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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  
AMENDMENT TO THE LOAN AGREEMENT AND  
PLEDGE OF SHARES BY THE CONTROLLING SHAREHOLDER**

**AMENDMENT TO THE LOAN AGREEMENT**

Reference is made to the announcements of the Company dated September 29, 2022, June 27, 2023, June 26, 2024 and November 29, 2024 (collectively, the “**Announcements**”) in relation to the Loan 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 for a term of 30 months commencing from the September 30, 2022 (i.e. the Utilisation Date). As of the date of this announcement, US\$3.5 million has been repaid by the Borrower to the Company.

As disclosed in the Announcements, 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, 4,916,475 Shares held by Mr. Zou and 8,500,000 Shares held by Mingda to the Company, as security for the Loan. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

On June 27, 2025, the Lender and the Borrower entered into a third amendment agreement to the Loan Agreement (the “**Third Amendment Agreement**”), pursuant to which the parties agreed that, among others, the principal amount of the Loan shall be reduced from US\$11 million to US\$7.5 million, and the term of the Loan shall be extended for another year (i.e. from 30 months to 42 months commencing from September 30, 2022 (i.e. the Utilisation Date)). Save for the reduction of the principal amount of the Loan, the extended term of the Loan and other amendments disclosed herein, all the material terms and conditions of the Loan Agreement remain unchanged (including the interest rate remains at 5.5%) and in full force and effect.

## **PLEDGE OF ADDITIONAL SHARES BY THE CONTROLLING SHAREHOLDER**

On June 27, 2025, to cover the liabilities and obligations of the Borrower under the Loan Agreement (as amended by the Amendment Agreement and as further amended by the Second Amendment Agreement and the Third Amendment Agreement), the original share pledges comprising 9,920,675 Shares held by the Borrower, 4,916,475 Shares held by Mr. Zou, and 8,500,000 Shares held by Mingda were extended, and 10,000,000 Shares held by Mingda and 18,000,000 Shares held by Rise Day, were further pledged in favour of the Company as security for the amendments contained in the Third Amendment Agreement. The total pledged Shares represent approximately 9.13% of the total issued share capital of the Company (excluding the treasury shares) as at the date of this announcement.

## **LISTING RULES IMPLICATIONS**

As the Borrower is 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 Third 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 Extension of Loan are more than 0.1% but less than 5%, the Third 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.

## **THE THIRD AMENDMENT AGREEMENT**

On June 27, 2025, the Lender and the Borrower entered into the Third Amendment Agreement, pursuant to which the parties agreed that, among others, the principal amount of the Loan shall be reduced from US\$11 million to US\$7.5 million, and the term of the Loan shall be extended for another year (i.e. from 30 months to 42 months commencing from September 30, 2022 (i.e. the Utilisation Date). Save for the reduced principal amount of the Loan, the extended term of the Loan and other amendments disclosed herein, all the material terms and conditions of the Loan Agreement remain unchanged (including the interest rate remains at 5.5%) and in full force and effect.

As of the date of this announcement, US\$3.5 million has been repaid by the Borrower to the Company. It is expected that the Borrower will pay off the loan within the term of the Third Amendment Agreement.

## **PLEDGE OF ADDITIONAL SHARES**

On June 27, 2025, to cover the liabilities and obligations of the Borrower under the Loan Agreement (as amended by the Amendment Agreement and as further amended by the Second Amendment Agreement and the Third Amendment Agreement), the original share pledge comprising 9,920,675 Shares held by the Borrower, 4,916,475 Shares held by Mr. Zou, and 8,500,000 Shares held by Mingda was extended. On the same date, each of Mingda and Rise Day entered into a security agreement with the Company, pursuant to which Mingda agreed to further pledge 10,000,000 Shares and Rise Day agreed to pledge 18,000,000 Shares in favor of the Company as additional security for the Loan. Upon completion of the pledging of additional Shares held by Mingda and Rise Day, an aggregate of 51,337,150 Shares, representing approximately 9.13% 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 THIRD EXTENSION OF LOAN**

The Loan was used primarily by the Borrower to refinance the Borrower's acquisition cost of 9,920,675 Shares in series D-3 pre-IPO investment conducted in December 2017. In terms of the Third Extension of Loan, given that (i) the available resources for the Borrower to fulfill the repayment obligations under the Loan Agreement are limited; (ii) the interest rate of the Loan was 5.5% per annum in short term, which is much higher than the prevailing market interest rate of fixed deposits offered by commercial banks in the PRC, and the provision of Loan can broaden the source of income of the Group; (iii) the Company currently has sufficient cash flows and there is no substantial negative impact to the Company's operation and financial performance for Third Extension of Loan; and (iv) 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 Third 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 its Shareholders as a whole. Furthermore, the Borrower has informed the Company that it has been proactively securing funds to facilitate the loan repayment. Taking into account the Company's sufficient working capital for the operation of its business, the Board (including the independent non-executive Directors) considers the Third Extension of Loan is appropriate.

Save for Mr. Zou who has abstained from voting on the Board resolution(s) in relation to approving the Third 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.

Beier is a BVI company primarily engaged in investment holding and wholly owned by Mr. Zou. Mingda is a private company limited by shares incorporated in Hong Kong primarily engaged in investment holding. Mingda is wholly owned by Rise Day, 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 31.60% of the issued share capital of the Company.

## **LISTING RULE IMPLICATIONS**

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 Third 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 Third Extension of Loan are more than 0.1% but less than 5%, the Third 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.

## 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 company incorporated in the British Virgin Islands and wholly-owned by Mr. Zou, and one of the controlling shareholders of the Company
“Company”	Arrail Group Limited, 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
“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 provided by the Lender to Borrower originally in the principal amount of US\$11 million pursuant to the Loan Agreement, as at the date of this announcement, the principal amount was reduced to US\$7.5 million pursuant to the Third Amendment 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
“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

“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
“Pledged Shares”	all of the assignor’s right, title and interest from time to time in and to the Shares, which at that time are held in the custodian accounts and all related rights as defined in the Third Amendment Agreement dated June 27, 2025 entered into between the Borrower and the Lender
“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
“Rise Day”	Rise Day Holdings Limited, a private company incorporated in BVI and wholly owned by United Culture Assets Limited, which is 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
“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
“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
“Third Amendment Agreement”	the third amendment agreement dated June 27, 2025 entered into between the Lender and Borrower in relation to the Loan Agreement amended by the Amendment Agreement and further amended by the Second Amendment Agreement

“Third Extension of Loan”	the extension of the term of the Loan from 30 months to 42 months pursuant to the Third Amendment Agreement
“%”	per cent

By order of the Board  
**Arrail Group Limited**  
**Zou Qifang**  
*Chairman*

Hong Kong, June 27, 2025

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