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Arrail Group Limited

瑞爾集團有限公司

(Incorporated in the British Virgin Islands with limited liability and continued in the Cayman Islands)

(Stock Code: 6639)

CONNECTED TRANSACTION IN RELATION TO THE PROVISION OF LOAN

PROVISION OF LOAN

The Board hereby announces that on September 28, 2022, the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to provide a loan facility in an aggregate principal amount of US\$11 million to the Borrower for a term of 9 months to finance the repayment of the Existing Loan.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Zou is the controlling shareholder of the Company and therefore a connected person of the Company. Hence, the provision of the Loan constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the provision of the Loan are more than 0.1% but less than 5%, the provision of the Loan is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE LOAN AGREEMENT

The principal terms of the Loan Agreement are summarised below:

Date: September 28, 2022

Lender: the Company

Borrower: Beier Holdings Limited, a BVI company wholly owned by Mr. Zou, and a controlling shareholder of the Company

Principal amount of the Loan:	US\$11 million
Utilisation Date:	The date on which the Loan is to be made (currently expected to be on September 30, 2022)
Term:	The period of 9 months commencing from the Utilisation Date
Interest:	Interest shall be payable by the Borrower to the Lender on the Termination Date at an interest rate of 4.5% per annum and calculated on the actual number of days elapsed and on the basis of a 365-day year.
Repayment Date:	The Termination Date
Prepayment:	The Borrower may prepay the whole or any part of the Loan (together with any amounts due or owing to the Lender at such time) at any time without premium or penalty upon giving five Business Days prior notice to the Lender or as otherwise agreed between the Borrower and the Lender, provided that no part of the Loan which has been prepaid may be reborrowed.

The terms of the Loan Agreement (including but not limited to the interest rate) were arrived at after arm's length negotiations between the Lender and Borrower with reference to (i) the prevailing market interest rate, (ii) the interest rate of previous loan facilities provided by the Lender to the Borrower, and (iii) the interest rate of other loan facilities provided by other bank.

The Lender will finance the Loan under the Loan Agreement with its internal resources.

GENERAL INFORMATION

The Company is a company incorporated in BVI with limited liability and continued in the Cayman Islands and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the business of provision of dental services (including general dentistry, orthodontics and implantology) through operations of dental clinics and hospitals in the PRC.

The Borrower is a company incorporated in BVI with limited liability and wholly-owned by Mr. Zou. Currently the Borrower is principally engaged in the investment management.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN

The Loan will be used primarily by Borrower to refinance the Borrower's acquisition cost of 9,920,675 Shares in series D-3 pre-IPO investment conducted in December 2017. Given that (i) Mr. Zou's acquisition of interests in the Company shows support and commitment to the Company as Mr. Zou is very confident in the prospects and long term goal of the Company; (ii) the Company will receive interest for the Loan at the rate of 4.5% per annum in short term which is higher than the interest rate of fixed deposits offered by banks in the PRC and the provision of Loan can broaden the source of income of the Group; and (iii) there is no substantial negative impact to the Company's operation and financial performance for granting the Loan, the provision of Loan is considered to be favorable to the Company. Accordingly, the Directors (including the independent non-executive Directors) consider that the provision of the Loan, although not in the ordinary course of business of the Company, is on normal commercial terms or better and the terms of the Loan Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Save for Mr. Zou who has abstained from voting on the Board resolution(s) in relation to approving the Loan Agreement and the transactions contemplated thereunder, no Director has a material interest or is required to abstain from voting on the said Board resolutions.

LISTING RULE IMPLICATIONS

As at the date of this announcement, Mr. Zou is the controlling shareholder of the Company and therefore a connected person of the Company. Hence, the provision of the Loan constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the provision of the Loan are more than 0.1% but less than 5%, the provision of the Loan is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	board of Directors
“Borrower”	Beier Holdings Limited, a BVI company wholly-owned by Mr. Zou, and a controlling shareholder of the Company
“Business Day(s)”	means a day (other than a Saturday or Sunday) on which banks are open for ordinary banking business in Hong Kong, New York or the PRC
“BVI”	the British Virgin Islands

“Company”	Arrail Group Limited (瑞爾集團有限公司), an exempted company registered by way of continuation under the laws of the Cayman Islands with limited liability on November 16, 2020, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6639)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Existing Loan”	the US\$13,000,000 term loan made to the Borrower by The Hongkong and Shanghai Banking Corporation Limited
“Group”	the Company and its subsidiaries and consolidated affiliated entities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lender”	the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan facility to be provided by the Lender to Borrower in the principal amount of US\$11 million pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated September 28, 2022 entered into between the Lender and Borrower in relation to the provision of the Loan
“Mr. Zou”	Mr. Zou Qifang (鄒其芳), our founder, chairman of the Board, Director and chief executive officer, and a controlling shareholder of the Company
“PRC”	the People’s Republic of China, which shall for the purpose of this announcement exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of US\$0.02 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Date”	the date which is 9 months from the Utilisation Date

“US\$” United States dollars, the lawful currency of the United States

“%” per cent.

By Order of the Board
Arrail Group Limited
Zou Qifang
Chairman

Beijing, the PRC, September 29, 2022

As at the date of this announcement, the Board comprises Mr. Zou Qifang, Ms. Qin Jessie Xin, Mr. Zhang Jincal and Mr. Zou Jianlong as executive directors, and Ms. Liu Xiaomei Michelle, Mr. Sun Jian and Mr. Zhang Bang as independent non-executive directors.