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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)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED MARCH 31, 2025**

The Board is pleased to announce the audited consolidated results of the Group for the year ended March 31, 2025, together with comparative audited figures for the year ended March 31, 2024.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any tables, charts or elsewhere between totals and sums of amounts listed therein are due to rounding.

### **FINANCIAL HIGHLIGHTS**

	<b>For the year ended March 31, 2025 RMB'000</b>	<b>For the year ended March 31, 2024 RMB'000</b>	<b>Percentage change</b>
Revenue	<b>1,688,391</b>	1,745,782	-3.3%
Operating Profit	<b>36,232</b>	25,995	39.4%
Profit for the Year	<b>16,168</b>	13,416	20.5%
Total Patient Visits (times)	<b>1,970,394</b>	1,965,468	0.3%

Our revenues decreased by 3.3% from RMB1,745.8 million for the year ended March 31, 2024, to RMB1,688.4 million for the year ended March 31, 2025, primarily due to the impact of the overall economic environment, which has led to a decrease in the treatment prices.

Our operating profit increased by 39.4% from RMB26.0 million for the year ended March 31, 2024, to RMB36.2 million for the year ended March 31, 2025, primarily because our measures to reduce costs and increase efficiency have been effectively implemented.

Our profit for the year increased by 20.5% from RMB13.4 million for the year ended March 31, 2024 to RMB16.2 million for the year ended March 31, 2025.

During the Reporting Period, we opened one dental hospital in Wuxi with a total of 41 dental chairs. Our total dental chairs of the Group reached 1,566 as of March 31, 2025.

Our patient visits for the year ended March 31, 2025 reached 1,970,394, increasing by 0.3% compared with the same period last year. We believe our operating efficiency will continue to improve along with business improvement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

We are a leading dental services provider in the premium private dental service market in China. Founded in 1999, we have served approximately 12.3 million patient visits in the past ten years, and have been instrumental in raising public awareness and driving consumer recognition of the importance of dental care and good oral hygiene in China. Our network of dental clinics and hospitals provides a wide array of dental healthcare services across China. We adopt a dual-brand strategy through our “Arrail Dental” and “Rytime Dental” brands to serve customers of different economic and geographic backgrounds. Through decades of commitment and service in the dental healthcare industry, we have earned the trust of our patients, and have successfully established an extensive presence in China, as we are continuing to expand our footprint nationwide. As of March 31, 2025, we had a total of 118 stores, including 107 dental clinics and 11 hospitals in 15 cities across China, with 999 experienced dentists. Our mission is to give each of our patients a healthy and confident smile, and our vision is to become a world-leading dental group.

We expanded our business by opening more clinics and hospitals in Tier-1 and Tier-2 cities across China. During the Reporting Period, we opened one dental hospital with 41 dental chairs in Wuxi. We continue to hire competent dentists and enhance our dental professional team. The number of our full-time dentists increased by 27 from 972 as of March 31, 2024 to 999 as of March 31, 2025.

#### Our Services

Our clinics and hospitals offer a diverse range of professional and customized dental services, consisting of (i) general dentistry; (ii) orthodontics; and (iii) implantology.

##### *General Dentistry*

General dentistry largely refers to the preventive services that all patients should receive on a regular basis, such as tooth cleaning, checking soft tissue, and screening for oral diseases and other potential problems, along with a range of basic restorative treatments, including fillings, crowns, bridges, dentures and more. Our general dentistry services include oral examination, treatment planning, preventive and cosmetic dentistry, endodontics, oral surgery, periodontal treatment, prosthodontics, pedodontics services and patient education.

##### *Orthodontics*

Orthodontics is a branch of dentistry that treats malocclusions, a condition in which the teeth are not correctly positioned when the mouth is closed, which may be caused by dental irregularity and disproportionate jaw relationships, among others. Our orthodontists provide orthodontic treatment using a range of medical dental devices, including fixed and/or removable braces, headgear, aligners and other appliances.

## ***Implantology***

Oral implantology is the branch of dentistry that deals with the permanent implantation of artificial teeth in the jaw when it is determined that a natural tooth must be extracted. With their high level of expertise, our implant dentists are able to treat complex cases and provide customized solutions based on the health of the jawbone and the specific needs of a patient.

## **Dual-Brand Operations**

As of March 31, 2025, we operated a total of 118 clinics and hospitals under the brand names of “Arrail Dental” and “Rytime Dental”, to provide dental services to different demographics across geographic regions.

### ***Arrail Dental***



We have been operating under the Arrail Dental brand since 1999, to provide premium dental services primarily to affluent consumers in Tier-1 and emerging Tier-1 cities in China. Arrail clinics are able to charge premium pricing based on their excellent quality of bespoke services and professionals. As of March 31, 2025, we operated a total of 48 Arrail clinics in seven cities in China, namely Beijing, Shanghai, Shenzhen, Guangzhou, Hangzhou, Tianjin and Xiamen. Our Arrail clinics are mainly concentrated in metropolitan areas and located at or in close proximity to prominent landmarks and properties. We plan to further penetrate existing markets to drive stronger monetization under the Arrail Dental brand.

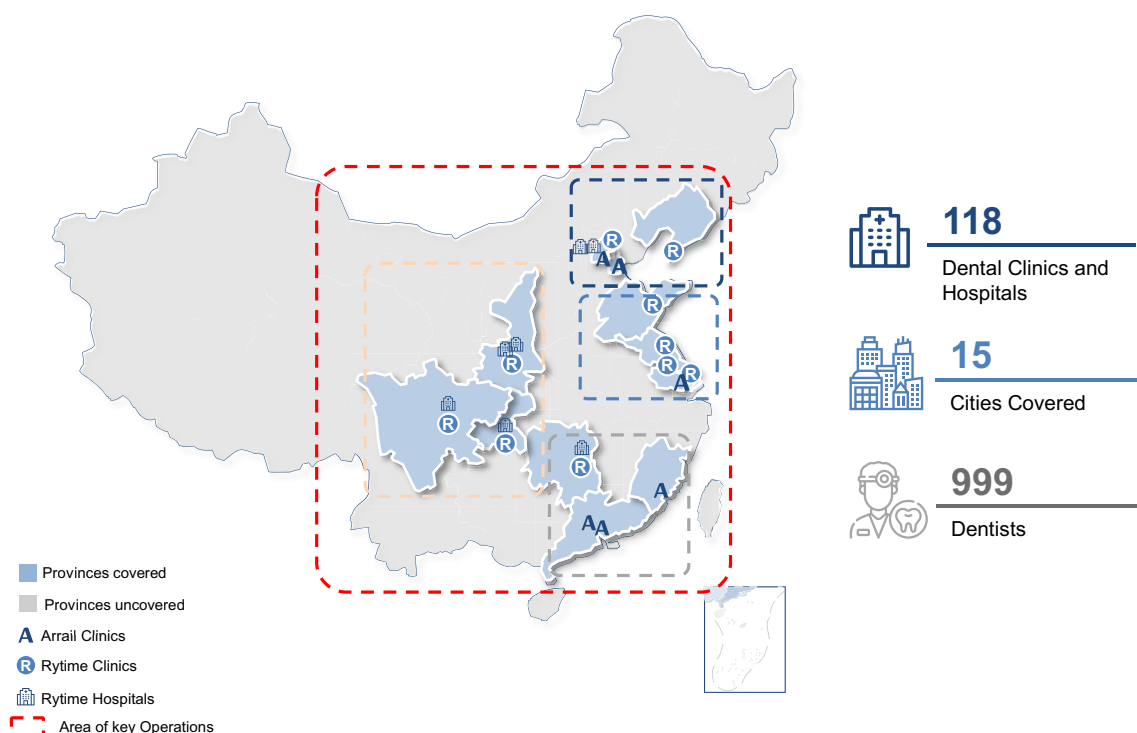
### ***Rytime Dental***



We launched our operations under the Rytime Dental brand in 2012, primarily aiming to provide treatments to middle class customers in Tier-1 and key Tier-2 cities in the Northern, Eastern, Southern and Western parts of China. Rytime Dental is positioned to capture the greater middle-end dental services market by offering high-quality dental services at attractive and relatively lower prices. As of March 31, 2025, we operated a total of 70 stores, including 11 hospitals and 59 Rytime clinics in 11 cities in China. We are able to provide a greater variety of treatments at our dental hospitals, such as giving general anesthesia and performing more complicated oral surgery procedures. Our Rytime Dental hospitals and clinics are typically located in the vicinity of residential areas, giving our customers easy access to convenient and quality dental care services. We plan to continue to expand our Rytime Dental network by broadening our reach to targeted regions and cities across China.

## Our Hospitals and Clinics

As of March 31, 2025, we operated a total of 118 stores, including (i) 107 clinics, of which 48 clinics were under the Arrail Dental brand and 59 clinics were under the Rytime Dental brand; and (ii) 11 hospitals under the Rytime Dental brand, as illustrated in the map below.



Our total patient visits increased by 0.3% from 1,965,468 for the year ended March 31, 2024 to 1,970,394 for the year ended March 31, 2025. The following table sets forth the breakdown by brands in relation to our operating and financial performance.

