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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)

QUARTERLY UPDATE AND CONTINUED SUSPENSION OF TRADING

This announcement is made by the board (the "**Board**") of directors (the "**Directors**") of Arrail Group Limited (the "**Company**", together with its subsidiaries and VIE entities, the "**Group**") pursuant to Rules 13.09 and 13.24A of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated November 28, 2025, January 21, 2026, February 15, 2026, March 2, 2026 and April 9, 2026 (collectively, the "**Announcements**") in relation to, among other things, (i) the delay in publication of the 2025 Interim Results; (ii) the delay in despatch of the 2025 Interim Report; (iii) the establishment of the Independent Investigation Committee and the launch of the Independent Investigation; (iv) the change of auditor of the Company; and (v) the Resumption Guidance. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

Pursuant to Rule 13.24A of the Listing Rules, the Board wishes to update the Shareholders and other investors regarding the following latest developments of the Company.

PROGRESS UPDATE ON INDEPENDENT INVESTIGATION

The Independent Investigation, which was launched on December 9, 2025 under the oversight of the Independent Investigation Committee (comprising all independent non-executive Directors), continues to be conducted by the Independent Investigators.

As at the date of this announcement, the Independent Investigators have substantially advanced the document collection and review, electronic data preservation and processing, and counterparty enquiries in respect of the Relevant Matters. The Independent Investigation has now progressed into its final-stage interview phase, in which interviews are being conducted with relevant current employees of the Group as well as external counterparties. Such final-stage interviews are expected to be completed by mid-June 2026. Following completion of the interviews, the Independent Investigators will consolidate their factual findings and issue a written investigation report (the "**Investigation Report**") to the Independent Investigation Committee. The issuance of the Investigation Report is currently expected to be in or around the end of July 2026, subject to interview scheduling and other relevant factors. The Company will publish further announcement(s) upon the substantial completion of the Independent Investigation and/or any material developments concerning the findings.

INDEPENDENT INTERNAL CONTROL REVIEW

To address resumption condition (c) of the Resumption Guidance, the Company has appointed Deloitte Enterprise Consulting Shanghai Co., Ltd. Beijing Branch as the independent professional internal control consultant (the "**Internal Control Consultant**") on May 18, 2026 to conduct an independent and comprehensive review (the "**Internal Control Review**") on the internal control systems and procedures of the Group, specifically targeting key areas connected with the matters that gave rise to the trading suspension, and to provide corresponding recommendations for rectification to improve the Group's internal control system. The Internal Control Review will cover material business processes, entities and risk areas of the Group, including primarily corporate governance, connected transaction, treasury management. The Internal Control Consultant has commenced fieldwork as at the date of this announcement. The Company will publish further announcement(s) on the progress and outcomes of the Internal Control Review as and when appropriate.

STATUS OF THE 2025 INTERIM REVIEW

As previously disclosed, HLB was appointed as the new auditor of the Company with effect from February 14, 2026. Since its appointment, HLB has commenced the 2025 Interim Review and has been working closely with the Company and the Independent Investigation Committee. As at the date of this announcement, HLB has completed the following work streams:

- obtained and commenced its review of the Group's interim financial statements for the six months ended September 30, 2025;
- issued information request lists to management and obtained the relevant financial and operational information necessary to commence its review procedures;
- assessed the background, independence and competence of the Independent Investigators;
- obtained and reviewed the engagement scope of the Independent Investigation;
- held discussions with the Independent Investigators to understand the scope and procedures of the Independent Investigation and to align on the timetable for completion of the 2025 Interim Review; and
- substantially progressed the analytical procedures and management inquiries underlying the financial information for the 2025 Interim Review.

Following the substantial completion of the Independent Investigation and receipt of the draft investigation report and supporting materials, HLB will undertake the remaining work for the 2025 Interim Review, including (i) reviewing the draft investigation report and supporting materials and discussing the findings with the Independent Investigators and the Independent Investigation Committee; (ii) examining the supporting documents in relation to the Loan Repayments and the Relevant Payments and conducting management inquiries on the Relevant Matters; and (iii) reviewing the Group's interim financial statement presentation and disclosures, including in respect of the investigation findings, to assess whether they are adequate and comply with the applicable accounting standards and the Listing Rules.

As disclosed in the announcement dated March 2, 2026, the Company had expected to be in a position to publish the 2025 Interim Results on or before the end of April 2026. In view of (i) the timing for completion of the Independent Investigation and issuance of the Investigation Report; (ii) the time required for HLB to factor the findings of the Independent Investigation into the 2025 Interim Review; and (iii) the Internal Control Review, the Board presently expects that the publication of the 2025 Interim Results will be further delayed to end of July 2026. The Company will use its best endeavours to publish the 2025 Interim Results as soon as practicable following the substantial completion of the Independent Investigation and the 2025 Interim Review.

Shareholders and potential investors should note that the above expected timing is indicative only and remains subject to change depending on, among other things: (i) the actual completion date of the Independent Investigation; (ii) the nature and extent of any findings, additional information requirements or financial reporting adjustments identified; and (iii) the time required for HLB to complete the 2025 Interim Review thereafter.

