

DR Corporation Limited

2023

Annual Report



Part I. Important Notes, Contents and Terminology

The Board of Directors, the Supervisory Committee and the Directors, Supervisors and senior management of DRCO warrant that the information of this annual report is true, accurate and complete without any false statements, misleading statements or material omissions, and they shall assume individual and joint legal responsibility.

Both Zhang Guotao, the legal representative of DRCO and Huang Shuirong, the head of the financial department in charge of the corporate accounting confirm the financial statements contained in the annual report are true, accurate and complete.

All directors have attended the board meeting at which this report was deliberated.

Despite the steady growth across China's jewelry industry During the Reporting Period, the diamond market was definitely influenced by aggravated structural differentiation, intense competition, sluggish demands for diamond jewelry as consumer discretionary and obviously increasing gold safe-haven demands. According to statistics from the Gems & Jewelry Trade Association of China, the diamond products market declined about 27% year-on-year in 2023. With a fully self-managed sales model and diamond jewelry as the mainstay, the Company's operating revenue dropped 40.78% year-on-year in 2023, which was consistent with the diamond market trend.

In context of strategic brand upgrading, DRCO has adjusted corporate channel strategy and optimized the channel layout to enhance brand image and service experience. Some low-potential stores and those incompatible with the brand image were closed, relocated or replaced. According to the *Accounting Standards for Business Enterprises* and the Company's accounting policies, DRCO made provisions for asset impairment on stores that showed signs of impairment, and made bad debt provision for lease deposits that could not be recovered due to early closure of the stores, based on the prudence principle of accounting. The above-mentioned matters had a major impact on the Company's performance in net profits during the reporting period, with the net profits attributable to shareholders down by 90.54% year-on-year.

In face of ever-changing market, DRCO will make active response and proactively adjust strategies to boost brand potential and product competitiveness. In particular, we will focus on sound business operation and store profitability, and take actions to reduce costs and increase efficiency, with a view to promoting sustainable and stable development of the Company.

During the reporting period, there were neither material adverse changes in DRCO's principal business and core competitiveness, nor overcapacity or persistent decline in the jewelry industry without any significant risks to sustainable operation of the Company (see details in "I. Industrial situation during the reporting period", "II. DRCO main business during the reporting period" and "III. Analysis of core competitiveness" under *Part III. Management Discussion and Analysis*).

Any forward-looking statements in this report that address future plans and objectives do not constitute material commitments by DRCO to investors and investors and related parties should be aware of the risks involved and should understand the differences between plans, projections and commitments.

DRCO is required to comply with the disclosure requirements for jewelry-related business specified in the

Self-disciplinary Supervision Guidelines No.3 for Companies Listed on Shenzhen Stock Exchange - Industry Information Disclosure.

According to the profit distribution plan approved by the Board of Directors, a cash dividend of RMB5.00(including tax) for every 10 shares and zero bonus share (including tax) to all shareholders, as well as zero share to be transferred to all shareholders from capital reserve for every 10 shares.

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Documents Available for Inspection

- I Financial statements signed and sealed by DRCO's legal representative, and the head of the financial department in charge of the corporate accounting;
- II Original copy of the auditors' report sealed by the accounting firm, and signed and sealed by the certified public accountants;
- III All original copies of DRCO's announcements and documents publicly disclosed on the websites designated by China Securities Regulatory Commission (CSRC) in the reporting period;
- IV Original copy of the 2023 annual report, which has been signed by DRCO's legal representative;
- V Other documents available for inspection.

The above-mentioned documents are kept at the Board Secretary Office of DRCO.

Terminology

Terms	Definition
Company, DRCO and DR Corporation	DR Corporation Limited
Darry Corporation	Shenzhen Darry Jewelry Co., Ltd., the predecessor of DR Corporation Limited
DR Investment	DR Investment (Zhuhai) Co., Ltd., formerly known as Shenzhen DR Investment Co., Ltd., is the controlling shareholder of DRCO.
Wendi No.1	Gongqingcheng Wendi No.1 Investment Management Partnership (LP), a shareholder of DRCO
Wendi No.2	Gongqingcheng Wendi No.2 Investment Management Partnership (LP), a shareholder of DRCO
Wendi No.3	Gongqingcheng Wendi No.3 Investment Management Partnership (LP), a shareholder of DRCO
Darry Qianhai	Shenzhen Darry Commercial Management Services Co., Ltd., a wholly-owned subsidiary of DRCO
Love Only AI	Shenzhen Love Only AI Cloud Technology Co., Ltd., a wholly-owned subsidiary of DRCO.
Haoduo Diamond	Haoduo Diamond (Shenzhen) Co., Ltd., a wholly-owned subsidiary of DRCO
Shanghai Darry	Shanghai Darry Diamond Co., Ltd., a wholly-owned subsidiary of DRCO.
Chongqing Darry	Chongqing Darry Jewelry Co., Ltd., a wholly-owned subsidiary of DRCO
Couple Shenzhen	Couple Only (Shenzhen) Jewelry Co., Ltd., a wholly-owned subsidiary of DRCO
He'er Culture	He'er Culture (Shenzhen) Co., Ltd., formerly known as Shenzhen Shechushe Jewelry Co., Ltd., is a wholly-owned subsidiary of DRCO.
He'er Culture (Hainan)	He'er Culture (Hainan) Co., Ltd., a first-tier wholly-owned subsidiary of DRCO
DR LUXURY Singapore	DR LUXURY (SINGAPORE) PTE. LTD., a wholly-owned subsidiary of He'er Culture (Hainan) Co., Ltd.
DR LUXURY Netherlands	DR Luxury Netherlands Holding B.V., a wholly-owned subsidiary of DR LUXURY (SINGAPORE) PTE. LTD.
LOVEMONT Malaysia	LOVEMONT (MALAYSIA) SDN.BHD., a wholly-owned subsidiary of DR LUXURY (SINGAPORE) PTE. LTD.
DR LUXURY USA	DR LUXURY USA INC, a wholly-owned subsidiary of DR Luxury Netherlands Holding B.V.'
Love of My Love Wedding	Love of My Love Wedding Planning (Shenzhen) Co., Ltd., a first-tier