	<b>For the year ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Total patient visits (times)</b>	<b>1,970,394</b>	1,965,468
Arrail Dental	<b>516,868</b>	531,894
Rytime Dental	<b>1,453,526</b>	1,433,574
<b>Total number of dental chairs</b>	<b>1,566</b>	1,569
Arrail Dental	<b>505</b>	505
Rytime Dental	<b>1,061</b>	1,064
<b>Visits per dental chair</b>	<b>1,258</b>	1,253
Arrail Dental	<b>1,024</b>	1,053
Rytime Dental	<b>1,370</b>	1,347
<b>Revenue per dental chair (RMB in thousands)</b>	<b>1,078</b>	1,112
Arrail Dental	<b>1,456</b>	1,554
Rytime Dental	<b>898</b>	903

Our repeat visit rates, defined as the percentage of patients that revisited our clinics or hospitals beyond six months after their initial visits, excluding follow-up consultations of the same treatment, were 47.8% for the year ended March 31, 2025 (47.9% for the year ended March 31, 2024). Approximately 20.6% of our new patients were referred by our existing patients for the year ended March 31, 2025.

### **Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures during the Reporting Period**

The Company had no significant investments (including any investment constituting 5% or above of the total assets of the Group as of March 31, 2025), material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

### **Events after the Reporting Period**

On June 27, 2025, the Company (as the Lender) and Beier Holdings Limited (as the Borrower) entered into a third amendment agreement (the “**Third Amendment Agreement**”) to the Loan Agreement (as amended), pursuant to which the Lender and the Borrower conditionally 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 further extended from 30 months to 42 months commencing from the September 30, 2022. On the same date, to cover the liabilities and obligations of the Borrower under the Loan Agreement (as amended), 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 International Limited (“**Mingda**”) was extended, and 10,000,000 Shares held by Mingda and 18,000,000 Shares held by Rise Day Holdings Limited, 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 9.1% of the total issued share capital of the Company as at the date of this announcement. Save for the above, all the material terms and conditions of the Loan Agreement remain unchanged and in force and effect. For further details, please refer to the Company’s announcements dated September 29, 2022, June 27, 2023, June 26, 2024, November 29, 2024 and June 27, 2025.

Save as disclosed above and in this announcement, the Company is not aware of any material subsequent events from the end of the Reporting Period to the date of this announcement, which require adjustment or disclosure in accordance with International Financial Reporting Standards (“**IFRSs**”).

## Future Plans for Material Investments and Capital Assets

The Group intends to utilize the net proceeds raised from the Global Offering for business expansion, optimization of our IT infrastructure and working capital in the manner set out in the Prospectus and the section headed “Use of Proceeds from the Global Offering” below. Save as these, the Group does not have any concrete committed plans for material investments and capital assets.

## Employees and Remuneration

As of March 31, 2025, we had a total of 3,111 full-time employees, all of whom were based in various cities in China. Our employees reflect the geographic footprint we currently serve. The following table sets forth our employees by functions as of March 31, 2025:

Function	Number of Employees	% of total number of employees
Dentists	999	32.1%
Nursing staff	1,048	33.7%
Customer service staff	575	18.5%
General administrative staff	273	8.8%
Marketing team	216	6.9%
<b>Total</b>	<b>3,111</b>	<b>100%</b>

We offer our employees different remuneration packages based on their positions. Generally, the remuneration structure of our employees includes salary, benefits and bonuses. Our compensation programs are designed to remunerate our employees based on their performance, measured against specified objective criteria. We maintain standard employee benefit plans required by PRC laws and regulations, including housing fund contributions, pension insurance, medical insurance, workplace injury insurance, unemployment insurance, and maternity insurance.

As of March 31, 2025, over 45.3% of our full-time dentists had master's degrees or above, and many held titles and qualifications such as chief medical director or medical discipline leader. Our team of dentists have on average 11.5 years of post-qualification experience in the industry. Dentists with more than five, ten and fifteen years of experience with us accounted for 44.3%, 16.7% and 6.4% of our total dentists, which indicates strong employee retention rates.

We have also adopted the RSU Scheme with an overall limit of 119,972,600 underlying Shares to be granted under the RSU Scheme, representing approximately 21.3% of the total issued share capital of the Company (excluding the treasury shares, if any) as of March 31, 2025, for the participants under the RSU Scheme. As of March 31, 2025, an aggregate of 747 employees were approved by the Board to be the grantees with a total of 103,838,101 underlying shares pursuant to the RSU Scheme. We further adopted the 2022 RSU Scheme on September 3, 2022, pursuant to which the underlying Shares will be satisfied by the existing Shares to be acquired by the trustee on the market based on the trading price of the market. As of March 31, 2025, no employees were approved by the Board to be the grantees pursuant to the 2022 RSU Scheme.

During the Reporting Period, the Group did not experience any significant problems with its employees due to labour disputes nor did it experience any difficulty in the recruitment and retention of staff.

## **Industry Outlook**

The development of the dental services market in China is mainly driven by multiple factors such as the level of socio-economic development, the trend of an ageing population, the popularity of digitalization, and the rising public awareness of dental health. According to the Frost & Sullivan Report, the market size of dental services in China is expected to reach RMB150 billion in 2024 and grow steadily at a compound annual growth rate of 7.5% from 2024 to 2028, with the market size expected to reach nearly RMB200 billion by 2028.

At present, despite being impacted by changes in the domestic macroeconomic environment, the dental industry is undergoing short-term adjustment and optimization while maintaining solid long-term development potential. From a global perspective, the penetration rate of the dental services market in China is still significantly lower than that of mature markets, showing a huge room for future growth. The number of dentists per million population in China is only about 175, far lower than 610 in the United States, 860 in Germany and 810 in Japan, and the annual per capita expenditure on dental care in China is about US\$44, only one-tenth to one-fifth of that of the mature markets as compared to US\$405 in the United States, US\$372 in Germany and US\$228 in Japan. In the field of oral implantology, the annual number of dental implants per 10,000 population in China is about 28, far lower than that of about 100 in the United States and about 150 in Germany, showing a huge room for improvement. These indicators clearly demonstrate the huge potential of the domestic dental market and also enhance our confidence in the future development of the market.



We are full of confidence in the future development of the Company. In the field of private chain dental care, high barriers to market entry have been built up by dentists and medical management, chain operation capabilities, brand influence, medical qualifications and licenses, data resources accumulation, and supply chain management, which has created stable competitive advantages for the long-term development of market-leading companies. In terms of policy environment, the national and local governments are continuously introducing and implementing policies and measures to encourage the standardized, healthy and sustainable development of private medical institutions, so as to create a more positive external environment for the industry. As one of the largest and most market-leading premium dental chain groups in China, the Company has established a nationwide presence across four core regions, with strategic penetration into 15 Tier-1 and Tier-2 cities. With the longstanding core competitive strengths of “Talent, Brand, System”, the Company will continue to benefit from the industry’s standardization and high-quality development trends and actively capitalize on the significant opportunities in the field of dental services to achieve robust and sustainable development, thereby further consolidating and enhancing our market leadership.

### **Future Development Directions/Strategies:**

We will focus on the following core directions to drive the Company to achieve high-quality and steady growth.

#### ***1) Starting a new journey of intelligent dental healthcare with AI strategy empowerment***

Relying on the repository of tens of millions of high-quality dental cases, the multi-format operational expertise covering clinics to hospitals, the clinical decision trees refined from thousands of internal multi-disciplinary complex case discussions, and the outputs of operation management experience, we will accelerate the gradual release of our first-mover advantage in the field of AI. Based on the analysis of AI scenario value matrix and driven by the dual engines of AI dentist assistant and AI operation assistant, the Company will deploy AI applications in multiple scenarios such as imaging-assisted diagnosis, automated clinical documentation, quality control evaluation, intelligent patient follow-up, and intelligent customer service. The AI-driven new ecosystem of dental healthcare not only reshapes the clinical and service workflows to promote a revolution in efficiency, but also drives the algorithmic transformation of word-of-mouth communication, further enhancing customer satisfaction and loyalty. At the infrastructure level, adhering to the philosophy of “Treating Data Kindly”, we will establish an end-to-end quality control system from data collection, cleansing to labelling. At the organizational level, we will cultivate inter-disciplinary talents through AI Spark interest groups (AI星火興趣小組) and establish AI Help Desk to respond to the front-line needs in real time, forming a closed-loop innovation mechanism of “technology empowerment – scenario verification – value accumulation”.

**2) *Creating quality benchmarks under the leadership of experts and forging medical exemplars with multi-dimensional drivers***

With experts as the core driving force, we will continue to launch high-quality expert workshops to deepen high-quality development. We will strictly implement the medical quality control system, relying on the error prevention and correction system, quality coefficient evaluation and red line system to fortify medical safety defense and eliminate illegal operations. For initial diagnosis cases, we will establish a comprehensive screening mechanism for missed diagnosis to eliminate any potential oral health risks. For complex cases, we will organize multi-disciplinary expert consultations to formulate precise treatment plans. The Company will give full play to the coordinating role of the eight established specialist committees to improve the specialty development and training system, and improve the overall medical standard through curriculum development and academic guidance. At the same time, we also actively carry out various competitions such as complex case competitions, first aid competitions and specialty summits to implement the concept of “promoting learning through competition, driving practice through learning, and achieving excellence through practice” (以賽促學、以學促行、以行促效), to stimulate the enthusiasm of medical staff for continuous learning, and to promote the quality of the Group’s medical services to a new level.

