	(8,071)
– Other countries and regions taxes	(6,626)	238
	<u>(19,093)</u>	<u>(7,833)</u>
	<u><b>2,803</b></u>	<u><b>6,267</b></u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the standard tax rate applicable to profit to the respective companies of the Group as follows:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit before income tax	<u>17,529</u>	<u>35,566</u>
Tax calculated at respective statutory tax rates	1,779	(2,073)
Tax effects of:		
– Effect of change in the tax rates for deferred tax of prior years	1,030	–
– Preferential income tax rates applicable to subsidiaries	(9,216)	(689)
– Expenses not deductible for taxation purposes	2,748	4,881
– Temporary differences and tax losses not recognized for deferred income tax in current year	15,039	18,945
– Super deduction for research and development expenditure	(6,660)	(13,917)
– Share of results of investments accounted for using the equity method	23	49
– Utilization of tax losses not recognized for deferred income tax in prior years	(1,179)	–
– Recognition of tax losses and temporary differences not recognized for deferred income tax in prior years	(1,019)	–
– Final settlement differences	258	–
– Income not subject to tax	–	(929)
	<u><b>2,803</b></u>	<u><b>6,267</b></u>

**(a) Cayman Islands income tax**

Under the prevailing laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, no Cayman Islands withholding tax is payable on dividend payments by the Company to its shareholders.

**(b) Mainland China corporate income tax (“CIT”)**

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in Mainland China and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowance. The general Mainland China CIT rate is 25% during the six months ended June 30, 2024.

The Company’s subsidiary, Wuxi EA Medical Instruments Technologies Limited (無錫時代天使醫療器械科技有限公司) (“**Wuxi EA**”), was approved as High and New Technology Enterprise (“**HNTE**”) under the relevant tax rules and regulations of the PRC in 2014 and it has renewed the qualification of HNTE in 2017, 2020 and 2023, and accordingly, is subject to a reduced preferential CIT rate of 15% during the six months ended June 30, 2024.

The Company’s subsidiary, Shanghai EA Medical Instruments Co., Ltd. (上海時代天使醫療器械有限公司, “**Shanghai EA**”), was approved as HNTE under the relevant tax rules and regulations of the PRC in 2019 and it has renewed the qualification of HNTE in 2022, and accordingly, is subject to a reduced preferential CIT rate of 15% during the six months ended June 30, 2024.

The Company’s subsidiary, Wuxi EA Bio-Tech Co., Ltd. (無錫時代天使生物科技有限公司), was approved as HNTE under the relevant tax rules and regulations of the PRC in 2023 and accordingly, is subject to a reduced preferential CIT rate of 15% for the six months ended June 30, 2024.

According to the CIT laws and Detailed Implementation Rules, an enterprise is allowed to claim research and development expenses incurred for the development of new technologies, new products and new craftsmanship from 2008 onwards. From 2022, according to [2022] No. 16 (財稅[2022]16號), an extra 100% of the amount of research and development expenses can be deducted before tax.

**(c) Hong Kong profit tax**

The Hong Kong profits tax rate of the subsidiary of the Group incorporated in Hong Kong is 16.5%.

**(d) Profit/income tax rate in other major jurisdictions as shown below:**

<b>Countries</b>	<b>Income/profits tax rate</b>
United States	27.67% – 29.84%
Singapore	17%
Brazil	15% & 34%
Germany	Corporation tax standard rate: 15.83% Trade tax standard rate: 16.63%
France	25%
Australia	30%
Spain	25%

(e) **Withholding tax**

According to the relevant regulations of the CIT laws of Mainland China, when a foreign investment enterprise in Mainland China distributes dividends out of the profits earned from January 1, 2008 onwards to its investors in other countries and regions, such dividends are subject to withholding tax at a rate of 10%.

As at June 30, 2024, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside the PRC, for which no deferred tax liability had been provided, were approximately RMB760,229,000 (December 31, 2023: RMB681,297,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's best estimates of the Group's overseas funding requirements.

**11 EARNINGS PER SHARE**

(a) **Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the six months ended June 30, 2024 and 2023.

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	<b>22,479</b>	32,308
Weighted average number of ordinary shares outstanding	<b>168,218,520</b>	168,252,300
Basic earnings per share (in RMB)	<b><u>0.13</u></b>	<u>0.19</u>

(b) **Diluted earnings per share**

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

The Group has three categories of potential ordinary shares in the six months ended June 30, 2024 which were the restricted share units and share options granted before IPO (“**the Pre-IPO Share Award Schemes**”) (Note 20(a)), the restricted share units granted after IPO (“**the Post-IPO RSU Schemes**”) (Note 20(b)) and the share options granted after IPO (“**the Post-IPO Share Option Scheme**”) (Note 20(c)).

A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding restricted share units and share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the vest of restricted share units.

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit attributable to owners of the Company (RMB'000)	22,479	32,308
Weighted average number of ordinary shares in issue	168,218,520	168,252,300
Adjustments for unvested restricted share units and share options	663,251	634,185
Weighted average number of ordinary shares for diluted earnings per share	<u>168,881,771</u>	<u>168,886,485</u>
Diluted earnings per share (in RMB)	<u><u>0.13</u></u>	<u><u>0.19</u></u>

## 12 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Transportation equipment	Furniture, fixtures, equipment	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At January 1, 2024</b>							
Cost	198,784	258,573	3,635	16,428	62,194	48,979	588,593
Accumulated depreciation	<u>(18,388)</u>	<u>(89,438)</u>	<u>(2,508)</u>	<u>(7,869)</u>	<u>(41,547)</u>	<u>-</u>	<u>(159,750)</u>
Closing net book amount	<u><u>180,396</u></u>	<u><u>169,135</u></u>	<u><u>1,127</u></u>	<u><u>8,559</u></u>	<u><u>20,647</u></u>	<u><u>48,979</u></u>	<u><u>428,843</u></u>
<b>Six months ended June 30, 2024 (Unaudited)</b>							
Opening net book amount	180,396	169,135	1,127	8,559	20,647	48,979	428,843
Additions	-	11,609	2,471	1,073	365	82,238	97,756
Transfers	-	8,196	297	277	42,330	(51,100)	-
Disposals	-	(793)	-	(437)	-	-	(1,230)
Depreciation	(4,736)	(14,829)	(342)	(2,821)	(5,792)	-	(28,520)
Currency translation differences	-	(678)	-	(46)	(52)	(4,296)	(5,072)
Closing net book amount	<u><u>175,660</u></u>	<u><u>172,640</u></u>	<u><u>3,553</u></u>	<u><u>6,605</u></u>	<u><u>57,498</u></u>	<u><u>75,821</u></u>	<u><u>491,777</u></u>
<b>At June 30, 2024 (Unaudited)</b>							
Cost	198,784	275,298	5,934	16,926	86,860	75,821	659,623
Accumulated depreciation	<u>(23,124)</u>	<u>(102,658)</u>	<u>(2,381)</u>	<u>(10,321)</u>	<u>(29,362)</u>	<u>-</u>	<u>(167,846)</u>
Closing net book amount	<u><u>175,660</u></u>	<u><u>172,640</u></u>	<u><u>3,553</u></u>	<u><u>6,605</u></u>	<u><u>57,498</u></u>	<u><u>75,821</u></u>	<u><u>491,777</u></u>

