
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Arrail Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

- (1) PROPOSED GRANTING OF GENERAL MANDATES TO ISSUE
NEW SHARES AND TO REPURCHASE SHARES;**
(2) PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS;
(3) PROPOSED RE-APPOINTMENT OF AUDITOR;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of Arrail Group Limited to be held at 9:00 a.m. on Tuesday, September 26, 2023 at Conference Room, Arrail Group, 5th Floor, Building 11, No. 18 Ziyue Road, Chaolai Science Park, Chaoyang District, Beijing, the PRC is set out on pages 17 to 21 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.arrailgroup.com), respectively.

Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish and in such event the form of proxy shall be deemed to be revoked.

July 27, 2023

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DEFINITIONS

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

“2022 RSU Scheme”	the 2022 restricted share unit scheme adopted by the Company on September 3, 2022
“Annual General Meeting”	the annual general meeting of the Company to be held at 9:00 a.m. on Tuesday, September 26, 2023 at Conference Room, Arrail Group, 5th Floor, Building 11, No. 18 Ziyue Road, Chaolai Science Park, Chaoyang District, Beijing, the PRC or any adjournment thereof, the notice of which is set out on pages 17 to 21 of this circular
“Articles of Association”	the articles of association of the Company that is currently in force
“Board”	the board of Directors
“Cayman Companies Act”	the Companies Act (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“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, whose Shares are listed on the Main Board of the Stock Exchange
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Beijing Ruier Shengbin Medical Technology Co., Ltd. (北京瑞爾聖彬醫療科技有限公司), Shenzhen Ruijian Consulting Management Co., Ltd. (深圳市瑞健諮詢管理有限公司) and Ms. ZOU Lifang, details of which are described in the section headed “Contractual Arrangements” in the Prospectus
“Director(s)”	the director(s) of the Company
“Group”	the Company and all of its subsidiaries and the VIE Entities from time to time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	July 20, 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Date”	March 22, 2022, being the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nomination Committee”	the nomination committee of the Company
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Proposed Extension of Share Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to extend the Proposed Issue Mandate by adding those shares that may be bought back under Proposed Repurchase Mandate in the manner as set out in the notice of Annual General Meeting
“Proposed Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with new Shares not exceeding 20% of the number of the issued shares of the Company as at the date of passing the relevant resolution
“Proposed Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to repurchase Shares not exceeding 10% of the number of the issued shares as at the date of passing of the relevant resolution
“Prospectus”	the prospectus dated March 9, 2022 of the Company issued in connection with the initial public offering in Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“RSU Scheme”	the restricted share unit scheme adopted by the Company on August 3, 2021
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal value of US\$0.02 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time
“US\$”	United States dollars, the lawful currency of the United States of America
“VIE Entities”	the non-wholly owned subsidiaries of Beijing Ruier Shengbin Medical Technology Co., Ltd. (北京瑞爾聖彬醫療科技有限公司), in which Shenzhen Ruijian Consulting Management Co., Ltd. (深圳市瑞健諮詢管理有限公司) owns minority interest directly or indirectly through the Contractual Arrangements (each, a “VIE Entity”). For details, please refer to section headed “Contractual Arrangements” in the Prospectus
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zou Qifang (鄒其芳)
Ms. Xin Qin Jessie (辛勤)
Mr. Zhang Jincai (章錦才)
Mr. Zou Jianlong (鄒劍龍)

Independent non-executive Directors:

Ms. Liu Xiaomei Michelle (劉笑梅)
Mr. Sun Jian (孫健)
Mr. Zhang Bang (張磅)

Registered office:

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

*Head Office and Principal Place
of business in the PRC:*

6F, Building 11
No. 18, Ziyue Road
Chaolai Science Park
Chaoyang District
Beijing, the PRC

Principal place of business in Hong Kong:
40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

July 27, 2023

To the Shareholders

Dear Sir or Madam

- (1) PROPOSED GRANTING OF GENERAL MANDATES TO ISSUE
NEW SHARES AND TO REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS;
(3) PROPOSED RE-APPOINTMENT OF AUDITOR;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the notice of Annual General Meeting and information in relation to, among others, the following resolutions to be proposed at the Annual General Meeting: (i) the granting to the Directors of the Proposed Issue Mandate, the Proposed Repurchase Mandate and the Proposed Extension of Share Issue Mandate, (ii) the re-election of the retiring Directors, and (iii) the re-appointment of auditor.