**3) *By improving operational efficiency and upgrading intelligent services, we are enhancing the full-cycle healthcare journey and delivering a better customer experience***

We will significantly improve the efficiency of the full-cycle oral health care system for our customers through digitalized tools. In particular, we will employ SCRM tools to stringently implement the standards in order to maintain SOP. Out of our resource library, we will send to our customers the educational materials regarding oral health that are richly illustrated and easy-to-understand, as well as detailed pre-operative reminders and post-operative precautions, to strengthen the daily connection with our customers. For our customers who make the first visit, we will provide a perfect oral health report, stating professional and comprehensive health assessment. We will thoroughly sort out our customer pool by leveraging AI follow-up tools, and customize follow-up care based on customer profiles to enhance customer stickiness. Furthermore, we will build a cross-brand membership system and upgrade our client mini-program to simplify consultation, appointment and payment processes, improve communication efficiency and optimize service experience, enabling our customers to enjoy convenient, efficient and considerate dental services.

**4) *Through innovative mechanisms, we are unlocking new momentum and building a shared platform for sustainable business growth***

We will actively implement and deepen financial and virtual partnership mechanisms to inject a strong impetus into the quality development of the Group, while improving our clinics' performance, decreasing operation costs and stabilizing the core dentist teams. Anchored in high standards and strict requirements, our partners will be rigorously selected from quality talents with excellent medical skills and highly compatible values to be included in our partner system, ensuring each partner will be aligned with the strategies of the Group. On the basis of the impetus of mutual development, the partners will be granted both full power of operational decision-making and enlarged proportion of shareholding or interest distribution, so as to make the interest community strongly connected and transform the partners from "employees" to "stakeholders", fully motivating themselves and stimulate their creativity. We will initiate pilot programs in key cities to accumulate mature experience before promoting it nationwide. In addition to continuously providing partners with resources, technology, and operational support, specialized training programs such as entrepreneurship camp for out-patient partners will be implemented to chart the course for career development of chief dentists and core dentists, with a view to creating a virtuous environment where the partners and the Group mutually achieve success and develop synergistically. For this purpose, the selection of dentists from campus recruitment will also focus on their potential as future partners, so that the talent training will be integrated with partner reserves, achieving the mutual empowerment of talent pipeline building and career development.

**5) *With strong brand appeal and an empowering support system, we are attracting top talent and moving forward together on our growth journey***

Leveraging our strong industry brand heritage and reputation, we will transform the brand influence into a core driver for talent "recruitment, training, and retention." Grounded in the philosophy of "empowerment and support," we have built a comprehensive talent development system, upholding the strategic belief that "talent is the core element for cycle-spanning," and providing employees with a vast platform to realize their career aspirations. In medical talent development, we continue our strategic tradition of campus recruitment. Currently, campus hires account for nearly 20% of our dentists team, with over 30% already promoted to various management roles, forming the backbone of clinical operations. Simultaneously, we have intensified efforts to recruit discipline leaders, leveraging top-tier talent to drive technological innovation and solidify our industry-leading clinical capabilities. For operational management talent development, we focus on building a pipeline for core management positions, meticulously selecting high-potential individuals with strong self-motivation and high learning potential to inject innovative vitality into the organizational structure. In talent cultivation, we accelerate professional skill advancement by conducting over 50 online and offline medical training sessions annually. Through management empowerment programs such as the Dean's Workshop, Evergreen Class, and Values Seminar, we enhance strategic thinking and managerial capabilities of the team. Additionally, we have refined a function-specific "virtue and competence" digital evaluation system, quantifying talent growth trajectories with data to achieve scientific and precise talent assessment. Furthermore, we implement the "people development partner plan" for critical roles, conducting regular in-depth communication to ensure precise alignment between talent needs and organizational development.

**6) *Culture as the soul to unite team strength, aligning knowledge and action to chart a new chapter***

Cultural development has always been the key to uniting our team. We will continue to promote our core values of “integrity, professionalism, and being a good person” and integrate them into daily work scenarios, translating them into behavioral guidelines: “trying to solve problems instead of making excuses, acting properly with courageous commitment, seeking win-win cooperation with open communication, pursuing progress with unremitting efforts, focusing more on practical operation instead of theoretical knowledge, and taking the lead to offer more help and less preaching at others”. We will fully leverage the exemplary role of the first batch of 12 certified culture ambassadors to deepen employees’ understanding and identification with corporate culture through diverse activities including speeches, seminars and essay contests. Using our internal publication “Arrail Team” as a cultural platform, we promote the Group’s benchmark cases and stories of honored individuals to foster an atmosphere of organization-wide learning and collective progress. Under the influence of “collective culture”, we will facilitate consensus on values among employees, enhance their sense of security and belonging, and shape a professional team with aligned words and actions and unified goals, providing solid talent support for the organization’s long-term development.

**7) *Risk management as foundation for sustainable growth, multi-dimensional coordination for sustainable development***

We will build a comprehensive risk management system to solidify the foundation for stable operations and sustainable development. In terms of medical quality control, we will deepen the optimization of standard processes, leverage AI-assisted diagnosis and quality inspection systems, multidisciplinary consultation platforms, and others to establish risk early-warning models, controlling medical risks at industry-leading levels and ensuring diagnostic and treatment safety. For supply chain management, we will create an intelligent supply network, utilizing big data to achieve dynamic inventory balance. In term of the financial management front, we will build a leading control system, employing refined budgeting, dynamic cost monitoring, and risk assessment models to safeguard financial health, while enhancing risk resilience through diversified financing and prudent investments. In ESG initiatives, we will optimize governance structures and improve information transparency; carry out public welfare projects such as oral health education and medical assistance for orphaned and disabled children to fulfill social responsibilities; promote green operations to achieve a win-win scenario for both economic benefits and social value, thereby creating more long-term value for shareholders.

## FINANCIAL REVIEW

### Overview

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included elsewhere in this announcement.

### Revenue

During the Reporting Period, we primarily generated revenues from operating dental clinics and hospitals across the PRC. Our revenues decreased by 3.3% from RMB1,745.8 million for the year ended March 31, 2024 to RMB1,688.4 million for the year ended March 31, 2025. This was primarily due to the impact of the overall economic environment, which has led to a decrease in the treatment prices.

### *Revenues by Dental Service Offerings*

We offer a diverse range of professional and customized dental services, covering mainly three dental sectors (i) general dentistry; (ii) orthodontics; and (iii) implantology. The following table sets forth a breakdown of our revenues by types of dental services, both in absolute amount and as a percentage of our total revenues, for the periods indicated.

	For the year ended March 31,			
	2025		2024	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
<i>(RMB in thousands, except for percentages)</i>				
General dentistry	922,607	54.6%	968,150	55.5%
Orthodontics	367,806	21.8%	382,457	21.9%
Implantology	309,911	18.4%	357,963	20.5%
Others <sup>(1)</sup>	88,067	5.2%	37,212	2.1%
<b>Total</b>	<b>1,688,391</b>	<b>100.0%</b>	<b>1,745,782</b>	<b>100.0%</b>

*Note:*

- (1) Primarily include revenues generated from sale of dental materials and equipment sold to third-party clinics and dental supply distributors and the operation of our denture manufacturing plants.

Revenues generated from (i) general dentistry decreased by 4.7% from RMB968.2 million for the year ended March 31, 2024 to RMB922.6 million for the year ended March 31, 2025; (ii) orthodontics decreased by 3.8% from RMB382.5 million for the year ended March 31, 2024 to RMB367.8 million for the year ended March 31, 2025; and (iii) implantology decreased by 13.4% from RMB358.0 million for the year ended March 31, 2024 to RMB309.9 million for the year ended March 31, 2025.

## Revenues by Brand

We adopt a dual-brand strategy through our Arrail Dental and Rytime Dental brands to provide differentiated dental services to different target markets. As of March 31, 2025, we operated a total of 118 stores, including 48 dental clinics in Tier-1 cities under the Arrail Dental brand, and 59 dental clinics and 11 dental hospitals primarily in Tier-1 and key Tier-2 cities under the Rytime Dental brand. The following table sets forth a breakdown of our revenues by brands, both in absolute amount and as a percentage of our total revenues, for the periods indicated.

	For the year ended March 31,			
	2025		2024	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
<i>(RMB in thousands, except for percentages)</i>				
Arrail Dental	735,343	43.6%	784,792	45.0%
Rytime Dental	953,048	56.4%	960,990	55.0%
<b>Total</b>	<b>1,688,391</b>	<b>100.0%</b>	<b>1,745,782</b>	<b>100.0%</b>

## Cost of Sales

Our cost of sales primarily consists of (i) employee benefits expenses; (ii) depreciation and amortization; and (iii) dental materials used/sold. Employee benefits expenses primarily consist of salaries, benefits and bonuses, including social security costs and housing benefits. Depreciation and amortization expenses primarily consist of depreciation of our medical equipment, office equipment and furniture, leasehold improvements, and right-of-use assets, representing the leases of dental clinics and hospitals. Dental materials used/sold primarily consist of purchase costs of raw materials and consumables mainly comprising customized dentures, dental braces, implant and dental crowns for implantology, orthodontics and restorations.

The following table sets forth a breakdown of our cost of sales by nature, both in absolute amounts and as a percentage of total cost of sales, for the periods indicated.