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Transportation equipment <i>RMB'000</i>	Furniture, fixtures, equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At January 1, 2023</b>							
Cost	189,716	122,099	1,790	77,696	61,592	2,907	455,800
Accumulated depreciation	(9,215)	(24,467)	(1,288)	(33,308)	(40,211)	–	(108,489)
Closing net book amount	<u>180,501</u>	<u>97,632</u>	<u>502</u>	<u>44,388</u>	<u>21,381</u>	<u>2,907</u>	<u>347,311</u>
<b>Six months ended June 30, 2023 (Unaudited)</b>							
Opening net book amount	180,501	97,632	502	44,388	21,381	2,907	347,311
Additions	–	3,701	805	6,750	256	10,969	22,481
Acquisition of a subsidiary	–	11,224	665	1,351	–	19,376	32,616
Transfers	2,723	–	–	–	2,371	(5,094)	–
Disposals	–	(951)	–	(352)	–	–	(1,303)
Depreciation	(4,556)	(6,902)	(194)	(7,720)	(5,992)	–	(25,364)
Currency translation differences	–	1,525	84	161	–	6,275	8,045
Closing net book amount	<u>178,668</u>	<u>106,229</u>	<u>1,862</u>	<u>44,578</u>	<u>18,016</u>	<u>34,433</u>	<u>383,786</u>
<b>At June 30, 2023 (Unaudited)</b>							
Cost	192,439	136,509	3,265	85,460	64,219	34,433	516,325
Accumulated depreciation	(13,771)	(30,280)	(1,403)	(40,882)	(46,203)	–	(132,539)
Closing net book amount	<u>178,668</u>	<u>106,229</u>	<u>1,862</u>	<u>44,578</u>	<u>18,016</u>	<u>34,433</u>	<u>383,786</u>

As at 30 June 2024 and December 31, 2023, the Group has pledged certain property, plants and equipment including CIP and plant and machinery in Brazil with a net carrying amount of Brazilian Real (“BRL”) 32,406,279 (equivalent to approximately RMB42,854,000) (2023: BRL31,517,000 (equivalent to approximately RMB46,188,000)) for the banking facilities granted to a subsidiary of the Group to finance the subsidiary’s daily working capital and capital expenditure plans.

Depreciation expenses were charged to the following categories in the interim condensed consolidated statement of comprehensive income:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of revenue	<b>13,183</b>	12,224
Selling and marketing expenses	<b>4,166</b>	968
Administrative expenses	<b>9,362</b>	10,638
Research and development expenses	<b>1,809</b>	1,534
	<u><b>28,520</b></u>	<u>25,364</u>

**13 INTANGIBLE ASSETS**

	Goodwill RMB'000	Software RMB'000	Patents RMB'000	Technology RMB'000	Customer relationship RMB'000	Brand RMB'000	Total RMB'000
<b>At January 1, 2024</b>							
Cost	58,555	38,164	7,932	52,609	24,488	8,016	189,764
Accumulated amortization	—	(16,815)	(2,948)	(5,011)	(3,815)	(1,536)	(30,125)
Closing net book amount	<u>58,555</u>	<u>21,349</u>	<u>4,984</u>	<u>47,598</u>	<u>20,673</u>	<u>6,480</u>	<u>159,639</u>
<b>Six months ended June 30, 2024 (Unaudited)</b>							
Opening net book amount	58,555	21,349	4,984	47,598	20,673	6,480	159,639
Additions	—	1,828	—	—	—	—	1,828
Amortization	—	(2,547)	(454)	(2,557)	(1,942)	(769)	(8,269)
Currency translation differences	(5,472)	(68)	—	(4,534)	(1,721)	(597)	(12,392)
Closing net book amount	<u>53,083</u>	<u>20,562</u>	<u>4,530</u>	<u>40,507</u>	<u>17,010</u>	<u>5,114</u>	<u>140,806</u>
<b>At June 30, 2024 (Unaudited)</b>							
Cost	53,083	39,864	7,932	47,655	22,474	7,306	178,314
Accumulated amortization	—	(19,302)	(3,402)	(7,148)	(5,464)	(2,192)	(37,508)
Closing net book amount	<u>53,083</u>	<u>20,562</u>	<u>4,530</u>	<u>40,507</u>	<u>17,010</u>	<u>5,114</u>	<u>140,806</u>
	Goodwill RMB'000	Software RMB'000	Patents RMB'000	Technology RMB'000	Customer relationship RMB'000	Brand RMB'000	Total RMB'000
<b>At January 1, 2023</b>							
Cost	2,964	19,980	6,400	—	2,442	—	31,786
Accumulated amortization	—	(13,459)	(2,122)	—	—	—	(15,581)
Closing net book amount	<u>2,964</u>	<u>6,521</u>	<u>4,278</u>	<u>—</u>	<u>2,442</u>	<u>—</u>	<u>16,205</u>
<b>Six months ended June 30, 2023 (Unaudited)</b>							
Opening net book amount	2,964	6,521	4,278	—	2,442	—	16,205
Acquisition of a subsidiary	49,800	672	—	47,381	19,891	7,264	125,008
Additions	—	5,524	580	—	—	—	6,104
Amortization	—	(1,856)	(350)	(3,232)	(1,512)	(496)	(7,446)
Foreign currency translation differences	6,507	16	(1)	6,210	2,622	940	16,294
Closing net book amount	<u>59,271</u>	<u>10,877</u>	<u>4,507</u>	<u>50,359</u>	<u>23,443</u>	<u>7,708</u>	<u>156,165</u>
<b>At June 30, 2023 (Unaudited)</b>							
Cost	59,271	26,192	6,979	53,591	24,955	8,204	179,192
Accumulated amortization	—	(15,315)	(2,472)	(3,232)	(1,512)	(496)	(23,027)
Closing net book amount	<u>59,271</u>	<u>10,877</u>	<u>4,507</u>	<u>50,359</u>	<u>23,443</u>	<u>7,708</u>	<u>156,165</u>