UPDATE ON BUSINESS OPERATIONS

The Group is a leading dental medical service provider in the high-end private dental medical service market in China, offering quality dental medical services to diverse patient groups across multiple geographies under its "Arrail Dental" (瑞爾齒科) and "Rytime Dental" (瑞泰口腔) brands. Notwithstanding the suspension of trading and the matters disclosed above, the Group's dental clinics, dental hospitals and related business operations have continued to operate in the ordinary course since the commencement of the suspension on December 1, 2025, and the Board and management remain focused on maintaining the stability of the Group's operations and safeguarding the interests of patients, staff and other stakeholders.

As at the date of this announcement, the Group operates a nationwide network of 111 dental service points in mainland China, comprising 100 dental clinics and 11 dental hospitals, with an aggregate of 1,483 dental chairs installed. As part of its ongoing strategic optimisation of its institutional network, in April 2026, the Group relocated and commenced operation of a new dental hospital with a 30-chair capacity in Tongzhou District, Beijing.

For the financial year ended March 31, 2026, the Group recorded an aggregate of approximately 1,973,096 patient visits, representing a slight year-on-year increase, while patient visits in the first quarter of 2026 reached approximately 474,820, representing an increase of approximately 4.4% as compared to the corresponding period of the previous year, indicating a steady recovery in patient throughput. In terms of operating efficiency, for the financial year ended March 31, 2026, average annual patient visits per dental chair reached approximately 1,325, representing a year-on-year increase of approximately 5.3%, reflecting continued optimisation of operational efficiency.

As at the date of this announcement, the Group had a total of 3,167 full-time employees. To support the Group's dental medical service business development needs, the Group has continued to expand its dentist team, with the number of dentists reaching 1,010 as at March 31, 2026, compared to 999 as at March 31, 2025, further strengthening the Group's core medical service capabilities.

The repeat-visit rate of the Group's loyal customers (being patients who had received treatment from the Group during the preceding 12 months) was approximately 48.3% as at March 31, 2026, compared to approximately 47.8% in the prior year, reflecting the resilience of the Group's patient base and brand recognition. The Group's major suppliers have remained stable and there has been no material change in the Group's principal supplier arrangements.

As at the date of this announcement, the Group maintains adequate cash reserves and a smooth cash flow position, sufficient to meet the requirements of its ordinary course business operations and ongoing project initiatives.

SUMMARY OF RESUMPTION PROGRESS

As of the date of this announcement, a summary of the Company's latest progress in fulfilling the Resumption Guidance is as follows:

Resumption Guidance	Progress
(a) conduct an appropriate independent forensic investigation into the Issues, assess the impact on the Company's business operations and financial position, announce the findings and take appropriate remedial actions;	As disclosed above, the document review, electronic data preservation and counterparty enquiries have been substantially advanced, and the Independent Investigation has progressed into its final-stage interview phase, which is expected to be completed by mid-June 2026, with the Investigation Report to be issued in or around the end of July 2026, subject to interview scheduling and other relevant factors. The Board will, taking into account the findings of the Investigation Report, assess the impact on the Group's business operations and financial position, announce the findings and take appropriate remedial actions.
(b) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;	The Board will assess this matter by reference to the findings of the Investigation Report, the recommendations of the Independent Investigation Committee and the findings of the Internal Control Review, and will implement appropriate governance and remedial measures as warranted. The Company will make further announcement(s) in this regard as and when appropriate.

Resumption Guidance	Progress
(c) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules;	As disclosed above, the Company appointed the Internal Control Consultant on May 18, 2026 to conduct a comprehensive review of the Group's internal control systems, with the scope and indicative timetable as described in the "INDEPENDENT INTERNAL CONTROL REVIEW" section above. The Internal Control Consultant has commenced fieldwork.
(d) publish all outstanding financial results required under the Listing Rules and address any audit modifications;	HLB was appointed as the new auditor of the Company with effect from February 14, 2026 and has commenced the 2025 Interim Review as disclosed in the "STATUS OF THE 2025 INTERIM REVIEW" section above. The Company will use its best endeavours to publish the 2025 Interim Results as soon as practicable following the substantial completion of the Independent Investigation and the 2025 Interim Review.
(e) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and	Since the suspension of trading on December 1, 2025 and up to the date of this announcement, the Group has continued its dental clinic and dental hospital operations in the ordinary course. The operational highlights of the Group, including but not limited to the nationwide network footprint, installed dental chairs and utilisation, patient visits and loyal customer repeat rate, are set out in the "UPDATE ON BUSINESS OPERATIONS" section above. The Company's compliance with Rule 13.24 of the Listing Rules will be further assessed following publication of the 2025 Interim Results.
(f) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position.	The Company will continue to keep the Shareholders and other investors informed of any relevant material development by making further announcement(s) as and when appropriate in accordance with the requirements under the Listing Rules.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on December 1, 2025 and will remain suspended until the publication of an announcement containing the 2025 Interim Results and any other inside information that may be required to be disclosed under the Listing Rules. The Company will continue to publish quarterly updates pursuant to Rule 13.24A of the Listing Rules until resumption or cancellation of listing, whichever is earlier.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

By Order of the Board
Arrail Group Limited
Zou Qifang
Chairman

Hong Kong, June 1, 2026

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.