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE NEW SHARES AND EXTENSION OF SHARE ISSUE MANDATE

In order to ensure greater flexibility for the Company to issue new Shares, an ordinary resolution numbered 4(A) will be proposed at the Annual General Meeting to grant to the Directors the Proposed Issue Mandate to exercise the powers of the Company to allot, issue or otherwise deal with new Shares not exceeding 20% of the number of the issued Shares as at the date of the passing of the relevant resolution in relation to the Proposed Issue Mandate.

As at the Latest Practicable Date, the issued share capital of the Company comprised 581,591,950 Shares of nominal value of US\$0.02 each. Subject to the passing of the ordinary resolution numbered 4(A) granting the Proposed Issue Mandate and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to issue a maximum of 116,318,390 Shares.

In addition, subject to a separate approval of the ordinary resolution numbered 4(C), the number of Shares purchased by the Company under the ordinary resolution numbered 4(B) granting the Proposed Repurchase Mandate, if approved by the Shareholders at the Annual General Meeting, will also be added to extend the 20% limit of the Proposed Issue Mandate as mentioned in the ordinary resolution numbered 4(A). The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the Proposed Issue Mandate.

GENERAL MANDATE TO REPURCHASE SHARES

In addition, an ordinary resolution numbered 4(B) will be proposed at the Annual General Meeting to approve the Proposed Repurchase Mandate to the Directors to exercise the powers of the Company to repurchase Shares representing up to 10% of the number of the issued Shares as at the date of the passing of the relevant resolution in relation to the Proposed Repurchase Mandate.

An explanatory statement required by the Listing Rules in connection with the Proposed Repurchase Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

PROPOSED RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the Board comprises Mr. Zou Qifang as the chairman and executive Director, Ms. Xin Qin Jessie, Mr. Zhang Jincai and Mr. Zou Jianlong as executive Directors, and Ms. Liu Xiaomei Michelle, Mr. Sun Jian and Mr. Zhang Bang as independent non-executive Directors.

LETTER FROM THE BOARD

In accordance with Articles 109 of the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. Zhang Jincai, Ms. Liu Xiaomei Michelle and Mr. Sun Jian, will retire by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the Directors with reference to the nomination principles and criteria set out in the Company's board diversity policy and the Company's corporate strategy. The Nomination Committee has recommended to the Board on re-election of all the above-mentioned Directors.

On the re-appointment of Mr. Zhang Jincai, Ms. Liu Xiaomei Michelle and Mr. Sun Jian, the Nomination Committee considered, and the Board shared the same views, that at all times during their period of directorship with the Company, they have properly discharged their duties and responsibilities, and their professional knowledge, and their general business acumen will continue to generate significant contribution to the Board, the Company and the Shareholders as a whole. In this regard, the Board is satisfied that Mr. Zhang Jincai, Ms. Liu Xiaomei Michelle and Mr. Sun Jian are persons of integrity and believes that their re-election and continued appointment will allow the Board as well as the Company to continuously benefit from the sharing of their invaluable experience, contribution and participation.

In addition, Ms. Liu Xiaomei Michelle and Mr. Sun Jian have made an annual confirmation of independence respectively pursuant to Rule 3.13 of the Listing Rules. During their appointment, they have demonstrated their ability to provide an independent view to the Company's matters. The Nomination Committee and the Board are of the view that they are able to continue to fulfil their role as independent non-executive Directors and therefore propose to the Shareholders for re-election at the Annual General Meeting.

Details of the above retiring Directors who are standing for re-election at the Annual General Meeting are set out in Appendix I to this circular in accordance with the relevant requirements of the Listing Rules.

PROPOSED RE-APPOINTMENT OF AUDITOR

The consolidated financial statements of the Group for the year ended March 31, 2023 were audited by PricewaterhouseCoopers whose term of office will expire upon the Annual General Meeting.

The Board proposes to re-appoint PricewaterhouseCoopers as the auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company, and to authorise the Board to fix the remuneration of the auditor.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting, the transfer books and register of members of the Company will be closed from Thursday, September 21, 2023 to Tuesday, September 26, 2023, both days inclusive. During the above period, no transfer of Shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, September 20, 2023.

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 17 to 21 of this circular is the notice of Annual General Meeting at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider and approve (i) the granting to the Directors of the Proposed Issue Mandate, the Proposed Repurchase Mandate and the Proposed Extension of Share Issue Mandate, (ii) the re-election of the retiring Directors and (iii) the re-appointment of auditor.

FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.arrailgroup.com), respectively. Whether or not you intend to attend the Annual General Meeting, you are requested to complete and sign the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof if you so wish and in such event the form of proxy shall be deemed to be revoked.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and Article 72 of the Articles of Association, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the Annual General Meeting shall therefore demand voting on all resolutions set out in the notice of Annual General Meeting by way of poll. On a poll, every Shareholder present in

LETTER FROM THE BOARD

person or by proxy or (being a corporation) by its duly authorized representative shall have one vote for each Share registered in his name in the register of members of the Company. A Shareholder entitled to more than one vote needs not use all his votes or cast all the votes he uses in the same way.

An announcement on the poll results will be published by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider that the proposed resolutions are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
By Order of the Board
Arrail Group Limited
Mr. Zou Qifang
Chairman

DIRECTORS STANDING FOR RE-ELECTION

The following are the particulars of the retiring Directors proposed to be re-elected at the Annual General Meeting.

1. Mr. Zhang Jincai***Position, Experience and Relationship***

Mr. Zhang Jincai (章錦才), aged 60, is the executive Director and chief medical officer of the Company. He is responsible for overseeing medical services of the Group and operations of our dental hospitals and clinics. Mr. Zhang joined the Group in June 2019 and served as our executive president of medical affairs from June 2019 to May 2020. He has served as the chief medical officer of the Group and general manager of hospitals and clinics since June 2020. Prior to joining the Group, Mr. Zhang served as the chairman of the board of Zhejiang Tongce Dental Medical Management Co., Ltd. (浙江通策口腔醫院投資管理集團有限公司), a subsidiary of TC Medical (通策醫療股份有限公司) which was listed on Shanghai Stock Exchange with stock code: 600763, from June 2015 to May 2019. He was a professor of oral medicine in the West China Medical Center of Sichuan University (四川大學華西醫學中心) (formerly known as the West China Medical University (華西醫科大學)) from January 1989 to May 2001.

Mr. Zhang obtained a physician's practicing certificate from the NHC in December 2001. He received a government special allowance from the State Council of the PRC in March 1998. He also received the 7th Chinese Physician Prize issued by the Chinese Medical Doctor Association (中國醫師協會) in November 2010. He was the vice president of the 4th Council of the Chinese Stomatological Association (中華口腔醫學會第四屆理事會) and the chairman of the 4th Periodontology Professional Committee of the Chinese Stomatological Association (中華口腔醫學會第四屆牙周病學專業委員會).

Mr. Zhang received a bachelor's degree in medicine from the School of Medicine of the Zhejiang University (浙江醫科大學) (formerly known as Zhejiang Medical University (浙江醫科大學)) in Zhejiang Province, the PRC in August 1983. He obtained a master's degree in medicine in December 1986 and a doctoral degree in clinical medicine in June 1989 from the West China Medical Center of Sichuan University (四川大學華西醫學中心) (formerly known as the West China Medical University (華西醫科大學)) in Sichuan Province, the PRC. Mr. Zhang completed the postdoctoral training from the School of Dentistry of the University of California, San Francisco in California, the US in December 1992.

Length of Service

The Company has entered into a service contract with Mr. Zhang on December 1, 2021. The initial term of his service contract shall commence from the date of his appointment as a Director and continue for a period of three years after or until the third annual general meeting of the Company since the Listing Date, whichever is earlier, and shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing. He is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

Disclosure of Interests

As at the Latest Practicable Date, Mr. Zhang's interests in the Shares, underlying Shares and debentures within the meaning of Part XV of the SFO are set out below:

Name of Director	Nature of Interest	Number of Shares	Approximate Percentage of Shareholding Interest
Mr. Zhang Jincai	Beneficial owner	1,194,500 (L)	0.21%

Note:

- The letter "L" denotes the person's long position in the Shares.

2. Ms. Liu Xiaomei Michelle*Position, Experience and Relationship*

Ms. Liu Xiaomei Michelle (劉笑梅), aged 55, is the independent non-executive Director. She is responsible for providing independent opinion and judgment to the Board.

From December 2003 to December 2010, she served as a managing director at Beijing Lianban Investment Management Co., Ltd. (北京聯辦投資管理有限公司) and responsible for investment and financing activities. Since December 2010, Ms. Liu has served as the chief financial officer in Hexun Information Technology Co., Ltd. (和訊信息科技(香港)有限公司), which focuses on internet services and responsible for the financial management and strategic investment and financing of the company.