	Six months ended June 30,	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Cost of revenue	33	106
Selling and marketing expenses	374	236
Administrative expenses	7,262	6,595
Research and development expenses	600	509
	<u>8,269</u>	<u>7,446</u>

#### 14 RIGHT-OF-USE ASSETS

	Office premises <i>RMB'000</i>	Land use rights <i>RMB'000</i>	Equipments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At January 1, 2024</b>				
Cost	69,333	59,413	–	128,746
Accumulated depreciation	(23,760)	(5,748)	–	(29,508)
Net book amount	<u>45,573</u>	<u>53,665</u>	<u>–</u>	<u>99,238</u>
<b>Six months ended June 30, 2024 (Unaudited)</b>				
Opening net book amount	45,573	53,665	–	99,238
Additions	4,058	–	33,938	37,996
Depreciation	(9,633)	(594)	(5,657)	(15,884)
Currency translation differences	(411)	–	–	(411)
Closing net book amount	<u>39,587</u>	<u>53,071</u>	<u>28,281</u>	<u>120,939</u>
<b>At June 30, 2024 (Unaudited)</b>				
Cost	70,117	59,413	33,938	163,468
Accumulated depreciation	(30,530)	(6,342)	(5,657)	(42,529)
Net book amount	<u>39,587</u>	<u>53,071</u>	<u>28,281</u>	<u>120,939</u>



	Office premises <i>RMB'000</i>	Land use rights <i>RMB'000</i>	Equipments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At January 1, 2023</b>				
Cost	61,487	59,413	–	120,900
Accumulated depreciation	<u>(34,375)</u>	<u>(4,558)</u>	<u>–</u>	<u>(38,933)</u>
Net book amount	<u><u>27,112</u></u>	<u><u>54,855</u></u>	<u><u>–</u></u>	<u><u>81,967</u></u>
<b>Six months ended June 30, 2023 (Unaudited)</b>				
Opening net book amount	27,112	54,855	–	81,967
Additions	5,990	–	–	5,990
Termination of lease contracts	(356)	–	–	(356)
Depreciation	<u>(8,167)</u>	<u>(594)</u>	<u>–</u>	<u>(8,761)</u>
Closing net book amount	<u><u>24,579</u></u>	<u><u>54,261</u></u>	<u><u>–</u></u>	<u><u>78,840</u></u>
<b>At June 30, 2023 (Unaudited)</b>				
Cost	47,602	59,413	–	107,015
Accumulated depreciation	<u>(23,023)</u>	<u>(5,152)</u>	<u>–</u>	<u>(28,175)</u>
Net book amount	<u><u>24,579</u></u>	<u><u>54,261</u></u>	<u><u>–</u></u>	<u><u>78,840</u></u>

Depreciation expenses were charged to the following categories in the interim condensed consolidated statement of comprehensive income:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of revenue	<b>8,015</b>	2,999
Selling and marketing expenses	<b>3,097</b>	1,092
Administrative expenses	<b>3,749</b>	4,330
Research and development expenses	<b>1,023</b>	340
	<u><u><b>15,884</b></u></u>	<u><u>8,761</u></u>

## 15 FINANCIAL INSTRUMENTS BY CATEGORY

	As at <b>June 30,</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
<b>Financial assets</b>		
<b>Financial assets at amortized cost</b>		
Cash and cash equivalents	949,215	2,689,541
Term deposits with initial terms over three months	1,861,046	–
Trade and other receivables excluding non – financial assets	256,963	173,862
	<u>3,067,224</u>	<u>2,863,403</u>
<b>Financial assets at FVPL</b>	<u>917,586</u>	<u>1,001,759</u>
	<u><b>3,984,810</b></u>	<u><b>3,865,162</b></u>
	As at <b>June 30,</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
<b>Financial liabilities</b>		
<b>Financial liabilities at amortized cost</b>		
Other non-current financial liabilities	291,943	295,436
Trade and other payables excluding non-financial liabilities	368,616	171,517
Lease liabilities	71,086	47,927
Bank borrowings	324,031	17,350
	<u>1,055,676</u>	<u>532,230</u>

**16 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS**

	As at <b>June 30,</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
<b>Included in current assets</b>		
Trade receivables ( <i>Note (a)</i> )		
– Due from third parties	173,423	145,333
– Due from related parties ( <i>Note 25(c)</i> )	<u>1,404</u>	<u>1,557</u>
	174,827	146,890
Less: allowance for impairment of trade receivables	<u>(33,291)</u>	<u>(32,503)</u>
	<u>141,536</u>	<u>114,387</u>
Other receivables		
– Receivables from payment platforms	3,149	3,423
– Interests receivables on bank deposits	38,275	10,882
– Deposits receivables	15,843	9,127
– Loans provided to an investee company	22,669	–
– Others	<u>3,663</u>	<u>2,508</u>
	83,599	25,940
Less: allowance for impairment of other receivables	<u>(209)</u>	<u>(271)</u>
	<u>83,390</u>	<u>25,669</u>
<b>Prepayments for</b>		
– Taxes	19,285	11,092
– Suppliers	<u>106,155</u>	<u>32,743</u>
	<u>125,440</u>	<u>43,835</u>
	<u><b>350,366</b></u>	<u><b>183,891</b></u>
<b>Included in non-current assets</b>		
Trade receivables ( <i>Note (a)</i> )		
– Due from third parties	3,148	3,196
Less: allowance for impairment of trade receivables	<u>(716)</u>	<u>(95)</u>
	<u>2,432</u>	<u>3,101</u>

	As at <b>June 30, 2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Other receivables		
– Loans provided to employees	29,864	30,979
Less: allowance for impairment of other receivables	<u>(259)</u>	<u>(274)</u>
	<u>29,605</u>	<u>30,705</u>
Prepayments for		
– Property, plant and equipment and other non-current assets	4,782	7,212
– Taxes	<u>312</u>	<u>415</u>
	<u>5,094</u>	<u>7,627</u>
	<u><b>37,131</b></u>	<u><b>41,433</b></u>

- (a) Trade receivables mainly arise from rendering of clear aligner treatment solutions and sales of products. The Group generally received advances prior to the rendering of services or sales, while certain customers are mainly given a credit term of 30 to 90 days.

