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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

PLEDGING OF ADDITIONAL SHARES BY THE CONTROLLING SHAREHOLDER IN RELATION TO LOAN AGREEMENT

References are made to the announcements of the Company dated September 29, 2022, June 27, 2023 and June 26, 2024 in relation to the Loan Agreement, the Amendment Agreement and the Second Amendment Agreement entered into between the Company (as the Lender) and Beier Holdings Limited (as 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, and the ultimate beneficial owner of the Borrower, Mr. Zou, the controlling shareholder and executive Director of the Company, agreed to pledge 9,920,675 Shares held by the Borrower and 4,916,475 Shares held by Mr. Zou to the Company as security for the Loan (collectively, the “**Announcements**”). Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

PLEDGING OF ADDITIONAL SHARES

Upon request by the Company, on November 29, 2024, Mingda and the Company entered into the Security Agreement, pursuant to which Mingda agreed to pledge 8,500,000 Shares in favor of the Company as additional security for the Loan.

Upon the completion of pledging of the Shares held by Mingda, an aggregate of 23,337,150 Shares, representing approximately 4.14% of the total issued share capital of the Company (excluding the treasury shares) as at the date of this announcement, directly or indirectly held by Mr. Zou are pledged in favor of the Company for the Loan.

REASONS FOR THE PLEDGING OF ADDITIONAL SHARES

The Board considers that, as the additional pledged Shares can enhance the security for obligations of the Borrower under the Loan, it is in the best interest of the Company and the Shareholders as a whole.

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

LISTING RULES IMPLICATIONS

As Mingda is indirectly wholly owned by Mr. Zou, an executive Director and one of the controlling shareholder(s) of the Company and therefore a connected person of the Company, the pledging of Shares held by Mingda is a connected transaction of 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 this transaction are more than 0.1% but less than 5%, the Pledging of Additional Shares 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.

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.

Mingda is a private company limited by shares incorporated in Hong Kong primarily engaged in investment holding. Mingda is wholly owned by Rise Day Holdings Limited, which is in turn wholly owned by United Culture Assets Limited, a BVI company wholly owned by an independent trustee entrusted by Mr. Zou. A family trust was established over United Culture Assets Limited for the benefits of Mr. Zou and his family members accordingly, of which Mr. Zou acts as the protector and settlor. As at the date of this announcement, Mr. Zou is interested in approximately 31.55% of the issued share capital of the Company.

DEFINITION

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

“Amendment Agreement”	the amendment agreement dated June 27, 2023 entered into between the Lender and Borrower in relation to the Loan Agreement
“Board”	board of Directors
“Borrower”	Beier Holdings Limited, a BVI company wholly-owned by Mr. ZOU Qifang, the executive Director and one of the controlling shareholders of the Company
“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)

“Mingda”	Mingda International Limited, a private company limited by shares incorporated in Hong Kong and indirectly wholly owned by Mr. Zou, the executive Director and one of the controlling shareholders of the Company
“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
“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 originally 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 one of the controlling shareholders of the Company
“Pledging of Additional Shares”	Mingda and the Company entered into the Security Agreement, pursuant to which Mingda agreed to pledge 8,500,000 Shares in favor of the Company as additional security for the Loan
“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
“Second Amendment Agreement”	the second amendment agreement dated June 26, 2024 entered into between the Lender and Borrower in relation to the Loan Agreement amended by the Amendment Agreement
“Security Agreement”	the security agreement dated November 29, 2024 entered into between the Lender and Mingda
“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
“%” per cent

By Order of the Board
Arrail Group Limited
Zou Qifang
Chairman

Hong Kong, November 29, 2024

As of the date of this announcement, the Board comprises Mr. Zou Qifang and Mr. Zhang Jincui as executive Directors, and Ms. Liu Xiaomei Michelle, Mr. Sun Jian and Mr. Zhang Bang as independent non-executive Directors.