Ms. Liu received her bachelor's degree in finance from the University of International Business and Economics (對外經濟貿易大學) (formerly known as the China Institute of Finance (中國金融學院)) in July 1991. She further received her master of business administration degree (MBA) from the Wharton School of the University of Pennsylvania in May 1997.

Length of Service

The Company has entered into an appointment letter with Ms. Liu on November 25, 2021. The initial term for her appointment letters shall commence from the date of her appointment as a Director and continue for a period of three years after or until the third annual general meeting of the Company since the Listing Date, whichever is earlier, and shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing. She is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

Disclosure of Interests

As at the Latest Practicable Date, Ms. Liu does not have any interest in the Shares, underlying Shares and debentures within the meaning of Part XV of the SFO.

3. Mr. Sun Jian

Position, Experience and Relationship

Mr. Sun Jian (孫健), aged 68, is the independent non-executive Director. He is primarily responsible for providing independent opinion and judgment to the Board.

Mr. Sun currently serves as an executive director of Brayn International Corporation Limited (栢睿國際股份有限公司), a company principally engaged in business consultancy services, since January 2020. He was appointed as a partner emerita (終身名譽合夥人) of A.T. Kearney Inc. (科爾尼管理諮詢公司) in April 2018. Mr. Sun served as a senior global partner of A.T. Kearney (Hong Kong) Limited (科爾尼(香港)有限公司) and A.T. Kearney (Shanghai) Management Consulting Co., Ltd. (科爾尼(上海)企業諮詢有限公司) from December 1994 to March 2018. Prior to that, he served as a business analyst in Eastman Kodak Company Medical Imaging Branch (柯達公司醫療影像分公司) from July 1994 to November 1994.

Mr. Sun received a bachelor's degree in engineering from the East China University of Science and Technology (華東理工大學) (formerly known as the East China Institute of Chemical Technology (華東化工學院)) in Shanghai, the PRC in May 1982. He obtained a master's degree in economics through on job learning from the Shanghai Academy of Social Sciences (上海社會科學院) in Shanghai, the PRC in August 1986. Mr. Sun received a master's degree in business administration (MBA) from the Simon Business School at the University of Rochester in New York, the US in June 1994. He received a doctoral degree of arts from China Academy of Art (中國美術學院) in Zhejiang Province, the PRC in June 2019.

Length of Service

The Company has entered into an appointment letter with Mr. Sun on November 25, 2021. The initial term for his appointment letters shall commence from the date of his appointment as a Director and continue for a period of three years after or until the third annual general meeting of the Company since the Listing Date, whichever is earlier, and shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing. He is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

Disclosure of Interests

As at the Latest Practicable Date, Mr. Sun does not have any interest in the Shares, underlying Shares and debentures within the meaning of Part XV of the SFO.

DIRECTORS' REMUNERATION

The total amount of the Directors' remuneration for the year ended March 31, 2023 received by each of the retiring Directors is set out in the financial statements of the Company's 2022/23 annual report. The Directors' remuneration is determined by the remuneration committee of the Company having regard to the Company's and the Directors' performance.

DIRECTORS' INTEREST

Save as disclosed in this circular, to the best knowledge of the Company, each of the Directors who stands for re-election (i) does not hold other positions in the Company or other members of the Group, (ii) does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years preceding the Latest Practicable Date, (iii) does not have any relationship with any other Director, senior management, substantial shareholder or Controlling Shareholder of the Company, (iv) does not have any other interest in the Shares within the meaning of Part XV of the SFO, and (v) has no information to disclose pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules; and there are no other matters that need to be brought to the attention of the Shareholders.

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in connection with the Proposed Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 581,591,950 Shares.

Subject to the passing of the resolution granting of the Proposed Repurchase Mandate and on the basis that no further Shares are allotted and issued or repurchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to repurchase a maximum of 58,159,195 Shares representing 10% of the number of issued shares of the Company during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period with which the next annual general meeting of the Company is required to be held by any applicable laws or the Articles of Association; or (iii) the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS OF REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

FUNDING OF SHARE REPURCHASES

Repurchases of Shares will be funded out of funds legally available for such purpose and in accordance with the Articles of Association and the Cayman Companies Act. The Cayman Companies Act provides that the amount of capital payable on a share repurchase may be paid out of the profits of the Company, out of the share premium account, out of the proceeds of a fresh issue of Shares made for the purposes of the repurchase or out of capital if so authorized by the Articles of Association subject to and in accordance with the Cayman Companies Act. The amount of premium payable on repurchase may only be paid out of either or both the profits of the Company or out of the share premium account before or at the time the Shares are repurchased, or out of capital if so authorized by the Articles of Association subject to and in the manner provided for in the Cayman Companies Act.