The following is an ageing analysis of trade receivables presented based on invoice dates:

	As at <b>June 30, 2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Within 1 year	138,827	108,749
1 to 2 years	9,153	11,626
2 to 3 years	5,681	6,650
Over 3 years	<u>24,314</u>	<u>23,061</u>
	<u><b>177,975</b></u>	<u><b>150,086</b></u>

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9.

The loss allowance provision as at June 30, 2024 and December 31, 2023 is determined as follows, the expected credit losses below also incorporate forward looking information.

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
<b>At June 30, 2024 (Unaudited)</b>					
Expected loss rates	1.28%	22.81%	85.04%	100.00%	
Gross carrying amount (RMB'000)	138,205	8,755	5,181	20,935	173,076
Loss allowance provision (RMB'000)	(1,770)	(1,997)	(4,406)	(20,935)	(29,108)
<b>At December 31, 2023 (Audited)</b>					
Expected loss rates	1.44%	15.93%	76.81%	100.00%	
Gross carrying amount (RMB'000)	108,369	11,127	5,717	19,979	145,192
Loss allowance provision (RMB'000)	(1,562)	(1,772)	(4,391)	(19,979)	(27,704)

The Group takes into account the changes in its customers' operating performance and future recoverability of trade receivables. When considering a significant increase in credit risk, the Group makes individual assessment on such receivables.

### Trade receivables subject to individual provision

	As at <b>June 30,</b> <b>2024</b> <i><b>RMB'000</b></i> <b>(Unaudited)</b>	As at December 31, 2023 <i>RMB'000</i> (Audited)
Gross carrying amount	4,899	4,894
Loss allowance provision	(4,899)	(4,894)
Expected loss rate	100%	100%

As at June 30, 2024 and December 31, 2023 receivables which were subject to individual provision for bad debts amounted of RMB4,899,000 (2023: RMB4,894,000) due to known financial difficulties or significant doubt on collection of certain customers.

The loss allowance provision for trade receivables as at June 30, 2024 and 2023 reconciles to the opening loss allowance for that provision as follows:

	Six months ended June 30, <b>2024</b> <i><b>RMB'000</b></i> <b>(Unaudited)</b>	2023 <i>RMB'000</i> (Unaudited)
<b>At the beginning of the period</b>	<b>32,598</b>	27,405
Provision for loss allowance recognized in profit or loss	1,409	3,944
Acquisition of a subsidiary	—	852
<b>At the end of the period</b>	<b>34,007</b>	32,201

As at June 30, 2024 and December 31, 2023 the Group has pledged certain trade receivables in Brazil with a carrying amount of BRL10,064,615 (equivalent to approximately RMB13,309,000) (2023: BRL3,189,000 (equivalent to approximately RMB4,673,000)) for the banking facilities granted to the subsidiary of the Group to finance the subsidiary's daily working capital and capital expenditure plans.

## 17 CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

	As at <b>June 30,</b> <b>2024</b> <i><b>RMB'000</b></i> <b>(Unaudited)</b>	As at December 31, 2023 <i>RMB'000</i> (Audited)
Cash at banks	949,169	2,689,528
Cash on hand	46	13
Cash and cash equivalents	<b>949,215</b>	2,689,541
Term deposits with initial terms over three months	<b>1,861,046</b>	—

**18 FINANCIAL ASSETS AT FVPL**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Wealth management products with variable return</b>		
Balance at the beginning of the period	750,894	–
Additions ( <i>Note a</i> )	1,431,268	3,100,000
Realized and unrealized fair value gains recognized in profit or loss	9,814	10,310
Disposals	(1,540,157)	(3,110,310)
	<u>651,819</u>	<u>–</u>
Balance at the end of the period	<u>651,819</u>	<u>–</u>
– Included in current assets	<u>651,819</u>	<u>–</u>
<b>Derivative financial asset</b>		
Balance at the beginning of the period	8,597	–
Additions	–	5,842
Unrealized fair value losses recognized in profit or loss	(416)	(24)
Currency translation differences	(810)	756
	<u>7,371</u>	<u>6,574</u>
Balance at the end of the period	<u>7,371</u>	<u>6,574</u>
– Included in non-current assets	<u>7,371</u>	<u>6,574</u>
<b>Investments in unlisted equity investments</b>		
Balance at the beginning of the period	242,268	121,227
Additions	24,240	–
Unrealized fair value gains recognized in profit or loss	(9,370)	1,816
Currency translation differences	1,258	2,071
	<u>258,396</u>	<u>125,114</u>
Balance at the end of the period	<u>258,396</u>	<u>125,114</u>
– Included in non-current assets	<u>258,396</u>	<u>125,114</u>

- (a) During the six months ended June 30, 2024, the Group subscribed several wealth management products from eight commercial banks from time to time with outstanding balance of each bank no more than RMB230,000,000.

## 19 SHARE CAPITAL AND PREMIUM AND SHARES HELD FOR EMPLOYEE SHARE SCHEME

### (a) Share capital and premium

	Number of ordinary shares	Nominal value of ordinary shares <i>USD</i> (Unaudited)	Share capital <i>RMB'000</i> (Unaudited)	Share premium <i>RMB'000</i> (Unaudited)
<b>At January 1, 2023</b>	168,760,609	16,876	110	2,941,876
Shares issued for options exercised	180,000	18	*	3,150
Shares issued for restricted share award scheme	800,775	80	*	–
Dividends	–	–	–	(105,966)
<b>At June 30, 2023 (Unaudited)</b>	<b>169,741,384</b>	<b>16,974</b>	<b>110</b>	<b>2,839,060</b>
<b>At January 1, 2024</b>	<b>169,097,784</b>	<b>16,909</b>	<b>110</b>	<b>2,803,094</b>
Shares issued for restricted share award scheme (i)	<b>142,580</b>	<b>14</b>	*	–
Dividends (ii)	–	–	–	<b>(169,889)</b>
Repurchase and cancellation of shares (iii)	<b>(19,400)</b>	<b>(2)</b>	*	<b>(922)</b>
<b>At June 30, 2024 (Unaudited)</b>	<b>169,220,964</b>	<b>16,921</b>	<b>110</b>	<b>2,632,283</b>

\* The balance represents an amount less than RMB1,000.

- (i) On March 20, 2024, the Company issued and allotted 142,580 shares to Cultivate Happiness Limited (the “Trustee”), an entity held by a trustee entrusted by the Group for the purpose of the Post-IPO RSU Scheme (Note 20(b)(ii)).
- (ii) On May 17 2024, the Board recommended the payment of a special final dividend of Hong Kong dollar (“HKD”) 1.1 per share (equivalent to approximately RMB169,889,000) for the year ended December 31, 2023 out of the share premium account of the Company, which was approved by the shareholders of the Company at the annual general meeting held on June 28, 2024 and paid on July 29, 2024.
- (iii) In February 2024, the Company repurchased 19,400 shares with consideration of RMB922,000 and which were cancelled in May 2024.

