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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 FURTHER EXTENSION OF LOAN AGREEMENT

Reference is made to the announcements of the Company dated September 29, 2022 and June 27, 2023 (the “**Announcements**”) in relation to the Loan Agreement and the 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. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

Further Extension of the Loan Agreement

On June 26, 2024, the Lender and the Borrower entered into a second amendment agreement to the Loan Agreement as amended by the Amendment Agreement (the “**Second Amendment Agreement**”), pursuant to which the parties agreed that, among others, the term of the Loan shall be further extended from 18 months to 30 months commencing from the September 30, 2022 (i.e. the Utilisation Date) (the “**Further Extension of Loan**”). Save for the extended term of Loan and other amendments disclosed herein, all the material terms and conditions of the Loan Agreement remain unchanged and in full force and effect. On the same date, to cover the liabilities and obligations of the Borrower under the Second Amendment Agreement, the Amendment Agreement and the Loan Agreement as amended by the Amendment Agreement and as further amended by the Second Amendment Agreement, the original share pledge of 9,920,675 Shares held by the Borrower was extended and 4,916,475 Shares held by Mr. Zou, the executive Director and one of the controlling shareholders of the Company, were further pledged in favour of the Company as security for the amendments contained in the Second Amendment Agreement. The total pledged Shares represent approximately 2.56% of the total issued share capital of the Company as at the date of this announcement.

Reasons for the Extension of Loan

Given that (i) the interest rate of the Loan will be 5.5% per annum in short term, which is higher than the prevailing market interest rate of fixed deposits offered by commercial banks in the PRC and the interests arising from the Loan can broaden the source of income of the Group; (ii) the Company currently has sufficient cash flows and there is no substantial negative impact to the Company's operation and financial performance for the Further Extension of Loan; and (iii) the repayment obligations of the Borrower arising from the Loan are secured by the Pledged Shares, the Directors (including the independent non-executive Directors) consider that the Further Extension of 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 its amendments and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

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, the executive Director and one of our controlling shareholders. Currently the Borrower is principally engaged in the investment management.

Listing Rule Implications

As at the date of this announcement, Mr. Zou has interests in approximately 30.63% of the issued share capital of the Company. As the Borrower is wholly owned by Mr. Zou, an executive Director and one of the controlling shareholders of the Company, and therefore a connected person of the Company, the Further Extension of 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 Further Extension of Loan are more than 0.1% but less than 5%, the Further Extension of 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.

By order of the Board
Arrail Group Limited
Zou Qifang
Chairman

Hong Kong, June 26, 2024

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