	For the year ended March 31,			
	2025		2024	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
<i>(RMB in thousands, except for percentages)</i>				
Employee benefits expenses	709,913	52.7%	724,642	53.6%
Depreciation and amortization	223,907	16.6%	231,786	17.1%
Dental materials used/sold	302,298	22.5%	264,763	19.6%
Consulting fees	9,409	0.7%	25,010	1.8%
Office and property management expenses	56,215	4.2%	60,975	4.5%
Others <sup>(1)</sup>	44,559	3.3%	45,930	3.4%
<b>Total</b>	<b>1,346,301</b>	<b>100.0%</b>	<b>1,353,106</b>	<b>100.0%</b>

*Note:*

(1) Primarily include rental expenses, travelling expenses, training expenses and utility expenses.



Our cost of sales decreased by 0.5% from RMB1,353.1 million for the year ended March 31, 2024 to RMB1,346.3 million for the year ended March 31, 2025, primarily due to our control over employee benefits expenses and consulting fees, which are offset by the increase of dental materials used/sold.

### Gross Profit

Our gross profit decreased by 12.9% from RMB392.7 million for the year ended March 31, 2024 to RMB342.1 million for the year ended March 31, 2025, primarily due to the decrease of dental service revenue, as well as the fact that gross margin of dental material selling business we developed during the Reporting Period was lower than that of dental services.

### Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee benefits expenses for our sales and marketing staff; (ii) advertising and marketing expenses; and (iii) consulting fees. The following table sets forth a breakdown of our selling and distribution expenses, both in absolute amounts and as a percentage of total selling and distribution expenses, for the periods indicated.

	For the year ended March 31,			
	2025		2024	
	<i><b>RMB</b></i>	<i><b>%</b></i>	<i><b>RMB</b></i>	<i><b>%</b></i>
<i>(RMB in thousands, except for percentages)</i>				
Employee benefits expenses	<b>60,771</b>	<b>48.6%</b>	67,870	48.2%
Advertising and marketing expenses	<b>58,105</b>	<b>46.4%</b>	61,832	43.9%
Consulting fees	<b>3,141</b>	<b>2.5%</b>	7,386	5.2%
Others <sup>(1)</sup>	<b>3,078</b>	<b>2.5%</b>	3,674	2.7%
<b>Total</b>	<b><u>125,095</u></b>	<b><u>100.0%</u></b>	<b><u>140,762</u></b>	<b><u>100.0%</u></b>

*Note:*

(1) Primarily include travelling expenses, training expenses and recruitment expenses.

Our selling and distribution expenses decreased by 11.2% from RMB140.8 million for the year ended March 31, 2024 to RMB125.1 million for the year ended March 31, 2025, primarily because we controlled the budget of marketing activities.

### Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefits expenses for our directors, senior management and other administrative staff; (ii) depreciation and amortization; (iii) consulting fees; (iv) share-based compensation expenses; (v) office and property management expenses; and (vi) auditor's remuneration. The following table sets forth a breakdown of our administrative expenses, both in absolute amounts and as a percentage of total administrative expenses, for the periods indicated.

	For the year ended March 31, 2025		2024	
	<i><b>RMB</b></i>	<i><b>%</b></i>	<i><b>RMB</b></i>	<i><b>%</b></i>
<i>(RMB in thousands, except for percentages)</i>				
Employee benefits expenses	<b>88,882</b>	<b>50.9%</b>	98,273	40.5%
Depreciation and amortization	<b>22,152</b>	<b>12.7%</b>	24,698	10.2%
Consulting fees	<b>22,324</b>	<b>12.8%</b>	27,346	11.3%
Share-based compensation expenses	<b>12,923</b>	<b>7.4%</b>	65,599	27.0%
Office and property management expenses	<b>5,480</b>	<b>3.1%</b>	6,727	2.8%
Auditor's remuneration	<b>4,287</b>	<b>2.5%</b>	4,000	1.6%
Others <sup>(1)</sup>	<b>18,444</b>	<b>10.6%</b>	16,152	6.6%
<b>Total</b>	<b><u>174,492</u></b>	<b><u>100.0%</u></b>	<b><u>242,795</u></b>	<b><u>100.0%</u></b>

*Note:*

(1) Primarily include travelling expenses, training expenses and recruitment expenses.

Our administrative expenses decreased by 28.1% from RMB242.8 million for the year ended March 31, 2024 to RMB174.5 million for the year ended March 31, 2025, primarily due to decrease in share-based compensation expenses for the RSUs, majority of which had been already vested before the beginning of the Reporting Period.



## Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefits expenses for our research and development staff; (ii) consulting fees; and (iii) depreciation and amortization. The following table sets forth a breakdown of our research and development expenses, both in absolute amounts and as a percentage of total research and development expenses, for the periods indicated.

	For the year ended March 31,			
	2025		2024	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
<i>(RMB in thousands, except for percentages)</i>				
Employee benefits expenses	3,479	40.2%	3,182	38.6%
Consulting fees	4,318	49.9%	3,055	37.1%
Depreciation and amortization	828	9.6%	1,848	22.4%
Others <sup>(1)</sup>	28	0.3%	158	1.9%
<b>Total</b>	<b>8,653</b>	<b>100.0%</b>	<b>8,243</b>	<b>100.0%</b>

*Note:*

(1) Primarily include travelling expenses, property management expenses and utility expenses.

Our research and development expenses increased by 5.0% from RMB8.2 million for the year ended March 31, 2024 to RMB8.7 million for the year ended March 31, 2025, primarily because of the increase of investment on self-developed information technology application.

## Net reversal/(provision) of impairment loss

Net reversal/(provision) of impairment loss refers to impairment charges recorded based on the difference between the cash flows contractually due and all the cash flows that we expect to receive from trade and other receivables. Net reversal of impairment loss on financial assets was RMB0.7 million for the year ended March 31, 2025, compared to net provision of impairment loss on financial assets of RMB0.6 million for the year ended March 31, 2024, primarily due to the collection of loans to employees.

## Operating Profit

For the year ended March 31, 2025, our operating profit was RMB36.2 million, compared to an operating profit of RMB26.0 million for the year ended March 31, 2024, mainly due to the decrease in selling and distribution expenses and administrative expenses.

## **Net Finance Costs**

Our net finance costs increased from RMB8.1 million for the year ended March 31, 2024 to RMB11.0 million for the year ended March 31, 2025, primarily due to the decrease of interest of bank deposit.

## **Profit for the Year**

As a result of the foregoing, our profit for the year increased from RMB13.4 million for the year ended March 31, 2024 to RMB16.2 million for the year ended March 31, 2025.

## **Property, Plant and Equipment**

Our property, plant and equipment primarily consist of (i) medical equipment; (ii) office equipment and furniture; (iii) motor vehicles; and (iv) leasehold improvements. Our property, plant and equipment decreased from RMB320.1 million as of March 31, 2024 to RMB285.4 million as of March 31, 2025 primarily due to the depreciation of property, plant and equipment.

## **Right-of-use Assets**

Our right-of-use assets represent leases of dental clinics, hospitals, and office space in accordance with IFRS 16. Our right-of-use assets decreased from RMB670.5 million as of March 31, 2024 to RMB560.9 million as of March 31, 2025, primarily due to the depreciation of right-of-use assets.

## **Net Current Assets**

We had net current assets of RMB842.1 million as of March 31, 2025, compared to net current assets of RMB877.7 million as of March 31, 2024, primarily because of decrease in cash and cash equivalents.

## **Trade Receivables**

Trade receivables are primarily amounts due from customers for dental materials sold and dental services performed in the ordinary course of business. Trade receivables are classified as current assets if they are expected to be collected in one year or less. We typically charge our individual patients upon rendering our services. In addition, for our corporate clients, we usually grant them a credit period ranging from 10 to 60 days.

Our trade receivables increased by 4.3% from RMB88.6 million as of March 31, 2024 to RMB92.4 million as of March 31, 2025. Our trade receivables turnover days were 21 days for the year ended March 31, 2024, and 22 days for the year ended March 31, 2025. The increase in turnover days was mainly due to the increase of account receivables from insurance companies.

## **Other Receivables**

Our other receivables primarily consist of (i) loans to related parties; (ii) receivable from RSU management agency and deposit in a security broker for share repurchase; and (iii) loans to employees, net of loss allowance. Our other receivables included in current assets decreased by 8.6% from RMB184.5 million as of March 31, 2024 to RMB168.7 million as of March 31, 2025, primarily due to the collection of loans to employees.

## **Trade Payables**

Our trade payables primarily represent the amount due to our suppliers. Our suppliers typically granted us a credit period of 90 days.

Our trade payables decreased by 12.6% from at RMB98.8 million as of March 31, 2024 and RMB86.4 million as of March 31, 2025. Our trade payables turnover days decreased from 54 days for the year ended March 31, 2024 to 53 days for the year ended March 31, 2025 accordingly, primarily due to the acceleration of payment process.

## **Other Payables**

Our other payables primarily consist of (i) employee benefits payable; (ii) payables due to related parties and shareholders; and (iii) taxes payables. Our other payables decreased by 4.1% from RMB89.3 million as of March 31, 2024 to RMB85.6 million as of March 31, 2025, primarily due to the decrease in employee benefits payable.