(b) Shares held for employee share scheme

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Balance at the beginning of the period	–	1,098
Shares issued for restricted share award scheme (Note 20(b)(ii))	*	*
Transfer of shares held for employee share scheme upon vesting	*	–
	<hr/>	<hr/>
Balance at the end of the period	*	1,098
	<hr/> <hr/>	<hr/> <hr/>

\* The balance represents an amount less than RMB1,000.

20 SHARE-BASED PAYMENTS

(a) The Pre-IPO Share Award Scheme

- (i) On October 9, 2020, the Company granted 3,000 share options to a senior management, with exercise price of USD120 per share. Such options shall be vested in the following schedule: (i) 20% when IPO completed and (ii) each 20% on the last day of each year commencing from October 1, 2020. Effective from May 20, 2021, these share options were subdivided into 300,000 shares with exercise price of USD1.2 per share. As at June 30, 2024, 180,000 shares of the Company were vested and exercised, 60,000 shares were vested but not exercised and the remaining 60,000 shares will be vested on September 30, 2024.

(b) The Post-IPO RSU Scheme

- (i) The Post-IPO RSU Scheme was conditionally approved and adopted by the Shareholders on May 20, 2021 and amended on June 29, 2023 and June 28, 2024. On March 25, 2022, the Company granted 403,467 award shares to 133 eligible participants and 25,642 award shares to Ms. Li Huamin, a then executive director under the scheme at nil consideration, respectively. The granted shares to Ms. Li Huamin were approved on the annual general meeting on May 26, 2022.

Pursuant to the Post-IPO RSU Scheme, 429,109 new shares were issued and allotted to the Trustee. The Trustee will hold such shares on behalf of the relevant eligible participants on trust, until such shares are vested. The Trustee is controlled and consolidated by the Group as a structured entity and the above new shares issued are recorded as shares held for employee share scheme.

The restricted share units granted to the eligible participants will be vested based on the following schedule for the relevant financial year: (i) For 68,833 granted shares, 50%, 25% and 25% of the shares will be vested on the second, third and fourth anniversary of the employment date of each grantee. (ii) For 360,276 granted shares (including the shares granted to Ms. Li Huamin), 30%, 30%, 20% and 20% will be vested on the date of September 30, 2022, 2023, 2024 and 2025, respectively. As at June 30, 2024, 205,607 shares of the Company were vested, 107,789 shares of the Company were lapsed.



- (ii) Pursuant to the Post-IPO RSU Scheme, 800,775 shares were further granted to 175 eligible participants on June 12, 2023. The restricted share units will be vested based on the following schedule for the relevant financial year: (i) For 233,161 granted shares, 50%, 25% and 25% of the shares will be vested on the second, third and fourth anniversary of the employment date of each grantee. (ii) For 41,992 granted shares, 30%, 30%, 20% and 20% of the shares will be vested on the first, second, third and fourth anniversary of the employment date of each grantee. (iii) For 28,764 granted shares, 30%, 30%, 20% and 20% of the shares will be vested on the second, third, fourth and fifth anniversary of the employment date of each grantee. (iv) For 496,858 granted shares, 30%, 30%, 20% and 20% will be vested on the dates of September 30, 2023, 2024, 2025 and 2026, respectively. As at June 30, 2024, 181,766 shares of the Company were vested, 83,597 shares of the Company were lapsed.
- (iii) Pursuant to the Post-IPO RSU Scheme, 55,560 shares were further granted to 14 eligible participants on July 19, 2023. The restricted share units will be vested based on the following schedule for the relevant financial year: (i) For 760 granted shares, 25%, 25%, 20%, 10%, 10%, 5% and 5% of the shares will be vested on the date of April 3, 2024, 2025, 2026, 2027, 2028, 2029 and 2030, respectively. (ii) For 54,800 granted shares, 30%, 30%, 20% and 20% will be vested on the dates of September 30, 2023, 2024, 2025 and 2026, respectively. As at June 30, 2024, 16,630 shares of the Company were vested, 7,000 shares of the Company were lapsed.
- (iv) Pursuant to the Post-IPO RSU Scheme, 17,979 shares were further granted to 3 eligible participants on September 13, 2023. The restricted share units will be vested based on the following schedule for the relevant financial year: (i) For 17,979 granted shares, 50%, 25% and 25% of the shares will be vested on the second, third and fourth anniversary of the employment date of each grantee. As at June 30, 2024, no shares of the Company were vested.
- (v) Pursuant to the Post-IPO RSU Scheme, 142,580 shares were further granted to 15 eligible participants on March 20, 2024. The restricted share units will be vested based on the following schedule for the relevant financial year: (i) For 15,550 granted shares, 30%, 30%, 20% and 20% of the shares will be vested on the second, third, fourth and fifth anniversary of the employment date of each grantee. (ii) For 127,030 granted shares, 50%, 25%, and 25% of the shares will be vested on the second, third and fourth anniversary of the employment date of each grantee. As at June 30, 2024, no shares of the Company were vested.

The fair value of the restricted share units at grant date was determined with reference to the market price of the Company's shares on the respective grant dates.

The Group has to estimate the expected percentage of eligible participants that will stay within the Group (the "**Expected Retention Rate**") of the restricted share unit scheme in order to determine the amount of share-based payment expenses charged to the consolidated statements of comprehensive income. As at June 30, 2024, the Expected Retention Rate was assessed to be 92%. (2023: 92%)

(c) **The Post-IPO Share Option Scheme**

- (i) The Post-IPO Share Option Scheme was conditionally approved and adopted by the Shareholders on May 20, 2021 and amended on June 29, 2023 and January 28, 2024. On April 28, 2023, 3,378,646 options, to subscribe for a total of 3,378,646 ordinary shares of USD0.0001 each in the share capital of the Company, were granted to two directors and five employees of the Group with exercise price of HKD100.06 per share. Such options shall be vested in the following schedule: (i) for 1,688,646 options granted to one director, 25%, 25%, 20%, 10%, 10%, 5% and 5% of the options will be vested on each date of April 3 from 2024 to 2030, and (ii) for 1,690,000 options granted to another director and five employees, 25%, 25%, 25% and 25% of the shares will be vested on each date of April 30 from 2024 to 2027. The exercise period shall be ten years from the date of grant of relevant options.