Planning (Shenzhen)	wholly-owned subsidiary of DRCO
Shenzhen DR Jewelry Sales	Shenzhen DR Jewelry Sales Co., Ltd., a first-tier wholly-owned subsidiary of DRCO
Happy Love Psychological Research Center	Happy Love Psychological Research Center (Shenzhen) Co., Ltd., a first-tier wholly-owned subsidiary of DRCO
Love of My Love Wedding Planning (Sanya)	Love of My Love Wedding Planning (Sanya) Co., Ltd., a first-tier wholly-owned subsidiary of DRCO
Lovemont Hong Kong	Lovemont Hong Kong Limited, a wholly-owned subsidiary of DR LUXURY (SINGAPORE) PTE. LTD.
Haoduo Diamond Zhizao	Haoduo Diamond Zhizao (Shenzhen) Co., Ltd., a wholly-owned subsidiary of Haoduo Diamond (Shenzhen) Co., Ltd.
Hong Kong DR GROUP	DR GROUP COMPANY LIMITED, a wholly-owned subsidiary of Shenzhen Love Only AI Cloud Technology Co., Ltd.
Hong Kong DR	DARRY JEWELRY (HK) LIMITED, a wholly owned subsidiary of DR GROUP COMPANY LIMITED
Couple Hong Kong	Couple Only Jewelry HongKong Company Limited , a wholly owned subsidiary of DR GROUP COMPANY LIMITED
French DR JEWELRY	DR JEWELRY, a wholly owned subsidiary of DR GROUP COMPANY LIMITED
Qianhai Wendi	Shenzhen Qianhai Wendi Management Consulting Co., Ltd.
EveryYear Travel Photography	Shenzhen EveryYear Travel Photography Culture Co., Ltd.
Wendi Design	Zhuhai Wendi Design Consulting Co., Ltd.
Wendi Technology	Zhuhai Wendi Technology Co., Ltd.
Zhuhai Wendi No.1	Zhuhai Wendi No.1 Investment Partnership (LP)
DR	A jewelry brand owned by DR Corporation Limited
Reporting Period	January 1, 2023 – December 31, 2023
Articles of Association	Articles of Association of DR Corporation Limited
Listing	Listing and trading of DRCO's shares on the Shenzhen Stock Exchange
Yuan or RMB	Renminbi, the lawful currency of the PRC
CSRC	China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
SDE	Shanghai Diamond Exchange
Shenzhen Administration for Market Regulation	Shenzhen Administration for Market Regulation
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Carat (in Ct)	A unit of mass (weight) of gems. The weight of a carat of diamonds is equal to 200 milligrams or 0.2 grams of diamonds. One carat can be subdivided into 100 points for calculation of smaller diamonds;

	therefore, a 50-point diamond is 0.5 carat.
Finished Diamond	The diamond after cutting, polishing and other processing that can be used to make jewelries
Gold jewelry	Jewelry with gold as the main raw material
Gold lease	DRCO leases physical gold from the bank for an agreed term and upon expiration, returns physical gold of the same quantity and variety and pays the bank a gold leasing fee as agreed.
m ²	Square meter, a unit to measure the area
DTC	Direct to Customer, a direct-to-consumer business model

Part II. Company Profile and Key Financial Indicators

I. Basic Information

Stock abbreviation	迪阿股份	Stock Code	301177
Chinese name	迪阿股份有限公司		
Chinese abbreviation	迪阿股份		
English name (if any)	DR Corporation Limited		
English abbreviation (if any)	DRCO		
Legal representative of DRCO	Zhang Guotao		
Registered Address	Room 306, Wing Building of Luohu Investment Holding Building, No. 112 Qingshuihe 1st Road, Qingshuihe Community, Qingshuihe Street, Luohu District, Shenzhen		
Postal code	518023		
History of changes in registered address	On February 18, 2022, the registered address of DRCO was changed from "Room 1108-1115 (Room 8~15, 11th floor), Fu Ga Park Building at Intersection of Cuishan Road and Wenjin North Road, Dongxiao Street, Luohu District, Shenzhen" to "Room 306, Wing Building Luohu Investment Holding Building, No. 112 Qingshuihe 1st Road, Qingshuihe Community, Qingshuihe Street, Luohu District, Shenzhen"		
Office address	12th and 13th Floor, Tower C, China Resources Land Building, Nanshan District, Shenzhen		
Postal code	518057		
Company's global website	http://www.darryringgroup.com		
E-mail	IR@darryring.com		

II. Contact Information

	Board secretary	Securities affairs representative
Name	Huang Shuirong	Wang Tong
Address	13th Floor, Tower C, China Resources Land Building, Nanshan District, Shenzhen	13th Floor, Tower C, China Resources Land Building, Nanshan District, Shenzhen
Telephone	0755-86664586	0755-86664586
Fax	0755-86725390	0755-86725390
E-mail	IR@darryring.com	IR@darryring.com

III. Information Disclosure and Place for Inspection

Website of the stock exchange for publishing DRCO's annual report	Shenzhen Stock Exchange (SZSE): www.szse.cn
Name and website of media designated for publishing the annual report	Securities Times, Securities Daily, China Securities Journal, Shanghai Securities News, www.cninfo.com.cn
Place for inspection of DRCO's annual report	The Board Secretary Office of DRCO.