IMPACT OF SHARE REPURCHASE

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the current prevailing market value, it may not have a material adverse impact on the working capital and the gearing position of the Group, as compared with the positions disclosed in the audited consolidated financial statements of the Group as at March 31, 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up. The Directors do not propose to exercise the mandate to repurchase Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Group.

GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Proposed Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

To the best of their knowledge, having made all reasonable enquiries, none of the Directors or any of their close associates, as defined in the Listing Rules, currently intends to sell any Shares to the Company, if the Proposed Repurchase Mandate is approved by the Shareholders.

As at the Latest Practicable Date, no core connected person, as defined in the Listing Rules, has notified the Company that he/she/it has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Proposed Repurchase Mandate is approved by the Shareholders.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchase of Shares pursuant to the Proposed Repurchase Mandate.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Zou Qifang was interested in 181,582,275 Shares, representing approximately 31.22% of the issued share capital of the Company. In the event that the Directors should exercise in full the Proposed Repurchase Mandate, the shareholding of Mr. Zou Qifang in the Company will be increased to approximately 34.69% of the issued share capital of the Company. To the best knowledge and belief of the Directors, such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to exercise the Proposed Repurchase Mandate to such an extent as would result in such mandatory offer obligation arising.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the number of the issued Shares would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares (whether on the Stock Exchange or otherwise) have been made by the Company during the period from Listing Date to the Latest Practicable Date.

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Price per Share	
	Highest traded prices <i>HK\$</i>	Lowest traded prices <i>HK\$</i>
2022		
July	12.98	9.72
August	10.20	7.60
September	12.70	6.12
October	8.10	6.21
November	8.30	5.88
December	10.34	7.04

	Price per Share	
	Highest traded prices <i>HK\$</i>	Lowest traded prices <i>HK\$</i>
2023		
January	11.34	9.00
February	14.18	9.32
March	16.02	11.40
April	15.06	10.12
May	10.82	7.40
June	8.80	7.19
July (up to the Latest Practicable Date)	7.88	7.00

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2023 Annual General Meeting (the “AGM”) of Arrail Group Limited (the “Company”) will be held at Conference Room, Arrail Group, 5th Floor, Building 11, No. 18 Ziyue Road, Chaolai Science Park, Chaoyang District, Beijing, the PRC at 9:00 a.m. on Tuesday, September 26, 2023 for considering and, if thought fit, passing, with or without amendments, the following resolutions:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the audited consolidated financial statements of the Company, its subsidiaries and VIE entities and the reports of the directors of the Company (the “**Director(s)**”) and auditors of the Company for the year ended March 31, 2023.
2. (A) To re-elect the following persons as Directors:
 - (i) To re-elect Mr. Zhang Jincai as an executive Director;
 - (ii) To re-elect Ms. Liu Xiaomei Michelle as an independent non-executive Director; and
 - (iii) To re-elect Mr. Sun Jian as an independent non-executive Director.
- (B) To authorize the board of Directors (the “**Board**”) to fix remuneration of the Directors.
3. To re-appoint PricewaterhouseCoopers, Certified Public Accountants, as the auditor of the Company and authorize the Board to fix remuneration of auditor.
4. To consider and, if thought fit, pass, with or without amendments, the following resolutions as ordinary resolutions:
 - (A) “**THAT:**
 - (i) subject to paragraph (iii) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (iv) below) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company or securities convertible into shares, or options,

NOTICE OF ANNUAL GENERAL MEETING

warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers be and is hereby generally and unconditionally approved;

- (ii) the approval in paragraph (i) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors during the Relevant Period pursuant to the approval in paragraph (i) above, otherwise than pursuant to (a) a Rights Issue (as defined in paragraph (iv) below); or (b) the grant or exercise of any option under the option scheme of the Company or any other option scheme or similar arrangements for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (c) any scrip dividend or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (d) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed 20 per cent of the number of the issued shares of the Company as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:
 - (a) “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of the Company; or
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; or
 - (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

NOTICE OF ANNUAL GENERAL MEETING

(b) “Rights Issue” means an offer of shares in the capital of the Company, or issue of warrants, options or other securities giving rights to subscribe for shares of the Company, open for a period fixed by the Directors to holders of shares in the capital of the Company whose name appear on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