The above transaction was considered as equity-settled share-based payment to employees and others in exchange for their services. The Group uses the binomial option pricing model in determining the estimated fair value of the options granted. The fair value of the options was RMB119,483,848.

- (ii) On April 30, 2024, (the “**Modification Date**”), the Board announced that after taking into consideration of the market conditions and to further incentivize and retain the relevant grantees to continuously contribute to the development of the Company, the Board resolved to cancel 990,000 unvested options granted on April 28, 2023 (Note 20(c)(i)) (the “**Old Options**”) and re-grant to them 827,750 new options (the “**New Options**”) in accordance with the terms and conditions of the Post-IPO Share Option Scheme (the “**Cancellation and Re-Grant**”).

The above transaction was considered as modification of share-based payment. The Group accounts for the incremental fair value of the New Options (compared with the Old Options) at the date of modification and it would spread this amount over the remaining vesting period of the New Options. The Group uses the binomial option pricing model in determining the estimated fair value of the New Options and Old Options. The incremental fair value was RMB3,424,566. The significant inputs into the binomial valuation model were listed as below:

	<b>As at Modification Date</b>
Closing price of ordinary share	HKD79.00
Exercise price of New Options/Old Options	HKD79.00/HKD100.06
Expected exercise multiple	2.8
Expected volatility	40.18% – 45.29%
Risk-free interest rates	3.68% – 3.89%
Expected dividend yield	1.00%
Contractual lives	4-10 years

The total share-based compensation expenses recognized are as follows:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Expenses arising from equity-settled share-based payment transactions	<b>36,083</b>	<b>20,188</b>

## 21 TRADE AND OTHER PAYABLES

	As at <b>June 30,</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Trade payables ( <i>Note (a)</i> )	84,816	70,038
Employee benefits payable	152,912	154,241
Dividends payable ( <i>Note 19(a)(ii)</i> )	169,889	–
Other taxes payable	48,021	49,463
Accrued expenses payable	55,557	36,505
Payables in relation with acquisition of property, plant and equipment	14,273	24,200
Deposits payable	17,268	14,496
Professional service fees payable	10,362	10,355
Advertising and promotion expenses payable	8,025	6,561
Provision for contingencies	3,898	4,455
Others	4,528	4,907
	<u>569,549</u>	<u>375,221</u>

- (a) The credit period granted by suppliers mainly ranges from 30 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date:

	As at <b>June 30,</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Within 1 year	83,842	68,999
Over 1 year	974	1,039
	<u>84,816</u>	<u>70,038</u>

- (b) As at June 30, 2024 and December 31, 2023, trade and other payables of the Group were interest-free and payable on demand.

## 22 OTHER NON-CURRENT LIABILITIES

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
<b>Measured at amortised cost:</b>		
– Redemption liability ( <i>Note (a)</i> )	291,943	295,436
– Taxes payable	3,859	5,427
	<u>295,802</u>	<u>300,863</u>
<b>Included in:</b>		
– Non-current liabilities	<u>295,802</u>	<u>300,863</u>

(a) It mainly comprised redemption liability arising from put option arrangements with non-controlling shareholders of Aditek of approximately RMB291,943,000 (December 31, 2023: RMB295,436,000).

## 23 DIVIDENDS

The board of directors of the Company did not propose to declare any interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: nil).

## 24 COMMITMENTS

### (a) Commitments relating to short-term leases

The Group has recognized right-of-use assets and lease liabilities for these leases, except for short-term leases, see Note 14 for further information.

The future aggregate minimum lease payments under non-cancellable short-term leases contracted for at the end of the period/year but not recognized as liabilities, are as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
No later than 1 year	<u>3,075</u>	<u>4,295</u>

### (b) Capital commitments

The Group's capital expenditure contracted for at the end of the period/year but not yet incurred is as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Property, plant and equipment	22,318	2,539
Intangible assets	<u>2,330</u>	<u>–</u>
	<u>24,648</u>	<u>2,539</u>

## 25 RELATED PARTY TRANSACTIONS

### (a) Names and relationships with related parties

Below is the summary of the Group's related parties during the six months ended June 30, 2024:

<b>Name of the related party</b>	<b>Relationship with the Group</b>
Changsha Minjian Medical Equipment Co., Ltd. ("Changsha Minjian")	An entity significantly influenced by CareCapital Group
Chengdu Yafei Dental Co., Ltd. ("Chengdu Yafei")	An entity controlled by CareCapital Group
Dongguan Jianli Dental Hospital ("Dongguan Jianli")	An entity significantly influenced by CareCapital Group
Guangzhou Yilu Precision Medical Devices Co., Ltd. ("Guangzhou Yilu")	An entity controlled by CareCapital Group
Guiyang Jinxin Medical Instrument Co., Ltd. ("Guiyang Jinxin")	An entity controlled by CareCapital Group
Henan Red Sun Medical Instrument Co., Ltd. ("Henan Red Sun")	An entity controlled by CareCapital Group
Huizhou Dental Hospital Co., Ltd. ("Huizhou Dental Hospital")	An entity controlled by CareCapital Group
Huizhou Huiyang Huikou Dental Clinic Co., Ltd. ("Huikou Dental Clinic")	An entity controlled by CareCapital Group
Luoyang Smile Songbai Medical Equipment Co., Ltd. ("Luoyang Smile")	An entity controlled by CareCapital Group
Shanghai Qimei Dental Clinic Co., Ltd. ("Shanghai Qimei")	An entity controlled by CareCapital Group
Songbai Huaren (Shanxi) Medical Instrument Co., Ltd. ("Songbai Huaren (Shanxi)")	An entity controlled by CareCapital Group
Songbai Leye Medical Equipment (Ningbo) Co., Ltd. ("Songbai Leye")	An entity controlled by CareCapital Group
Songbai Maishi (Shanxi) Medical Instrument Co., Ltd. ("Songbai Maishi (Shanxi)")	An entity controlled by CareCapital Group
Songbai Oukang (Liaoning) Medical Instrument Co., Ltd. ("Songbai Oukang (Liaoning)")	An entity controlled by CareCapital Group
Songbai Qihai (Qingdao) Medical Instrument Co., Ltd. ("Songbai Qihai (Qingdao)")	An entity controlled by CareCapital Group
Taiyuan Yishunkang Medical Device Co., Ltd. ("Yishunkang")	An entity controlled by CareCapital Group
Taizhou Yafei Dental Co., Ltd. ("Taizhou Yafei")	An entity controlled by CareCapital Group
Yiwu Huizhou Dental Hospital Co., Ltd. ("Yiwu Huizhou Dental Hospital")	An entity controlled by CareCapital Group
Zhengzhou Smile Songbai Industrial Co., Ltd. ("Zhengzhou Smile")	An entity controlled by CareCapital Group
Zhenjiang Wenjie Medical Equipment Co., Ltd. ("Zhenjiang Wenjie")	An entity controlled by CareCapital Group
Astro Science do Brasil Pesquisa e Desenvolvimento S.A. ("Astro Science")	Joint venture held by the Group

**(b) Transactions with related parties**

During the six months ended June 30, 2024, save as disclosed elsewhere in this report, the following is a summary of the significant transactions carried out between the Group and its related parties.