IV. Other Relevant Information

Accounting firm engaged by DRCO

Name of accounting firm	Ernst & Young Hua Ming LLP (Special General Partnership)
Office address	Room 01-12, 17th Floor, EY Tower, Oriental Plaza, No.1 East Chang'an Street, Dongcheng District, Beijing
Names of signing accountants	Li Jianguang and Chen Huijin

Sponsor engaged by DRCO to perform continuing supervision during the reporting period

Applicable Not applicable

Name of Sponsor	Office address	Name of sponsor representative	Continuous supervision period
China Securities Co., Ltd.	35th Floor, Shenzhen Media Group Tower, Pengcheng 1st Road, Futian District, Shenzhen	Hu Fangxing and Fang Yifeng	December 15, 2021 - December 31, 2024

Financial advisers engaged by DRCO to perform continuing supervision during the reporting period

Applicable Not applicable

V. Key Accounting Data and Financial Indicators

Whether DRCO needs to retroactively adjust or restate the accounting data of the previous years

Yes No

	2023	2022	YoY Changes	2021
Operating Revenue (RMB)	2,180,277,744.00	3,681,574,412.68	-40.78%	4,622,729,780.48
Net profit attributable to shareholders of the parent company (RMB)	68,957,568.40	729,241,946.67	-90.54%	1,301,768,398.86
Net profit attributable to shareholders of the parent company after	-120,482,993.14	613,246,940.64	-119.65%	1,248,508,013.88

deducting non-recurring gains and losses (RMB)				
Net cash flow from operating activities (RMB)	36,965,507.81	818,011,112.24	-95.48%	1,544,212,850.71
Basic earnings per share (RMB/share)	0.17	1.82	-90.66%	3.62
Diluted earnings per share (RMB/share)	0.17	1.82	-90.66%	3.62
Weighted average return on net assets	1.04%	10.68%	-9.64%	32.61%
	At the end of 2023	At the end of 2022	YoY Changes preceding year	At the end of 2021
Total assets (RMB)	7,530,082,307.45	8,815,748,380.27	-14.58%	8,269,184,150.24
Total equity attributable to shareholders of the parent company (RMB)	6,472,637,841.96	6,803,046,203.96	-4.86%	6,866,575,701.17

For each of the past three fiscal years, the annual net profit before or after deduction of non-recurring profit or loss, whichever is lower, has been negative; the recent year's audit report indicates uncertainty about the company's ability to continue operating.

Yes No

The lower of DRCO's net profit before or after deduction of non-recurring profit or loss is negative.

Yes No

Item	2023	2022	Remarks
Operating Revenue (RMB)	2,180,277,744.00	3,681,574,412.68	/
Revenue deductions (RMB)	6,520,708.61	31,393,058.65	It is mainly the revenue from wedding planning business, sales of products to be disposed, packaging materials and other revenues.
Revenue after deduction (RMB)	2,173,757,035.39	3,650,181,354.03	/

VI. Key Financial Indicators on Quarterly Basis

Unit: RMB

	Q1	Q2	Q3	Q4
Operating Revenue	705,008,310.46	536,798,959.96	500,227,028.95	438,243,444.63
Net profit attributable to shareholders of the listed company	100,931,877.53	-47,520,815.11	20,731,956.90	-5,185,450.92
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	50,459,166.64	-99,820,334.06	-18,185,975.49	-52,935,850.23
Net cash flows from operating activities	92,814,601.29	-51,795,042.10	-46,916,743.66	42,862,692.28

The above financial indicators or their aggregate amounts differ significantly from the relevant financial indicators disclosed in the DRCO's quarterly or semi-annual reports.

Yes No

VII. Differences in Accounting Data Under Domestic and International Accounting Standards

1. The differences in net profit and net assets disclosed in financial reports prepared according to International Financial Reporting Standards (IFRS) and Chinese Accounting Standards (CAS).

Applicable Not applicable

This report is prepared in accordance with Chinese Accounting Standards and does not include differences in net profit and net assets disclosed during the reporting period under both International Financial Reporting Standards (IFRS) and Chinese Accounting Standards.

2. The difference in net profit and net assets disclosed in financial reports prepared according to both overseas accounting standards and Chinese accounting standards.

Applicable Not applicable

This report is prepared in accordance with Chinese Accounting Standards and does not include differences in net profit and net assets disclosed during the reporting period under both Overseas Financial Reporting Standards and Chinese Accounting Standards.

VIII. Non-recurring Profit/Loss Items and Amounts

Applicable Not applicable

Unit: RMB

Item	Amount in 2023	Amount in 2022	Amount in 2021	Description
Non-current asset disposal	1,483,669.10	1,244,949.25	-732,715.39	

gains or losses (including the write-off portion of previously recognized asset impairment provisions)				
Government grants recognized in the current period's income, excluding those closely related to the company's normal operations, conforming to national policy regulations, enjoyed under established criteria, and persistently impacting the company's income and expenses	17,239,801.74	23,433,558.47	11,022,474.28	
Gains and losses on changes in the fair value of financial assets and liabilities held by non-financial enterprises and gains and losses on the disposal of financial assets and liabilities, except for effective hedging operations related to regular business operations of DRCO	232,611,194.40	128,297,407.98	59,197,417.83	Gains and losses on changes in fair value of financial assets held for trading, and investment income from wealth management products during the reporting period.
Reversal of provision for impairment of receivables subject to separate impairment test	1,476,671.46	0.00	0.00	Collection of long overdue payments from shopping malls during the reporting period.
Other non-operating income or expenses other than the above items	-4,827,618.30	631,427.63	-747,789.79	Mainly increase in liquidated damages arising from early closure of stores during the reporting period.
Less: Income tax effect	58,543,156.86	37,612,337.30	15,479,001.95	
Total	189,440,561.54	115,995,006.03	53,260,384.98	--

Details of other gain/loss items that meet the definition of non-recurring gains/losses:

Applicable Not applicable

DRCO has no other items in line with the definition of non-recurring gains/losses.

Explanation on defining the non-recurring items listed in *Interpretative Announcement No. 1 on the Disclosure of Information by Companies Issuing Securities Publicly—Non-recurring Gains and Losses* as recurring items

Applicable Not applicable

Item	Amount involved (RMB)	Explanation
The value-added tax refund obtained due to the portion of the actual tax burden on diamond imports exceeding 4%, which	8,266,133.90	Government grants that comply with national policies and continue to enjoy in accordance with certain

qualifies for immediate refund.		standard quotas or quantities
VAT exemption for small-scale taxpayers with monthly sales not exceeding 100,000 yuan (or 300,000 yuan for quarterly sales if a quarter is a tax period)	1,118,925.88	

Part III. Management Discussion and Analysis

I. Industrial situation during the reporting period

DRCO is required to comply with the disclosure requirements for "jewelry-related business" and "retail industry" specified in the Self-disciplinary Supervision Guidelines No.3-Industry Information Disclosure of companies listed on the Shenzhen Stock Exchange.