## **Financial Assets at Fair Value through Profit or Loss**

Our financial assets at fair value through profit or loss primarily represent our investments in wealth management products with an aggregate principal amount of approximately RMB536.4 million financial products, unlisted debt instruments of RMB35.7 million and unlisted equity instruments of RMB27.2 million. The unlisted debt instruments represent 8.22% interest in Hangzhou Jarvis. The unlisted debt instruments represent 20.0% equity interest in Hangzhou Jinyaori.

The financial products increased by RMB195.6 million from RMB340.8 million as of March 31, 2024 to RMB536.4 million as of March 31, 2025, primarily due to we invested more in structured deposits, money market funds, treasury fund and US treasury bonds to achieve higher yield.

## **Prepayments**

Our prepayments primarily consist of (i) prepayments for braces; (ii) incremental cost of obtaining contracts, representing the commissions to dentists; (iii) prepayments for inventories other than braces; (iv) prepayments for equipment; and (v) short-term lease prepayments. Our prepayments increased by 13.2% from RMB149.2 million as of March 31, 2024 to RMB168.9 million as of March 31, 2025, primarily due to the increase of prepayments for inventories other than braces and short-term lease prepayments.

## **Foreign Exchange Exposure**

Since we operate mainly in the PRC with most of the transactions settled in Renminbi, our management considers that our business is not exposed to significant foreign exchange risk as there are no significant assets or liabilities which are denominated in the currencies other than our functional currency. During the Reporting Period, our currency translation differences mainly arise from the translation of the financial statements of some of our entities from the functional currency in United States dollars to the reporting currency in Renminbi.

The Directors would from time to time review the analysis prepared by our account department and assess whether there is any material and adverse impact on our financial performance and whether we should enter into any hedging or derivative financial instruments to manage such foreign exchange risk exposures.

## **Contingent Liabilities**

As of March 31, 2025, we did not have any material contingent liabilities, guarantees, or legal, arbitration or administrative proceedings pending or threatened against us that we expect would materially adversely affect our financial position or results of operations.

## **Liquidity and Financial Resources and Capital Structure**

During the Reporting Period, we financed our operations and other capital expenditure requirements primarily through cash generated from our operations and proceeds raised from the Company's series-E round of financing and the Listing. As of March 31, 2025, we had cash and cash equivalents of RMB536.9 million, as compared with RMB656.3 million as of March 31, 2024. The decrease of cash and cash equivalent is mainly because the Company invested more in structured deposits, money market funds, treasury funds and US treasury bonds to achieve higher yield, which were recorded in financial assets at fair value through profit or loss.

There is no material change in the capital structure of the Company during the Reporting Period. The capital of the Company comprises only ordinary shares.

## **Capital Expenditures**

Capital expenditures represent purchase of property, equipment and intangible assets. For the year ended March 31, 2025, we incurred capital expenditures of RMB56.8 million, compared to RMB110.7 million for the year ended March 31, 2024, primarily due to implementation of cost optimization strategies, including reductions in capital expenditures. We intend to fund our planned capital expenditures through a combination of the net proceeds from the Global Offering, bank facilities and other borrowings, as well as cash generated from operations.

## **Borrowings and Gearing Ratio**

During the Reporting Period, we incurred borrowings which were primarily denominated in Renminbi, to finance our capital expenditure and working capital requirements. As of March 31, 2025, we had obtained undrawn bank loan facilities of RMB677.0 million.

As of March 31, 2025, the gearing ratio (calculated as total borrowings divided by total equity and multiplied by 100%) is 24.8%.

## Charge on Assets

As of March 31, 2025, we pledged US\$26.4 million (equivalent to RMB189.2 million) to banks as the collateral for bank loans of RMB202.4 million.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange on March 22, 2022. The net proceeds received by the Company from the Global Offering amounted to HK\$589.9 million. For the Reporting Period, the Company had used the net proceeds from the Global Offering for the following purposes:

	Amount of net proceeds for the relevant use <i>HK\$ million</i>	Percentage of total net proceeds %	Unutilized net proceeds as of April 1, 2024 <i>HK\$ million</i>	Utilization during the year ended March 31, 2025 <i>HK\$ million</i>	Unutilized net proceeds as of March 31, 2025 <i>HK\$ million</i>	Expected timeframe for unutilized net proceeds
<b>Business expansion</b>						
Increase penetration and grow footprint in existing and emerging Tier-1 cities in China and existing Tier-2 cities in China	324.4	55.0%	181.8	49.2	132.6	By the year ending March 31, 2027
Expansion into new key Tier-2 cities in China	118.0	20.0%	50.3	–	50.3	By the year ending March 31, 2027
<b>Subtotal</b>	<b>442.4</b>	<b>75.0%</b>	<b>232.1</b>	<b>49.2</b>	<b>182.9</b>	
<b>Build and optimize IT infrastructure</b>						
	88.5	15.0%	34.7	17.6	17.1	By the year ending March 31, 2027
<b>Working capital</b>						
	59.0	10.0%	41.3	13.6	27.7	By the year ending March 31, 2027
<b>Total</b>	<b>589.9</b>	<b>100.0%</b>	<b>308.1</b>	<b>80.4</b>	<b>227.7</b>	

*Note:*

The net proceeds have been and will be utilized in accordance with the purposes set out in the Prospectus. The unutilized net proceeds are expected to be fully utilized by the year ending March 31, 2027. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future progress of business expansion and market conditions made by the Company. It will be subject to change based on the current and future development of market conditions.

## CONSOLIDATED INCOME STATEMENT

		Year ended March 31,	
	Note	2025	2024
		RMB'000	RMB'000
Revenue	4	1,688,391	1,745,782
Cost of sales	5	<u>(1,346,301)</u>	<u>(1,353,106)</u>
<b>Gross profit</b>		<b>342,090</b>	<b>392,676</b>
Selling and distribution expenses	5	(125,095)	(140,762)
Administrative expenses	5	(174,492)	(242,795)
Research and development expenses	5	(8,653)	(8,243)
Net reversal/(provision) of impairment loss		729	(559)
Other gains – net		<u>1,653</u>	<u>25,678</u>
<b>Operating profit</b>		<b>36,232</b>	<b>25,995</b>
Finance income	7	30,567	38,485
Finance costs	7	<u>(41,611)</u>	<u>(46,569)</u>
<b>Finance costs – net</b>		<b>(11,044)</b>	<b>(8,084)</b>
Share of net loss of associates and joint ventures accounted for using the equity method		<u>(1,353)</u>	<u>(826)</u>
<b>Profit before income tax</b>		<b>23,835</b>	<b>17,085</b>
Income tax expenses	8	<u>(7,667)</u>	<u>(3,669)</u>
<b>Profit for the year</b>		<b><u>16,168</u></b>	<b><u>13,416</u></b>
<b>Profit attributable to:</b>			
Owners of the Company		21,989	17,162
Non-controlling interests		<u>(5,821)</u>	<u>(3,746)</u>
		<b><u>16,168</u></b>	<b><u>13,416</u></b>
<b>Earnings per share attributable to owners of the Company (expressed in RMB per share)</b>			
Basic earnings per share	9	0.05	0.04
Diluted earnings per share	9	<u>0.05</u>	<u>0.04</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended March 31,	
	2025	2024
	RMB'000	RMB'000
<b>Profit for the year</b>	<u>16,168</u>	<u>13,416</u>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	<u>13,607</u>	<u>71,072</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>13,607</u>	<u>71,072</u>
<b>Total comprehensive income for the year</b>	<u><u>29,775</u></u>	<u><u>84,488</u></u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	35,596	88,234
Non-controlling interests	<u>(5,821)</u>	<u>(3,746)</u>
	<u><u>29,775</u></u>	<u><u>84,488</u></u>

## CONSOLIDATED BALANCE SHEET

		As at March 31,	
	Note	2025	2024
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		285,410	320,108
Right-of-use assets		560,889	670,531
Intangible assets		67,104	75,583
Goodwill		197,120	197,120
Deferred tax assets		68,589	72,115
Prepayments		19,644	17,933
Investments accounted for using the equity method		43,173	42,859
Financial assets at fair value through profit or loss	11	79,273	71,253
Other receivables	10	82,415	67,497
		<u>1,403,617</u>	<u>1,534,999</u>
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		70,467	56,903
Prepayments		149,225	131,254
Trade and other receivables	10	261,052	273,056
Financial assets at fair value through profit or loss	11	520,073	335,220
Restricted cash	12(b)	189,207	168,638
Time deposits with original maturity over three months	12(c)	30,000	111,577
Cash and cash equivalents	12(a)	536,864	656,280
		<u>1,756,888</u>	<u>1,732,928</u>
<b>Total current assets</b>			
		<u>3,160,505</u>	<u>3,267,927</u>
<b>Total assets</b>			
<b>EQUITY</b>			
Share capital		72,304	74,592
Reserves		5,174,059	5,235,062
Accumulated losses		(3,532,498)	(3,554,487)
		<u>1,713,865</u>	<u>1,755,167</u>
<b>Equity attributable to owners of the Company</b>			
Non-controlling interests		69,713	82,090
		<u>1,783,578</u>	<u>1,837,257</u>
<b>Total equity</b>			



	<i>Note</i>	<b>As at March 31,</b> <b>2025</b> <b>RMB'000</b>	<b>2024</b> <b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>432,349</b>	542,863
Contract liabilities		<b>21,451</b>	20,882
Deferred tax liabilities		<b>8,357</b>	11,693
<b>Total non-current liabilities</b>		<b>462,157</b>	575,438
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>171,951</b>	188,077
Contract liabilities		<b>115,236</b>	127,427
Current tax liabilities		<b>32,523</b>	29,849
Borrowings	<i>13</i>	<b>442,074</b>	355,627
Lease liabilities		<b>152,986</b>	154,252
<b>Total current liabilities</b>		<b>914,770</b>	855,232
<b>Total liabilities</b>		<b>1,376,927</b>	1,430,670
<b>Total equity and liabilities</b>		<b>3,160,505</b>	3,267,927

# NOTES TO THE FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION AND REORGANISATION

### 1.1 General information

Arrail Group Limited (the “**Company**”) was incorporated in the British Virgin Islands (the “**BVI**”) on May 23, 2001 as a company limited by shares. On November 16, 2020, the Company discontinued as a company incorporated under the BVI Business Companies Act 2004 (as amended) and was registered by way of continuation as an exempted company limited by shares under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. Accordingly, the registered office of the Company was changed from P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI, to 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, the Cayman Islands.