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Sales of clear aligner treatment solutions</b>		
Guangzhou Yilu	20,718	15,509
Zhengzhou Smile	13,765	14,689
Zhenjiang Wenjie	3,749	2,891
Songbai Oukang (Liaoning)	3,426	1,761
Yishunkang	3,252	2,564
Songbai Leye	973	721
Changsha Minjian	555	395
Songbai Maishi (Shanxi)	235	52
Songbai Qihai (Qingdao)	111	–
Luoyang Smile	90	172
Guiyang Jinxin	83	509
Henan Red Sun	42	156
Songbai Huaren (Shanxi)	4	–
Huizhou Dental Hospital	–	15
Huikou Dental Clinic	–	1
Yiwu Huizhou Dental Hospital	–	1
	<b>47,003</b>	<b>39,436</b>
<b>Sales of intraoral scanners</b>		
Zhengzhou Smile	108	1,683
Guangzhou Yilu	34	139
Songbai Leye	3	–
Zhenjiang Wenjie	–	136
Songbai Oukang (Liaoning)	–	125
Yishunkang	–	31
	<b>145</b>	<b>2,114</b>
<b>Purchase of raw materials</b>		
Astro Science	1,633	–

(c) **Outstanding balances arising from sales of goods and services**

	As at <b>June 30,</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
<b>Trade and other receivables</b>		
Guangzhou Yilu	292	469
Changsha Minjian	296	392
Guiyang Jinxin	611	543
Zhengzhou Smile	6	32
Zhenjiang Wenjie	199	121
	<u>1,404</u>	<u>1,557</u>

As at June 30, 2024 and December 31, 2023, the balances were with trade nature, unsecured, interest-free, and collectable on demand.

	As at <b>June 30,</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
<b>Contract liabilities</b>		
Zhengzhou Smile	9,662	13,411
Guangzhou Yilu	9,701	10,741
Yishunkang	2,298	2,662
Songbai Oukang (Liaoning)	2,012	1,927
Zhenjiang Wenjie	1,686	2,796
Songbai Leye	595	662
Songbai Maishi (Shanxi)	233	175
Songbai Qihai (Qingdao)	164	28
Luoyang Smile	78	230
Henan Red Sun	60	246
Huizhou Dental Hospital	26	9
Shanghai Qimei	6	6
Songbai Huaren (Shanxi)	3	–
Changsha Minjian	–	289
Guiyang Jinxin	–	117
	<u>26,524</u>	<u>33,299</u>

Contract liabilities of the Group mainly arose from the advance payments made by customers while the underlying goods or services are yet to be provided.

**(d) Key management compensation**

The Group's key management includes directors of the Company.

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Fees	1,004	1,110
Salaries and wages	7,212	3,498
Bonuses	2,286	–
Share-based compensation expenses	17,460	7,074
Pension costs – defined contribution plans	176	131
Other social security costs, housing benefits and other employee benefits	829	134
	<u>28,967</u>	<u>11,947</u>

**(e) Loans provided to key management**

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loans provided to key management	–	21,228
Interests incurred	456	–
Proceeds of loans repaid by key management	–	–
	<u>456</u>	<u>21,228</u>



(f) **Outstanding balances arising from purchase of raw materials**

	As at <b>June 30,</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
<b>Trade and other payable</b>		
Astro Science	<u>285</u>	<u>412</u>

(g) **Outstanding balances arising from loans provided to key management**

	As at <b>June 30,</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
<b>Other receivables</b>		
Loans provided to key management	<u>19,830</u>	<u>19,374</u>

**26 CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at June 30, 2024.

**27 SUBSEQUENT EVENTS**

- (i) On July 17, 2024, the Company granted 684,361 restricted share units to 246 employees under the Post-IPO RSU Scheme at nil consideration. Such restricted share units shall be vested in the following schedule: (i) For 680,456 granted restricted share units, 30%, 30%, 20% and 20% will be vested on the dates of September 30, 2024, 2025, 2026 and 2027, respectively and (ii) For 3,905 restricted share units, 50%, 25%, and 25% of the shares will be vested on the second, the third and the fourth anniversary of the hire date of the grantee, respectively. Details of the transaction were disclosed in the announcement of the Company dated July 17, 2024.
- (ii) On July 17, 2024, the Company granted 60,000 options to one grantee, with rights to subscribe for an aggregate of 60,000 shares upon exercise of such options in accordance with the terms of the Post-IPO Share Option Scheme with exercise price of HK\$58.75 per Share. The options granted shall vest in 4 tranches of 25%, 25%, 25% and 25% on April 30, 2025, April 30, 2026, April 30, 2027 and April 30, 2028, respectively. Details of the transaction were disclosed in the announcement of the Company dated July 17, 2024.

## OTHER INFORMATION

### Use of Proceeds

The ordinary shares of the Company (the “Shares”) were listed on the Main Board of the Stock Exchange on June 16, 2021, whereby 16,829,600 new Shares were issued at the offer price of HKD173.0 each by the Company. On July 8, 2021, the Joint Global Coordinators, on behalf of the International Underwriters, fully exercised the Over-allotment Option at the offer price of HKD173.0, pursuant to which the Company issued an addition of 2,524,400 Shares. The aggregate net proceeds from the Company’s Global Offering, including the net proceeds from the full exercise of the Over-allotment Option and after deduction of the underwriting fees and other related expenses, was approximately HKD3,139.0 million. The net proceeds from the Global Offering (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in that same manner, proportion and the expected timeframe as set out in the Prospectus under the section headed “Future Plans and Use of Proceeds”. The table below sets out the planned and actual applications of the net proceeds as of June 30, 2024.