(I) Overview of macroeconomic environment and market conditions

In 2023, world economic recovery was weak, inflation remained at a high level globally, the spillover effects of tightened monetary policies in major economies became prominent, de-globalization and geopolitical risks increased. The external environment became increasingly complex and severe. The domestic economic recovery process is volatile, affected by the slowdown of China's economic growth and the lack of consumption power caused by the real estate market entering the downward period, the overall recovery speed of the consumer industry is less than the market expectations. According to an investigation of the People's Bank of China (PBOC), the willingness to save of Chinese depositors stayed at an all-time high in 2023, which, coupled with a setback in consumer confidence, led to the amount of new deposits substantially exceeding that of new loans for the second consecutive year. Nevertheless, consumption still showed strong resilience among the three drivers of growth. In 2023, China's GDP grew by 5.2% over the previous year, with 4.3% of the growth fueled by final consumption expenditure, making it the principal driver of the economic recovery. A further breakdown of the data on total retail sales of consumer goods suggests a wide disparity in the recovery of different consumption types in China. The consumption of catering services was better than that of commodities, and the consumption of consumer staples was stronger than that of consumer discretionary. The consumption structure exhibited a divided trend.

"Recovery and expanding consumption" remained key words throughout the year. To boost consumption, diversified consumption scenarios were reopened and developed in a more orderly fashion. Responding to the strategy of expanding domestic demand, relevant policies gave full play to the fundamental role of consumption in economic development and continued to enhance the lasting power of high-quality development. For instance, the National Development and Reform issued the "Measures to Restore and Expand Consumption", which proposed 20 specific measures to stabilize spending on big-ticket items and expand service consumption and formed a policy package. Several authorities proposed to stimulate consumption with a focus on resident income, financial services and the consumption environment, etc., and specific initiatives represented by consumption vouchers were launched one after another. The consumer market is becoming increasingly complex and diversified. The consumers are both emotional and rational in decision-making. In particular, as the quality of life improves, people tend to pursue individualized and customized consumption. Consumption is getting more and more diversified no matter in terms of innovative product design, individualized marketing strategy or cross-industry integrated development.

(II) Overview of the development of the jewelry industry

In 2023, the global jewelry market was US\$353.26 billion, in which the Asia-Pacific jewelry market accounted for 59.9%. This huge market share was mainly attributed to the high demand for jewelry in densely populated countries. As a major player in the global jewelry market, China's jewelry industry has entered a new business cycle. According to the "2023 Development Report of China's Jewelry Industry" issued by the Gems & Jewelry Trade Association of China, the total market size of China's jewelry industry in 2023 was approximately RMB820 billion, an increase of 14% over 2022. The gold products market stood at approximately RMB518 billion, up 26.3% year-on-year; the jade market was around RMB150 billion, rising 2% year-on-year; and the diamond products market was about RMB60 billion, down 26.8% year-on-year. With the increase in disposable income, the iteration of jewelry craftsmanship and design, as well as the ever-changing consumer demand, Statista expects China's jewelry market to grow at a compound growth rate (CAGR) of 4.39% from 2024 to 2028, and there is still room for growth in China's jewelry market.

By category, the natural diamond market remained sluggish in 2023, and the price of finished diamond was declining. Due to supply control in the upstream and production cuts in the midstream, the B2B price of natural diamond rebounded visibly in the last two months, but the Rapaport Diamond Price Index showed that except for 0.30 carat, the other three segments all decreased in 2023, respectively by 25.9%, 20.6% and 11.3%, suggesting a weak market demand for natural diamond. According to the "Diamond Insight Report 2023" of De Beers, China's middle class is growing dramatically from one in five (21%) in 2010 to one in two (51%) in 2022, and possibly to two-thirds by 2030. The diamond industry in China may benefit from this with RMB140 billion of business opportunities.

In short, the jewelry industry is undergoing an unprecedented reform with the development of global economy and the change of consumption concepts. The development of digitization in the jewelry industry, the growing concern about sustainable development, and the pursuit of individualization and spiritual satisfaction are driving multi-dimensional upgrading of the jewelry industry. China, as the most promising consumer market for jewelry, will see a new development pattern. The diamond jewelry industry has begun a cyclical adjustment filled with challenges and tests, and the leading players that would continue to improve their core competitiveness and brand potential could seize the opportunity of industry adjustment to exchange time for space and gain a bigger market share.

1. Increase in residents disposal income drives steady growth of the industry, and the combined emergence of diversified consumer demands and customer behaviors

Consumption has become a key driver of China's economic growth in which the residents disposal income level is an important factor. In 2023, the per capita disposable income in China was RMB39,218, up 6.1% from the previous year, which was faster than the growth of GDP. The growth in disposal income lays the foundation for increasing the penetration rate of diamond jewelry as consumer discretionary. In the mid- and long- run, there is much room for the penetration rate and per customer transaction of diamond jewelry to rise in China. According to data from World Jewelry Association as quoted by Forward (Qianzhan Industrial Research Institute), the penetration rates of diamond jewelry in tier-1, tier-2, and tier-3 cities and below were respectively 61%, 48% and 37%, lower than the penetration rates of gold and platinum. The "Diamond Insight Report 2023" showed that the penetration rate of diamond consumption, per capita annual spending

on diamond, and per capita possession of diamond in China were less than 50% of those in the US and Japan. This shows that with the continuous improvement of per capita disposal income and penetration rate is likely to spur the expansion of the jewelry industry.

In China, one of the largest consumer markets in the world, there is a strong demand for diversified and innovative products and services. The ever-changing preferences and behavioral patterns of Chinese consumers bring tremendous opportunities and challenges for jewelry brands. With a middle-income population of 470 million, China is going through a consumer transition from focus on cost performance to focus on appearance to focus on psychological satisfaction. In addition to the asset preservation and appreciation function of jewelry, diversified consumption demands and consumer behaviors emerge in combination as the consumer group and consumption scenarios expand. According to statistics from the Gems & Jewelry Trade Association of China and Ernst & Young, female consumers are primarily interested in the design of jewelry. Therefore, the ability to thoroughly understand the emotional and scenario demands of consumers, the research, development and design ability, and the value and meaning conveyed will be increasingly important for brands in competition.