The Company is an investment holding company and together with its subsidiaries (the “**Group**”), is principally engaged in the provision of dental services (including general dentistry, orthodontics and implantology) through operations of dental clinics and hospitals in the People’s Republic of China (the “**PRC**”).

The Company completed its Initial Public Offering (“**IPO**”) and listed its shares on the Main Board of the Stock Exchange of Hong Kong Limited (“**HKSE**”) on March 22, 2022 (the “**Listing**”).

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied throughout all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) and interpretations issued by International Accounting Standards Board (“**IASB**”) applicable to companies reporting under IFRSs.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

### 2.2 Amended standards adopted by the Group

The following amended standards have been adopted by the Group for the first time for the financial period beginning on April 1, 2024.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IAS 21	Lack of Exchangeability

The adoption of the new standards and amendments did not have any significant financial impact on these consolidated financial statements.

### 2.3 New and amended standards and interpretation not yet adopted by the Group

Certain new accounting standards, amendments and interpretations have been issued but are not yet effective for the annual reporting period beginning on April 1, 2024 and have not been early adopted by the Group during the year ended March 31, 2025. Except for IFRS 18, these standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		<b>Effective for annual periods beginning on or after</b>
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendment to IFRS accounting standards	Annual Improvements – Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

Management does not anticipate any significant impact on the Group's consolidated financial position and consolidated results of operations upon adopting the above new standards and amendments, except for IFRS 18 which will have an impact on presentation and disclosure. Management plans to adopt these new standards and amendments when they become mandatory.

### 3 SEGMENT INFORMATION

The Group's business activities, being mainly the provision of dental services (including general dentistry, orthodontics and implantology) through the operations of dental clinics and hospitals in the PRC, are regularly evaluated by the board of directors of the Group. Management has determined the operating segments based on the reports reviewed by the board of directors for the purpose of making decisions about resource allocation and performance assessment.

The Group's business activities are operated and managed as two segments, which comprise Arrail Dental and Rytime Dental.

The Management assesses the performance of the operating segments based on a measure of operating profit. The measurement basis excludes the effects of allocation of certain income, expenses, gains and losses from headquarter, net impairment losses on financial assets, share of net loss of investments accounted for using the equity method and finance income and costs. There were no separate segment assets and segment liabilities information provided to the board of directors of the Group, as they do not use this information to allocate resources to or evaluate the performance of the operating segments.

	Years ended March 31,					
	2025	2025	Operating	2024	2024	Operating
	Revenue	Cost of	profit	Revenue	Cost of	profit
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Arrail Dental	735,343	(591,028)	46,497	784,792	(635,982)	83,057
Rytime Dental	953,048	(755,273)	41,328	960,990	(717,124)	69,962
<b>Total</b>	<b>1,688,391</b>	<b>(1,346,301)</b>	<b>87,825</b>	<b>1,745,782</b>	<b>(1,353,106)</b>	<b>153,019</b>
<b>Unallocated:</b>						
Headquarter and corporate expenses			(52,322)			(126,465)
Net reversal/(provision) of impairment loss			729			(559)
Finance income			30,567			38,485
Finance costs			(41,611)			(46,569)
Share of net loss of investments accounted for using the equity method			(1,353)			(826)
<b>Profit before income tax</b>			<b>23,835</b>			<b>17,085</b>

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the PRC and earns substantially all of the revenues from external customers in the PRC.

As at March 31, 2025 and 2024, substantially all of the non-current assets of the Group were located in the PRC.

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue for the years ended March 31, 2025 and 2024.

## Other segment information

	Years ended March 31,			
	2025		2024	
	Arrail Dental RMB'000	Rytime Dental RMB'000	Arrail Dental RMB'000	Rytime Dental RMB'000
Depreciation and amortisation	119,605	127,600	121,375	137,317
Additions to property, plant and equipment	20,951	28,290	35,555	51,720
Additions to right-of use assets	16,487	32,609	117,393	70,022

## 4 REVENUE

### Revenue from contracts with customers

The breakdown of revenues by service categories during the years ended March 31, 2025 and 2024 is as follows:

	Year ended March 31,	
	2025	2024
	RMB'000	RMB'000
General Dentistry – recognised at a point in time	922,607	968,150
Orthodontics – recognised over time	367,806	382,457
Implantology – recognised over time	309,911	357,963
Others – recognised at a point in time	88,067	37,212
	<u>1,688,391</u>	<u>1,745,782</u>

The breakdown of revenues by geographic location and by brand during the years ended March 31, 2025 and 2024 is as follows:

	Year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Northern China	647,088	709,748
Eastern China	497,298	474,521
Southern China	162,880	148,748
Western China	381,125	412,765
	<u>1,688,391</u>	<u>1,745,782</u>

	Year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Arrail Dental	735,343	784,792
Rytime Dental	953,048	960,990
	<u>1,688,391</u>	<u>1,745,782</u>

## 5 EXPENSES BY NATURE

	Year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Employee benefits expenses	875,968	959,566
Depreciation and amortisation	247,205	258,692
Dental materials used and sold	302,298	264,763
Advertising and marketing expenses	58,105	61,832
Office and property management expenses	62,432	68,675
Consulting fees	39,192	62,797
Auditor's remuneration		
– Audit services	4,000	4,000
– Non-audit services	287	425
Other expenses	65,054	64,156
	<b>1,654,541</b>	<b>1,744,906</b>

## 6 EMPLOYEE BENEFITS EXPENSES

	Year ended March 31,	
	2025	2024
	RMB'000	RMB'000
Wages, salaries, bonuses and other allowances	731,922	768,121
Social security costs and housing fund contributions ( <i>note a</i> )	131,123	125,846
Share-based compensation expenses ( <i>note b</i> )	12,923	65,599
	<b>875,968</b>	<b>959,566</b>

### (a) Social security costs and housing fund contributions

The employees of the Group in the PRC are members of state-managed pension obligations operated by the PRC Government, including social security costs and housing benefits. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme. During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

### (b) Share-based compensation expenses – Restricted Share Units (“RSUs”)

In August 2021, the board of directors of the Company approved the establishment of a RSU Plan (“**2021 RSU Plan**”) for the purpose of attracting, retaining and motivating the directors, employees and such other participants of the Company.

The 2021 RSU Plan is effective from the date of establishment and will govern RSUs made by the Company. The total number of RSUs which may be granted and issued under the 2021 RSU Plan will not exceed 4,798,904 shares (subdivided into 119,972,600 shares upon Share Subdivision).

On October 1, 2021, 3,668,941 RSUs of the Company were granted to certain directors and eligible employees under the 2021 RSU Plan. Effective from March 21, 2022, these RSUs were subdivided into 91,723,525 RSUs. RSUs will be vested and become realisable only at the end of the first 6 months, the first year, the first 18 months and the second year from the commencement date of dealings in the Company's shares on the Stock Exchange (the "**Vesting Period**") at the respective proportion of 25%, 25%, 25% and 25%, provided that the participants pass the annual performance review administrated by the board of directors of the Company.

On September 3, 2022 ("**Adoption Date**"), the Company has adopted the 2022 RSU Scheme ("**2022 RSU Scheme**") as approved by the board of directors of the Company to further provide a mean of compensating the Selected Participants through the grant of awards for their contribution to the growth and profits of the Group.

Unless terminated earlier by the Company, the 2022 RSU Scheme is valid and effective for a term of 10 years commencing from the Adoption Date. Upon termination, (i) no further grant of RSUs may be made under the 2022 RSU Scheme; and (ii) the awards (to the extent not already settled, paid-out, lapsed or cancelled) granted prior to such termination shall continue to be valid in accordance with the 2022 RSU Scheme.

Pursuant to the 2022 RSU Scheme, the underlying shares will be satisfied by the existing ordinary shares to be acquired on the market based on the trading price of the market.

The Board shall not make any further awards which will result in the nominal value of the underlying shares under the 2022 RSU Scheme exceeding 10% of the issued shares of the Company as at the Adoption Date. The maximum number of the underlying shares which may be transferred or paid-out in settlement of all RSUs awarded to any Selected Participants under the 2022 RSU Scheme shall not exceed 1% of the issued shares of the Company from time to time in any 12-month period.