	Net proceeds from the Global Offering	Unutilized proceeds as of December 31, 2023	Utilized proceeds during the Reporting Period	Utilized proceeds as of June 30, 2024	Unutilized proceeds as of June 30, 2024
	<i>(HKD in millions)</i>				
Funding the construction of Chuangmei Center	1,252.5	785.6	69.2	536.1	716.4
Strengthening our research and development capabilities and funding our in-house and collaborative R&D initiatives	574.4	250.8	60.3	383.9	190.5
Developing a flexible and scalable intelligent information technology system	339.0	195.6	45.1	188.5	150.5
Expanding our in-house sales team and providing sales personnel with training sessions	329.6	0.0	0.0	329.6	0.00
Funding marketing and branding activities	301.4	0.0	0.0	301.4	0.00
Optimizing medical services	194.6	0.0	0.0	194.6	0.00
Working capital and other general corporate purposes	147.5	0.0	0.0	147.5	0.00
<b>Total</b>	<b>3,139.0</b>	<b>1,232.0</b>	<b>174.6</b>	<b>2,081.6</b>	<b>1,057.4</b>

To the extent that the net proceeds have not been immediately utilized, the balance has been placed with banks. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Group will apply the remaining net proceeds in the manner set out in the Prospectus. However, additional time will be required to utilize the remaining proceeds due to the impact of the macroeconomy in the past few years. Considering the needs of future development of the Group, we expect the remaining proceeds would be used in the next one and half years.

## Employees, Training and Remuneration Policies

As of June 30, 2024, we had 3,547 employees. The staff costs including Directors' emoluments and share-based payment expenses were approximately RMB464.4 million in the six months ended June 30, 2024.

Our employees' compensation includes basic salary, performance-based cash bonuses, incentive shares and other incentives. We determine our employees' compensation based on each employee's performance, qualifications, position and seniority.

We recognize the importance of keeping the Directors updated with the latest information of duties and obligations of a director of a company whose shares are listed on the Stock Exchange and the general regulatory and environmental requirements for such listed company. To meet this goal, we are committed to the continuing education and development of the Directors.

The Directors and senior management receive remuneration from the Company in the form of fees, salaries, contributions to pension schemes, discretionary bonuses, allowances and other benefits in kind. The Board has established the remuneration committee (the "**Remuneration Committee**") to review and recommend the remuneration and compensation packages of the Directors and senior management of the Company, and the Board, with the advice from the Remuneration Committee, will review and determine the remuneration and compensation packages taking into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management and performance of the Group.

In accordance with the labour laws and regulations in the PRC, Hong Kong and other countries or regions in which we conduct business, our local corporate entities have respectively established labour relationships with the local employees and, where applicable, entered into labour contracts covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition obligations and reasons for termination.

To incentivize its employees and promote the long-term growth of the Company, we have also conditionally adopted several share award schemes to provide equity incentive to the Group's employees, directors and senior management.

We provide pre-employment and regular continuing management and technical training to our employees, which we believe are effective in equipping them with the skill set and work ethics that we require.

We believe that we have maintained a good working relationship with our employees and we had not experienced any material labor disputes or any difficulty in recruiting staff for our operations during the Reporting Period.

## Purchase, Sale or Redemption of the Company's Listed Securities

The Company has repurchased an aggregate of 19,400 Shares on the Stock Exchange at an aggregate consideration of approximately HKD1.0 million after expenses during the Reporting Period. The repurchased Shares were subsequently cancelled on May 16, 2024. The Board considered that the share repurchase was in the interest of the Company and its Shareholders as a whole. Particulars of the Shares repurchased are as follows:

Month of Repurchase in 2024	No. of Shares Repurchased	Price Paid per Share		Aggregate Consideration Paid (HKD)
		Highest (HKD)	Lowest (HKD)	
February	19,400	53.05	49.80	1,012,439.44
<b>Total</b>	<b>19,400</b>			<b>1,012,439.44</b>

Other than disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities, including sales of treasury shares as defined in the Listing Rules, during the Reporting Period. As at the end of the Reporting Period, the Company did not hold any treasury shares as defined in the Listing Rules.

## Interim Dividend

The Board did not declare any interim dividend for the six months ended June 30, 2024 (June 30, 2023: nil)

## Public Float

According to the information that is publicly available to the Company and within the knowledge of the Board, as of the date of this announcement, the Company has maintained to comply with the minimum percentage prescribed in the conditions imposed in the waiver granted by the Stock Exchange from strict compliance with Rule 8.08(1) of the Listing Rules.

## Compliance with Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance practices. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the shareholders of the Company (the "Shareholders") and corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "CG Code") under Appendix C1 of the Listing Rules as its own code of corporate governance. During the Reporting Period, the Company has complied with all applicable code provisions under the CG Code.

## **Compliance with the Model Code**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ securities transactions.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the requirements of the Model Code during the Reporting Period.

## **Audit Committee and Review of Interim Financial Results**

As of the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely, Mr. ZHOU Hao, Mr. HAN Xiaojing and Mr. SHI Zi, and Mr. ZHOU Hao serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2024. The Audit Committee has also reviewed the accounting policies and practices adopted by the Company and discussed matters in relation to, among others, risk management, internal control and financial reporting of the Group with the management and PricewaterhouseCoopers, the independent auditor of the Company. Based on this review and discussions with the management and the independent auditor of the Company, the Audit Committee was satisfied that the Group’s unaudited interim condensed consolidated financial information were prepared in accordance with applicable accounting standards and fairly presented the Group’s financial position and results for the six months ended June 30, 2024.

PricewaterhouseCoopers, certified public accountants and the independent auditor of the Company, has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2024 in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.”

## **Events after the Reporting Period**

On July 17, 2024, the Company granted 684,361 restricted share units to 246 employees under the Post-IPO RSU Scheme of the Company and 60,000 share options to one employee under the Post-IPO Share Option Scheme of the Company. For details, please refer to the announcement of the Company dated July 17, 2024.

As of the date of this announcement, save as disclosed above, there has been no significant event since the end of the Reporting Period that is required to be disclosed by the Company.

## **PUBLICATION OF 2024 INTERIM RESULTS AND 2024 INTERIM REPORT**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.angelalign.com](http://www.angelalign.com)). The interim report of the Company for the six months ended June 30, 2024 will be dispatched to the Shareholders, if necessary, and published on the aforesaid websites in due course.

### **APPRECIATION**

On behalf of the Board, I would like to express our sincere gratitude to dental professionals, patients and business partners for their trust in the Company, our staff and management team for their diligence, dedication, loyalty and integrity, and our Shareholders for their continuous support.

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

Hong Kong, August 22, 2024

*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.*