2. Market fluctuation accelerates industry reshuffle, and the rise of self-owned brands leads to market concentration towards top brands

After the public health emergency and the withdrawal of capital from consumer goods, the transformation and upgrading of traditional jewelers that rely on extensive channel coverage to build barriers to competition and gain market share with stores accelerate the exit of small and medium-sized jewelry brands and the concentration of market resources towards the top companies. Jewelers with brand appeal and influence may integrate upstream and downstream resources and enlarge their market share more efficiently, leading the market to move towards the top brands. According to data from Euromonitor, China's jewelry industry showed a tendency of concentration towards the top brands during 2016-2023, with CR10 increasing from 19.1% to almost 35.6%, and despite a relatively fragmented competition landscape, the top companies still have room to further raise their market share. A research conducted by McKinsey for Chow Tai Fook in 2022 suggested that the sales of Chinese branded diamond would grow at 10%-14% annually in the coming years.

The continuous improvement in the concentration of jewelry brands is inseparable from the deep involvement of China's self-owned brands in globalization. The diversification of brand innovation, the development of new consumer brands and the creation of brand consumption atmosphere all fuel the rise of self-owned brands. In the competition with international brands, self-owned brands continue to accumulate product innovation ability and brand power. According to the "Diamond Insight Report 2023" of De Beers, established brands represented a staggering 92% of all diamond jewelry purchases in 2022, while in 2016, the percentage was only 44%. Among them, Chinese brands led the purchase of diamond jewelry and contributed approximately 80% of the total purchases, indicating that consumers buy diamond jewelry for the brand culture, emotional connotations, extensive recognition and brand influence. This phenomenon where brand is the vehicle and culture is the language reflects the deep fusion of Chinese culture and modern consumerism.

3. The jewelry industry enters a new development stage, and structural differentiation intensifies

In 2023, catalyzed by multiple factors such as the sustained surge in gold prices in the short to mid term, the further broadening of consumption scenarios, and the iteration and upgrading of new crafts and designs, the gold jewelry industry showed a relatively impressive performance among consumer discretionary. Data from the National Bureau of Statistics shows that the total retail sales of consumer goods in 2023 was RMB47.15 trillion, an increase of 7.2% over the previous year. The retail sales of gold and silver jewelry in the consumer market was strong, with the total retail sales of gold and silver jewelry above the designated size amounting to RMB331 billion, up 13.3% year-on-year, which was the second fastest growth.

Gold is a precious metal strongly correlated with the monetary system, the economic cycle, and the global economy. Based on its inherent monetary attributes, gold continues to be a safe haven of assets for Chinese consumers. According to the latest statistics released by China Gold Association, the whole country consumed 1,089.69 tons of gold in 2023, an increase of 8.78% compared with the same period in 2022, including 706.48 tons of gold jewelry, a year-on-year increase of 7.97%; 299.60 tons of gold bars and coins, a year-on-year increase of 15.70%; and 83.61 tons of gold for industrial and other purposes, a year-on-year decrease of 5.50%. Benefiting from the continuous rise in gold prices and the increasing demand of residents for value preservation and risk hedging, investment in physical gold attracted greater attention and the consumption of gold bars and coins, which have relatively low premiums, showed a quantitative growth.

However, the demand for diamond, which also belongs to jewelry, experienced cyclical adjustments. IDEX data showed that the closing price of the finished diamond price index at the end of December 2023 was 16.53% lower than that at the end of December 2022, while the annual drop in 2022 was 6.4%. Moreover, according to customs statistics for Shanghai Diamond Exchange, diamond transactions at Shanghai Diamond Exchange totaled US\$3.109 billion during January-December 2023, a decrease of 29.7% year-on-year. Meanwhile, the emergence of lab grown diamonds aroused public discussion on the "value of diamond", and consumers misunderstood the scarcity and uniqueness of natural diamonds to varying degrees as a result of publicity by some We Media accounts. However, quite a number of industry practitioners believe that lab grown diamonds and natural diamonds are two completely different markets and segments, and that lab grown diamonds provide a new option for the diamond consumer market, which will help to expand the volume of the diamond market as a whole. Frost & Sullivan projected that the global diamond market would see a supply-demand gap of 159 million carats by 2030. Hence, some senior industry analysts believe that the decline in natural diamonds is essentially a correction of the rapid rise in diamond prices between 2020 and 2021. As diamond production falls, the long-term scarcity of diamonds will be restored and the price index will gradually pick up.

4. The transition from “channel model” to “new retail model” promotes digital transformation of the industry

In the past, consumers decided whether a brand was reliable mainly based on the size of its channels, so popular jewelry brands penetrated the market mostly by expanding their channels to reach as many consumers as possible. In recent years, however, as the "aesthetic consciousness" awakens, general consumers can hardly form an independent consumer preference through repeated purchases of jewelry, which is high-priced low-frequency consumer goods, making external reputation particularly important. As a

result, brand operators that focus on terminal marketing, product innovation and digital capacity building are more likely to gain new growth momentum in the new consumer environment, which accelerates the transition of the jewelry industry from the "channel model" to the "new retail model". Meanwhile, the rapid development of online media influences transmission efficiency, which gives consumers enough options and selective power. Thus, jewelry brands must accurately grasp the end consumer demands and respond quickly. The importance of the whole-link digital capacity is increasingly highlighted in the demand-led stage. In the demand-led stage, digital capability across the chain becomes increasingly important.