(B) **“THAT:**

- (i) subject to paragraph (iii) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (v) below) of all the powers of the Company to purchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised for this purpose by the Securities and Futures Commission and the Stock Exchange and, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as amended from time to time, be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the Directors;
- (iii) the aggregate number of shares of the Company which are authorized to be purchased by the Directors pursuant to the approval in paragraph (i) above shall not exceed 10 per cent of the number of the issued shares of the Company as at the date of passing this resolution and the said approval shall be limited accordingly;
- (iv) subject to the passing of each of the paragraphs (i) to (iii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) to (iii) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

NOTICE OF ANNUAL GENERAL MEETING

(v) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

(C) “**THAT** conditional upon the resolutions numbered 4(A) and 4(B) set out in the notice convening this meeting being passed, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with additional shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the ordinary resolution numbered 4(A) set out in the notice convening this meeting be and is hereby extended by the addition to the number of the issued shares of the Company which may be allotted by the Directors pursuant to such general mandate an amount representing the number of the issued shares of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 4(B) set out in the notice convening this meeting, provided that such amount shall not exceed 10 per cent of the number of the issued shares of the Company as at the date of passing of the said resolutions.”

By Order of the Board
Arrail Group Limited
Mr. Zou Qifang
Chairman

Hong Kong, July 27, 2023

<i>Registered office:</i>	<i>Head Office and Principal</i>	<i>Principal place of business in</i>
Harneys Fiduciary	<i>Place of business in the</i>	<i>Hong Kong:</i>
(Cayman) Limited	<i>PRC:</i>	40/F, Dah Sing Financial Centre
4th Floor, Harbour Place	6F, Building 11, No. 18	248 Queen’s Road East
103 South Church Street	Ziyue Road, Chaolai	Wan Chai, Hong Kong
P.O. Box 10240	Science Park	
Grand Cayman, KY1-1002	Chaoyang District	
Cayman Islands	Beijing, the PRC	

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (i) The ordinary resolution numbered 4(C) above will be proposed to the shareholders for approval provided that the ordinary resolutions numbered 4(A) and 4(B) above are passed by the shareholders.
- (ii) Any shareholder entitled to attend and vote at the AGM is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
- (iii) In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, shall be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the AGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person if he is subsequently able to be present.
- (iv) A form of proxy must be signed by you or your attorney duly authorized in writing or, in the case of a corporation, must be either executed under seal or under the hand of an officer or attorney duly authorized to sign the same.
- (v) In the case of joint holders of any shares, any one of such joint holders may vote at the AGM, either personally or by proxy, in respect of such shares as if he was solely entitled thereto. However, if more than one of such joint holders is present at the meeting, either personally or by proxy, the joint holder whose name stands first in the register of members of the Company will alone be entitled to vote in respect of such shares.
- (vi) On a poll, every shareholder present at the AGM shall be entitled to one vote for every fully paid-up share of which he is the holder. The result of such poll shall be deemed to be the resolution of the AGM at which the poll was so required or demanded.
- (vii) For determining the entitlement to attend and vote at the AGM, the transfer books and register of members of the Company will be closed from Thursday, September 21, 2023 to Tuesday, September 26, 2023, both days inclusive, during which period no share transfers can be registered. In order to qualify for attending and voting at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, September 20, 2023.
- (viii) In respect of the ordinary resolution numbered 2 above, Mr. Zhang Jincai, Ms. Liu Xiaomei Michelle and Mr. Sun Jian shall retire and, being eligible, offered themselves for re-election at the AGM. Details of the above retiring Directors are set out in Appendix I to the accompanied circular of the Company dated July 27, 2023.
- (ix) In respect of the ordinary resolution numbered 4(A) above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company pursuant to such general mandate, other than shares which may fall to be allotted and issued. Approval is being sought from the shareholders as a general mandate for the purposes of the Listing Rules.
- (x) In respect of ordinary resolution numbered 4(B) above, the Directors wish to state that they will exercise the powers conferred by the general mandate to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of shareholders. An explanatory statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the accompanied circular of the Company dated July 27, 2023.
- (xi) Shareholders attending the Annual General Meeting in person or by proxy shall bear their own transportation and accommodation expenses, and shall produce their identity documents.
- (xii) References to dates and time in this notice are to Hong Kong dates and time.
- (xiii) As at the date of this notice, the executive Directors are Mr. Zou Qifang, Ms. Xin Qin Jessie, Mr. Zhang Jincai and Mr. Zou Jianlong; and the independent non-executive Directors are Ms. Liu Xiaomei Michelle, Mr. Sun Jian and Mr. Zhang Bang.