On November 29, 2023, 4,528,927 RSUs of the Company were granted to certain directors and eligible employees under the 2021 RSU Plan. Majority of the share options shall be subject to different vesting schedules of one, two or four years from the vesting commencement date, subject to the participant continuing to be an employee through each vesting date. For a vesting schedule of one year, the granted share options are vested in four equal installments over the following year. For a vesting schedule of two years, the granted share options are vested in four equal installments over the following two years. For a vesting schedule of four years, 25% of the granted share options are vested on the first anniversary from the vesting commencement date; and 75% of the granted shares options are vested in six equal installments over the following three years. Vesting Period will end as of December 2026. Vesting Period may be different due to specific cases or exceptions.

On April 1, 2024, July 1, 2024 and August 1, 2024, 1,574,962, 349,913 and 214,848 RSUs of the Company were granted to one director and certain eligible employees, respectively. Pursuant to the grant letter signed between the Group and the grantees, the Group has discretion to repurchase all or part of the RSUs from the grantees at a price equal to 30% of the RSUs' fair value at any time it deems appropriate (the "**Repurchase Transaction**"). The directors of the Company are currently of the view that the Group has an adequate economic incentive to exercise such discretion in the future. Therefore, the aforementioned RSUs are accounted for using the cash-settled share-based payment method as cash-settled share-based compensation payables included in trade and other payables.

On November 7, 2024, January 1, 2025 and February 1, 2025, 3,820,511, 185,273 and 1,440,172 RSUs of the Company were granted to certain directors and eligible employees, respectively, under the 2021 RSU Plan. Majority of the share options shall be subject to different vesting schedules of one, two or four years from the vesting commencement date, subject to the participant continuing to be an employee through each vesting date. For a vesting schedule of one years, the granted share options are vested in four equal installments over the following year. For a vesting schedule of two years, the granted share options are vested in four equal installments over the following two years. For a vesting schedule of four years, 25% of the granted share options are vested on the first anniversary from the vesting commencement date; and 75% of the granted shares options are vested in six equal installments over the following three years. Vesting Period will end as of February 2029. Vesting Period may be different due to specific cases or exceptions.

Movements in the number of RSUs granted and their related weighted average fair value per restrictive share unit (“RSU”) are as follows:

	<b>Number of RSUs</b>	<b>Weighted average fair value per RSU (USD)</b>
Outstanding as at April 1, 2024	83,512,500	0.55
Granted during the year	7,585,643	0.83
Forfeited during the year	(918,138)	0.82
Vesting upon the payment of purchase price	<u>(1,896,331)</u>	<u>0.55</u>
Outstanding as at March 31, 2025	<u><u>88,283,674</u></u>	<u><u>0.57</u></u>

Weighted average fair value per RSU is USD0.57.

## 7 FINANCE COSTS – NET

	<b>Year ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Finance income</b>		
Interest income from bank deposits	<b>25,867</b>	36,170
Interest income from loans to related parties and employees	<u><b>4,700</b></u>	<u>2,315</u>
	<u><b>30,567</b></u>	<u>38,485</u>
<b>Finance costs</b>		
Interest expense on borrowings	<b>(14,860)</b>	(10,906)
Interest expense on lease liabilities	<u><b>(26,751)</b></u>	<u>(35,663)</u>
	<u><b>(41,611)</b></u>	<u>(46,569)</u>
	<u><u><b>(11,044)</b></u></u>	<u><u>(8,084)</u></u>



## 8 INCOME TAX EXPENSE

The income tax expense of the Group for the years ended March 31, 2025 and 2024 is analyzed as follows:

	<b>Year ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current income tax		
– PRC corporate income tax	<b>7,477</b>	13,962
Deferred income tax	<b>190</b>	(10,293)
	<b>7,667</b>	<b>3,669</b>

### (a) Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

### (b) BVI

The Group's entities established under the International Business Companies Acts of BVI are exempted from BVI income tax.

### (c) Hong Kong Income Tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million. The subsidiary, Arrail Institute of Advanced Dentistry (AIAD) Limited, was established in Hong Kong and this tax policy is applicable. No provision for Hong Kong profits tax was made as the Group had no estimated assessable profit that was subject to Hong Kong profits tax during the years ended March 31, 2025 and 2024.

### (d) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in PRC was subject to a statutory tax rate of 25% on the assessable profits for the years ended March 31, 2025 and 2024 based on the existing legislation, interpretation and practices in respect thereof.

For the Group's PRC subsidiaries recognised as a Small and Micro Enterprise ("SME") by the relevant government authorities, they were subject to a 75% deduction of the assessable profits as well as a preferential tax rate of 20%, effective until December 31, 2027. During the year ended March 31, 2025 and 2024, the majority of the Group's PRC subsidiaries met the criteria of SMEs.

### (e) Withholding tax in Mainland China ("WHT")

According to the New Corporate Income Tax Law ("New EIT Law"), beginning on January 1, 2008, the distribution of profits earned by companies in Chinese Mainland since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

## **9 EARNINGS PER SHARE**

### **(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding less treasury shares during the year. Profit attributable to owners of the Company amounts to RMB21,989,000 for the year ended March 31, 2025 (for the year ended March 31, 2024: RMB17,162,000). Weighted average number of ordinary shares outstanding less treasury shares during the year amounts to 448,006,000 shares for the year ended March 31, 2025 (for the year ended March 31, 2024: 459,432,000 shares).

### **(b) Diluted earnings per share**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the years ended March 31, 2025 and 2024, the Company's potential ordinary shares includes RSUs.

Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share amounts to 461,931,000 shares for the year ended March 31, 2025 (for the year ended March 31, 2024: 487,615,000 shares), represented by the weighted average number of ordinary shares outstanding less treasury shares amounting to 448,006,000 shares, adding adjustments for RSUs amounting to 13,925,000 shares for the year ended March 31, 2025 (for the year ended March 31, 2024: less treasury shares amounting to 459,432,000 shares, adding adjustments for RSUs amounting to 28,183,000 shares).

## 10 TRADE AND OTHER RECEIVABLES

	As at March 31,	
	2025	2024
	RMB'000	RMB'000
<i>Non-current</i>		
<b>Other receivables</b>		
Loans to employees	5,140	5,740
Rental deposits	57,141	61,567
Loans to a related party	21,201	—
Others	2,258	2,112
	<u>85,740</u>	<u>69,419</u>
Less: loss allowance	<u>(3,325)</u>	<u>(1,922)</u>
	<u>82,415</u>	<u>67,497</u>
<i>Current</i>		
<b>Trade receivables</b>	103,945	100,811
<b>Other receivables</b>		
Loans to related parties	92,032	88,112
Amount due from a related party	2,820	2,787
Amount due from a non-controlling shareholder	—	3,150
Loans to employees and petty cash granted to employees	11,619	26,588
Rental and other deposits	270	272
Deposit in security brokers for share repurchase ( <i>Note a</i> )	42,709	42,792
Others	24,381	27,400
	<u>277,776</u>	<u>291,912</u>
Less: loss allowance	<u>(16,724)</u>	<u>(18,856)</u>
	<u>261,052</u>	<u>273,056</u>
	<u><b>343,467</b></u>	<u><b>340,553</b></u>

*Note a:* Deposit in security brokers for share repurchase represents deposit made by the Company to certain security brokers for repurchase of the Company's stock on open market from time to time per instruction of the Company.

The carrying amounts of the Group's trade receivables were denominated in RMB and approximated their fair values. As a result, there is no exposure to foreign currency risk.

The Group generally allows a credit period of 10 to 60 days to its customers. Ageing analysis of trade receivables based on billing date is as follows:

	As at March 31,	
	2025	2024
	RMB'000	RMB'000
Up to 3 months	64,321	69,370
3 to 6 months	14,839	9,172
6 months to 1 year	8,533	5,670
1 to 2 years	8,781	10,134
Over 2 years	7,471	6,465
	<u>103,945</u>	<u>100,811</u>

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

## 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at March 31,	
	2025	2024
	RMB'000	RMB'000
<i>Non-current</i>		
Wealth management products (Note a)	16,359	5,539
Unlisted debt instruments (Note b)	35,714	35,714
Unlisted equity instruments (Note c)	27,200	30,000
	<u>79,273</u>	<u>71,253</u>
<i>Current</i>		
Wealth management products (Note a)	478,073	323,220
Bank structured deposits	42,000	12,000
	<u>520,073</u>	<u>335,220</u>
	<u><b>599,346</b></u>	<u><b>406,473</b></u>

*Note a:* As at March 31, 2025, the Group invested in primary wealth management products from financial institutions, and their fair values are within level 3 of the fair value hierarchy.

*Note b:* The fair values of the unlisted debt instruments, which are preferred shares issued by Hangzhou Jarvis Medical Technology Company Limited (“**Hangzhou Jarvis**”), representing 8.22% interest of Hangzhou Jarvis, are calculated using the Market Method, specifically the guideline company method. Under this method, the market ratios implied by guideline companies were applied to determine the entire equity value of the subject company. Its fair values are within level 3 of the fair value hierarchy.

*Note c:* On December 5, 2022, the Group acquired 20.0% equity interest in Hangzhou Jinyaori Medical Technology Company Limited (“**Hangzhou Jinyaori**”, which is a subsidiary of Hangzhou Jarvis), for the consideration of RMB30.0 million. The Group has no significant influence over Hangzhou Jinyaori and thus the investment is accounted for as a financial asset at fair value through profit or loss.