Over the past three years, changes in consumers, media, and brands have shaped a new direction for online and offline integration. Digital transformation enables jewelry companies to deliver personalized services and customized products better, and they can understand consumer preferences and needs more accurately based on data collection and analysis. In addition to improvements in product development, design and other tangible aspects, consumer experience and experiential consumption are becoming essential links in the consumption chain. According to the "2024 Consumer and Media Trends Report" issued by GroupM, 84% of consumers would experience a product before making a purchase offline, in which 31% would view a product online and then experience and buy it offline. The influence of recommendations and co-branding on consumers' final purchases increased by 25% year-on-year in 2023. The percentage of consumers who searched for more information before making an online purchase grew from 58% in 2022 to 65% in 2023. The consumer buying behaviors show that, more and more consumers tend to buy from channels such as official website, mini program and private traffic pool of shopping guides, and consumers are increasingly influenced by the recommendations of celebrities and opinion leaders on We Media platforms.

5. Deep insight into consumer needs is still a key factor in the long-term development of the jewelry industry

China's consumer market is changing rapidly, with the core element of competition shifting from production and channels to the consumer's mentality. It is crucial for brands to gain deep insights into consumer needs, secure a favorable position in consumers' minds, and build a cognitive advantage through a differentiated positioning. In 2023, some jewelry brands combined traditional craftsmanship, wedding culture and Chinese and Western aesthetic elements into their jewelry design based on a thorough understanding of traditional wedding culture and modern consumer needs, and developed uniquely differentiated products that won the hearts of consumers. Furthermore, brand impression that represents the products is the key to consumer recognition. It requires jewelry brands to make prospective arrangements in terms of design concept planning, selection of suitable technology, and cultivation of cultural connotations.

Given the strong link between jewelry brand and consumer trust, quality, personal taste and style, brand has become a significant driver of consumers' purchasing decisions. Jewelry brands that have accumulated certain brand assets tend to be more influential. According to the "2023 Jewelry Consumer Trends Report", 56% of respondents in China associated jewelry brands with trust and quality, while 53% associated brands with the expression of personal taste and style. Consumers on the Chinese mainland were more brand-conscious than their Hong Kong counterparts, as the report found that 86% of respondents on the Chinese mainland attached more importance to brand. Thus, the credibility and quality of jewelry brands play a pivotal

role in influencing purchase decisions. Moreover, consumers expect to see values and emotions consistent with their own in the image, story and underlying philosophy of the brand they choose, so jewelry brands with emotional connotations, value propositions, attitudes and tonality are likely to further broaden their consumption scenarios. According to the "2023 Jewelry Consumer Trends Report", the value proposition of natural diamond is multifaceted and not limited to its scarcity and value preservation function. Chinese consumers associate natural diamond with significant moments in their lives, anniversaries, love and achievements. Female respondents showed the most striking emotional connection to diamond. 82% of female consumers believed that diamond represented eternal love/true love or symbolised constant commitment and fidelity in a proposal.

II. DRCO main business during the reporting period

DRCO abides by the disclosure requirements for jewelry-related business and retail industry specified in the *Self-disciplinary Supervision Guidelines No.3 - Industry Information Disclosure of Companies Listed on the Shenzhen Stock Exchange*.

(I) Main business of DRCO

Insisting on the corporate vision of "global leader in true love culture", DRCO is a globalized public company engaging in high-end diamonds and jewelry and related services with true love culture. Focusing on such business scenarios as engagement, wedding, anniversaries and gold bridal gifts, DRCO continues to deliver worldwide consumers with high-quality jewelry products and unique true love experience & services.

With the mission of "helping more people express love and making love happy for a long time" and to help widely express love and make love forever, DR Diamond Ring, the company's high-end jewelry brand, is dedicated to spreading and witnessing true love stories worldwide, and encourages everyone to bravely seek true love, forging a global brand image characterized by romance, love, fashion and sincerity. Through a global online and offline DTC (Direct to Consumer) retail network, our products are available in over 200 cities at domestic and overseas (e.g. Paris, France, and Hong Kong, China). Empowered by differentiated positioning, professional designs and unique service experience, DR has become one of leading brands in the worldwide market of diamond rings, and reaped many authoritative international awards, such as "Asia's Top 500 Brands" by World Brand Lab, "Brand of the Year" by JNA Awards, and "Best International Engagement Ring Brand of the Year" by HKCT, for several consecutive years. During the reporting period, the Company was listed into Top 100 Luxury Goods Enterprises for 2023 by Deloitte. Moreover, DR Diamond Ring also received the prestigious "Chinese Image Brands Award 2023" from CCTV.

At whatever time, everyone still yearns for a lifetime of true love deep in his heart, DR Condenses the most devout and attitude of true love belief. Therefore, we sincerely hope to help more people express, find and enjoy true love forever, and promote such belief around the world, which is original intention and aspiration for creating DR brand. To this end, every DR diamond ring is customized for only one person. And around the user's lifelong romance continues to expand, DR brand offers "Wedding+" services covering wedding rings, proposal/wedding planning, anniversary gifts, and wedding photography or portrait. The beginning and destination of DR brand is centered on witnessing, spreading and serving true love.

(II) Main products of DRCO

The Company is dedicated to creating high-quality innovative products and providing superlative services to offer each customer a unique experience of true love. Our main products currently include engagement rings, wedding rings, anniversary gifts, and gold bridal gifts. During the reporting period, the Company collaborated with renowned domestic and international craftsmen, who pay tribute to the determination to love forever with a deep dedication to craftsmanship. With a unique aesthetic attitude and stringent craftsmanship standards, they meticulously crafted each piece of jewelry representing "the sole true love in one life".



DR HEART Heart Shaped Halo Pavé Engagement Ring



DR YOU&ME Twisted Wedding Rings



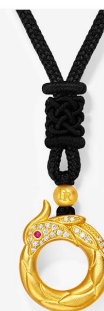
DR D Lifelong Deed Double Row Pavé Splice Bracelet



KING & QUEEN - Covenant of Love Necklace



KING & QUEEN - Covenant of Love Drop Earrings



KING & QUEEN - Embrace of Love Phoenix Pendant

(III) An Overview of the Operational Status

1. Customized fully self-operated sales model

The company adopts an integrated omni-channel approach, providing consumers with a seamless online and offline shopping experience. Channels such as the official website, mini-program, Tmall, and JD flagship stores serve as online platforms for browsing and purchasing, while offline stores offer physical retail experiences. This strategy leverages the efficiency of online platforms and the tactile experience of offline channels.

For brand promotion, image building, and unified management, the DR brand follows a fully self-operated model, with all stores managed and operated by the company. Both online and offline products are uniformly priced, primarily offering customized products to customers. Under the customization model, customers place orders and make payments (either deposits or full payments) online or offline. The company then arranges production through outsourcing, delivers the products directly to customers' doorsteps after receiving the final payment, or allows customers to collect the products from designated stores.

To enhance the romantic experience for customers, the company offers a range of value-added services, including the "True Love Agreement," "Love Confirmation Certificate," and co-hosting of marriage proposal ceremonies at stores. These services enrich the overall consumer experience, further reinforcing the brand's identity and emotional connection with customers.

(1) Revenue by business segment during the reporting period

During the reporting period, the Company achieved revenue of RMB 2,180.28 million, a decrease of 40.78% compared to the same period last year, and the corresponding order quantity decreased by 38.18% year-on-year. However, the average transaction price remained relatively stable, a decrease of 3.28% year-on-year (excluding other businesses). In terms of business model classification, the revenue from online self-operated, offline directly operated, and offline jointly operated channels amounted to RMB227.09 million, RMB1,769.41 million, and RMB177.26 million respectively. This represents decreases of 42.45%, 40.63%, and 35.59% respectively compared to the same period last year. Revenue from other business activities amounted to RMB6.52 million, representing a decrease of 79.23% compared to the same period last year, mainly due to a reduction in product disposals during the reporting period.

During the reporting period, the company's comprehensive gross profit margin was 68.83%, a decrease of 0.96 percentage points compared to the same period last year. Both online and offline business models are the company's main business, accounting for over 99% of revenue. The gross profit margin of the main business is basically consistent with the comprehensive gross profit margin, and the level of gross profit margin remains relatively stable.

Revenue by business segments during the reporting period

Unit: RMB'000

Business Segment	2023			2022			YoY change in revenue	YoY change in gross margin
	Revenue	Operating cost	Gross margin	Revenue	Operating cost	Gross margin		
Online Self-Operated	22,708.81	7,589.49	66.58%	39,459.33	12,847.89	67.44%	-42.45%	-0.86%
Offline Direct-Operated	176,941.40	54,320.50	69.30%	298,037.34	86,718.60	70.90%	-40.63%	-1.60%
Offline Joint-Operated	17,725.50	5,664.30	68.04%	27,521.47	8,713.53	68.34%	-35.59%	-0.29%
Other Businesses	652.07	381.03	41.57%	3,139.31	2,947.23	6.12%	-79.23%	35.45%
Total	218,027.77	67,955.33	68.83%	368,157.45	111,227.25	69.79%	-40.78%	-0.96%

Note: The above figures are rounded to two decimal places. Some of the figures are slightly different in the endings due to rounding and are not calculation errors.

(2) Stores in the reporting period

① Changes in number of stores

During the reporting period, the company proactively adjusted its store channel strategy to adapt to market changes. It conducted assessments of existing stores and optimized channels based on factors such as

changes in commercial districts, alignment with customer demographics, and brand positioning. Throughout the reporting period, the company opened 24 new stores (8 in Q1, 7 in Q2, 4 in Q3, and 5 in Q4) and closed 184 stores (9 in Q1, 18 in Q2, 86 in Q3, and 71 in Q4), resulting in a net reduction of 160 stores.

As of the end of the reporting period, the company operated a total of 528 stores, all of which were self-operated. These stores were located in 209 cities across 31 provinces/autonomous regions/municipalities in China, with 2 non-mainland stores located in Paris, France, and Hong Kong, China. The majority of domestic stores were situated in third-tier cities and above, with 330 stores located in first and second-tier cities, accounting for approximately 62.74% of the total, and 196 stores located in third-tier cities and below, accounting for approximately 37.26% of the total.

Store Movements

Tier of city	Classification	Opening number	Open		Close		Net change	Closing number
			New	Change in business mode	Closed	Change in business mode		
Tier-1 and tier-2	Direct--operated	411	11	2	122	1	-110	301
	Joint-operated	38	1	1	9	2	-9	29
	Subtotal	449	12	3	131	3	-119	330
Tier-3, 4 and below	Direct--operated	218	11	-	49	1	-39	179
	Joint-operated	19	1	1	4	-	-2	17
	Subtotal	237	12	1	53	1	-41	196
Overseas	Direct--operated	2	-	-	-	-	-	2
	Joint-operated	-	-	-	-	-	-	-
	Subtotal	2	-	-	-	-	-	2
Total	Direct--operated	631	22	2	171	2	-149	482
	Joint-operated	57	2	2	13	2	-11	46
	Total	688	24	4	184	4	-160	528

② Newly opened stores

During the reporting period, DRCO opened 24 new self-operated stores, a decrease of 230 YoY. During the reporting period, the newly opened stores realized revenue of RMB 34.19 million, accounting for 1.57% of the total revenue; their gross profits reached RMB 23.91 million.