The fair values of the unlisted equity instruments are calculated using the Market Method, specifically the guideline company method. Under this method, the market ratios implied by guideline companies were applied to determine the entire equity value of the subject company. Its fair values are within level 3 of the fair value hierarchy.

## 12 CASH AND BANK BALANCES

### (a) Cash and cash equivalents

	As at March 31,	
	2025	2024
	RMB'000	RMB'000
Cash at bank and in hand	430,956	265,581
Time deposits with original maturity within three months	105,908	390,699
	<u>536,864</u>	<u>656,280</u>

The weighted average effective interest rates on the Group’s time deposits with original maturity within three months as at March 31, 2025 and 2024 were 4.40% and 5.41% per annum, respectively.

**(b) Restricted cash**

	<b>As at March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Time deposits with original maturity within three months	<b>2,369</b>	49,665
Time deposits with original maturity over three months	<b>186,838</b>	118,973
	<b>189,207</b>	168,638

The interest rates on the Group's restricted cash as at March 31, 2025 and 2024 were 3.97% and 4.86% per annum, respectively.

**(c) Time deposits with original maturity over three months**

	<b>As at March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Time deposits with original maturity over three months	<b>30,000</b>	111,577

The interest rates on the Group's time deposits with original maturity over three months as at March 31, 2025 were in the range of 2.90% to 3.05% per annum, respectively.

Cash and bank balances are denominated in the following currencies:

	<b>As at March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
USD	<b>419,177</b>	619,622
RMB	<b>298,407</b>	263,774
HKD	<b>38,152</b>	52,725
GBP	<b>335</b>	374
	<b>756,071</b>	936,495

**13 BORROWINGS**

	<b>As at March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Included in current liabilities</b>		
Secured bank borrowings (a)	<b>202,382</b>	199,852
Unsecured bank borrowings (b)	<b>239,692</b>	155,775
	<b>442,074</b>	355,627

**(a) Secured bank borrowings**

Secured bank borrowings as at March 31, 2025 and 2024 bear annual weighted average interest rate at 3.24% and 3.68%, respectively.

The maturity of secured bank borrowings is as follows:

	As at March 31, 2025 RMB'000	2024 RMB'000
Within 1 year	202,382	144,209
Between 1 and 2 years	—	55,643
	<u>202,382</u>	<u>199,852</u>

**(b) Unsecured bank borrowings**

Unsecured bank borrowings as at March 31, 2025 and 2024 bear annual weighted average interest rate at 3.16% and 3.50%, respectively.

The maturity of unsecured bank borrowings is as follows:

	As at March 31, 2025 RMB'000	2024 RMB'000
Within 1 year	<u>239,692</u>	<u>155,775</u>

**14 TRADE AND OTHER PAYABLES**

	As at March 31, 2025 RMB'000	2024 RMB'000
Trade payables	86,351	98,743
Other payables	<u>85,600</u>	<u>89,334</u>
	<u>171,951</u>	<u>188,077</u>

Ageing analysis of trade payables of the Group based on invoice date is as follows:

	As at March 31, 2025 RMB'000	2024 RMB'000
Up to 3 months	48,334	54,409
3 to 6 months	10,166	12,986
6 months to 1 year	6,093	6,279
Over 1 year	<u>21,758</u>	<u>25,069</u>
	<u>86,351</u>	<u>98,743</u>

The breakdown of other payables is as follows:

	<b>As at March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Amounts due to minority shareholders	<b>165</b>	2,662
Amounts due to related parties	<b>456</b>	225
Employee benefits payable	<b>47,642</b>	51,860
Expense reimbursement payable to employees	<b>12,643</b>	10,127
Other taxes payable	<b>9,429</b>	9,111
Others	<b>15,265</b>	15,349
	<hr/>	<hr/>
	<b>85,600</b>	89,334
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of trade and other payables were denominated in RMB and approximated their fair values due to their short-term maturities.

## **15 DIVIDENDS**

No dividend was declared by the Company during the years ended March 31, 2025 and 2024.

## OTHER INFORMATION

### Compliance with the Corporate Governance Code (the “CG Code”)

The Company strives to maintain high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company was listed on the Main Board of the Stock Exchange on March 22, 2022. The Company has adopted the code provisions of the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules, and has complied with all applicable code provisions as set out in the CG Code during the Reporting Period, except for deviation from the code provisions C.2.1 of the CG Code that the roles of chairman of the Board and chief executive officer of the Company are not separate and are both performed by Mr. ZOU Qifang (“**Mr. ZOU**”).

As Mr. ZOU is the founder of the Group and has been managing the Group’s business and overall strategic planning since its establishment, the Directors consider that vesting the roles of chairman and chief executive officer in Mr. ZOU is beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group. Taking into account all the corporate governance measures that we have implemented since Listing, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time if necessary, taking into account the circumstances of the Group as a whole.

### Compliance with the Model Code for Securities Transactions

The Company has adopted the Guidelines for Securities Transactions by Directors (the “**Written Guidelines**”) on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines during the Reporting Period. No incident of non-compliance of the Written Guidelines by the employees who are likely to be in possession of inside information of the Company was noted by the Company.



## **Compliance with relevant Laws and Regulations**

During the Reporting Period, the Group had complied with the applicable laws, regulations and regulatory requirements of the places where the Group operates in all material respects, including the requirements under the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the CG Code for, among other things, the disclosure of information and corporate governance.

## **Final Dividends**

The Directors do not recommend a final dividend for the Reporting Period (for the year ended March 31, 2024: Nil).

## **Purchase, Sale or Redemption of the Listed Securities of the Company**

During the Reporting Period, the Company repurchased a total of 13,632,000 Shares at an aggregate consideration of approximately HK\$74.6 million, among which 13,239,500 repurchased Shares were cancelled as of the date of March 31, 2025. As of March 31, 2025, the Company held 392,500 treasury shares.

Save as disclosed above, neither the Company, nor any of its subsidiaries, purchased, sold or redeemed any listed securities of the Company (including sale of the treasury shares) during the Reporting Period.

## **Scope of Work of the Group's Auditor**

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended March 31, 2025 as set out in the preliminary announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended March 31, 2025. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **Audit Committee**

The Audit Committee consists of three independent non-executive Directors, namely Mr. ZHANG Bang, Ms. LIU Xiaomei Michelle and Mr. SUN Jian. Mr. ZHANG Bang, being the chairman of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Company and overseeing the audit process.

The Audit Committee has reviewed together with the management and external auditor of the Company the accounting principles and policies adopted by the Company and the annual results and the audited consolidated financial statements for the year ended March 31, 2025.

## **The AGM**

The AGM of the Company will be held on or around Friday, September 26, 2025. The circular (including notice of the AGM) will be published on the websites of the Company and the Stock Exchange and despatched to the Shareholders (if applicable) in due course.

## **Closure of Register of Members**

For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, September 23, 2025 to Friday, September 26, 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all share transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, September 22, 2025.

## **Publication of Annual Results and Annual Report**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.arrailgroup.com](http://www.arrailgroup.com)). The annual report for the year ended March 31, 2025 along with the AGM circular, the notice of AGM, the proxy form containing all the information in accordance with the requirements under the Listing Rules will be despatched to the Shareholders (if applicable) and published on the respective websites of the Stock Exchange and the Company in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

## **DEFINITIONS**

“2022 RSU Scheme”	The 2022 RSU scheme adopted by the Company in accordance with the scheme rules on September 3, 2022
“AGM”	the annual general meeting for the year 2025 of the Company
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands

“China” or “PRC”	People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires otherwise, references in this announcement do not apply to Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Company” or “Arrail Group”	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, and registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on July 26, 2021, the Shares of which are listed on the Main Board of the Stock Exchange since March 22, 2022
“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “we”, “us”, or “our”	the Company and all of our subsidiaries and the VIE Entities (as defined in the Prospectus) 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)
“Hangzhou Jarvis”	Hangzhou Jarvis Medical Technology Company Limited* (杭州佳沃思醫療科技有限公司), a limited liability company established under the laws of the PRC and owned as to 56.9% by Ms. ZOU Jin, the daughter of Mr. ZOU Qifang
“Hangzhou Jinyaori”	Hangzhou Jinyaori Medical Technology Company Limited* (杭州金曜日醫療科技有限公司), a limited liability company established under the laws of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	March 22, 2022, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares first commence on the Main Board

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM of the Stock Exchange
“Prospectus”	the prospectus issued by the Company on March 9, 2022
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reporting Period”	the year ended March 31, 2025
“RSU(s)”	restricted share unit(s)
“RSU Scheme”	the RSU scheme adopted by the Company on August 3, 2021, details of which are set out in the Prospectus
“Share(s)”	ordinary share(s) in the share capital of the Company, with nominal value US\$0.02 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Treasury share”	the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board  
**Arrail Group Limited**  
**ZOU Qifang**  
*Chairman*

Hong Kong, June 27, 2025

*As of the date of this announcement, the executive Directors are Mr. ZOU Qifang and Mr. ZHANG Jincal, and the independent non-executive Directors are Ms. LIU Xiaomei Michelle, Mr. SUN Jian and Mr. ZHANG Bang.*

\* For identification purpose only