Newly opened stores

Unit: RMB0'000

Mode	Region	2023					2022				
		Number of stores	Area (m ²)	Revenue	As % of total revenue	Gross profit	Number of stores	Area (m ²)	Revenue	As % of total revenue	Gross profit
Joint-operated	North China	-	-	-	-	-	6	413.00	1,409.48	0.38%	986.49
	East China	-	-	-	-	-	8	436.28	822.41	0.22%	538.26
	South China	-	-	-	-	-	1	65.00	378.43	0.10%	265.26
	Central China	1	110.00	63.05	0.03%	44.49	1	31.00	398.99	0.11%	255.46
	Northwest	1	36.60	210.69	0.10%	128.52	-	-	-	-	-
Subtotal of joint-operated stores		2	146.60	273.74	0.13%	173.00	16	945.28	3,009.31	0.82%	2,045.47
Direct-operated	Northeast	1	98.00	155.97	0.07%	95.24	17	1,443.78	2,269.53	0.62%	1,590.26
	North China	2	211.00	285.71	0.13%	199.52	27	2,639.87	5,281.82	1.43%	3,783.43
	East China	5	395.15	606.17	0.28%	435.06	84	7,630.04	9,425.75	2.56%	6,703.03
	South China	3	334.33	462.18	0.21%	326.37	25	2,561.07	3,133.24	0.85%	2,229.32
	Central China	2	134.00	131.39	0.06%	89.97	26	2,629.97	3,324.86	0.90%	2,372.48
	Northwest	6	625.56	772.49	0.35%	542.54	18	1,535.64	3,107.10	0.84%	2,186.87
	Southwest	3	245.82	730.86	0.34%	529.02	41	4,692.06	3,135.16	0.85%	2,231.48
Subtotal of direct-operated stores		22	2,043.86	3,144.78	1.44%	2,217.72	238	23,132.43	29,677.45	8.06%	21,096.87
Total		24	2,190.46	3,418.52	1.57%	2,390.72	254	24,077.71	32,686.77	8.88%	23,142.34

Note: The above figures are rounded to two decimal places. Some of the figures are slightly different in the endings due to rounding and are not calculation errors.

③ Impact of closed stores during the reporting period

In 2023, the Company actively adjusted and optimized the store channel strategy to focus on improving the quality and profitability of the stores. During the reporting period, the Company closed 184 stores, including 171 direct-operated and 13 joint-operated ones. These closed stores earned revenue of RMB 226.25 million during the reporting period. Based on the revenue of RMB 567.92 million in the same period of the preceding year, the impact of the closed stores on DRCO's revenue during the reporting period was RMB -341.67 million, representing -15.67% of the revenue in the reporting period.

Analysis of the impact of closed stores on revenue during the reporting period

Unit: RMB0'000

Mode	Region	Closed	Revenue during the reporting	Revenue in the same period of the preceding	Impact of closed stores on DRCO	Impact of closed stores as a % of
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			period	year created by stores closed during the reporting period	during the reporting period	revenue during the reporting period
Joint-operated	Northeast	1	143.64	404.14	-260.50	-0.12%
	North China	1	99.31	315.99	-216.68	-0.10%
	East China	6	493.88	1,225.73	-731.85	-0.34%
	South China	2	315.39	807.74	-492.34	-0.23%
	Central China	2	130.48	275.92	-145.44	-0.07%
	Southwest	1	122.50	388.57	-266.07	-0.12%
Subtotal of joint-operated stores		13	1,305.21	3,418.09	-2,112.88	-0.97%
Direct-operate	Northeast	7	628.98	1,209.68	-580.70	-0.27%
	North China	16	2,445.51	6,164.20	-3,718.69	-1.71%
	East China	81	8,886.44	22,583.06	-13,696.62	-6.28%
	South China	22	2,652.14	9,065.46	-6,413.32	-2.94%
	Central China	12	2,102.24	5,221.35	-3,119.10	-1.43%
	Northwest	12	1,886.99	4,426.82	-2,539.83	-1.16%
	Southwest	21	2,717.32	4,703.26	-1,985.94	-0.91%
Subtotal of direct-operated stores		171	21,319.62	53,373.82	-32,054.20	-14.70%
Total		184	22,624.83	56,791.92	-34,167.08	-15.67%

Note1: Impact of closed stores on DRCO during the reporting period = Revenue of closed stores during the reporting period - revenue of closed stores in the same period of preceding year

Note 2: The above figures are rounded to two decimal places. Some of the figures are slightly different in the endings due to rounding and are not calculation errors.

④ Performance analysis for stores during the reporting period

During the reporting period, for direct-operated stores, the revenue of a single store was RMB 3.03 million, down 47.24% from the same period of last year; the gross profit of a single store was RMB 2.10 million, down 48.43% from the same period of last year, and the area efficiency of a single stores was RMB 0.03 million, down 46.29% from the same period of last year; for joint-operated stores, the revenue of a single store was RMB 3.41 million, down 39.31% from the same period of last year; the gross profit of a single store was RMB 2.32 million, down 39.57% from the same period of last year, and the area efficiency of a single stores was RMB 0.05 million, down 39.13% from the same period of last year. This is primarily due to an excessive density of stores in certain cities, leading to revenue dilution for individual stores. The company also had significant room for improvement and enhancement in channel layout, site selection, customer flow conversion, and store operation management. After adjusting and optimizing channels in the second half of the year, the decrease in single-store revenue, gross profit, and sales per square meter (efficiency) was reduced compared to the first half of the year. Additionally, the impact of external macroeconomic conditions

and the diamond-studded market on the gold product market led to an overall decline in company sales, resulting in significant decreases in single-store revenue, gross profit, and efficiency compared to the same period last year.

Store revenue and gross profit

Unit: RMB'000

Classification	2023					2022					YoY change		
	Average number of stores	Single-store area m ²	Single-store revenue	Single-store gross profit	Single-store area efficiency	Average number of stores	Single-store area m ²	Single-store revenue	Single-store gross profit	Single-store area efficiency	Single-store Revenue	Single-store gross profit	Single-store area efficiency
Direct-operated	584	89.11	302.98	209.97	3.40	519	91.00	574.25	407.17	6.33	-47.24%	-48.43%	-46.29%
Joint-operated	52	68.29	340.88	231.95	4.99	49	69.00	561.66	383.84	8.20	-39.31%	-39.57%	-39.13%

Note: The average number of stores refers to the average of the number of stores at the end of each month of the reporting period (\sum number of shops at the end of the month / number of months)

⑤ Top 10 stores in terms of revenue

Unit: RMB'000

No.	Store Name	Opening time	Mode	Business area (m ²)	Revenue	Operating cost	Operating profit
1	DR Store in Guangzhou Tianhe Zhengjia Plaza	2017/11/11	direct-operated	266.00	1,267.19	403.44	-79.92
2	DR Store in Xi'an SAGA International Shopping Mall	2018/7/28	direct-operated	168.00	1,262.19	399.07	317.94
3	DR A Store in Lanzhou Center	2021/6/22	joint-operated	83.00	1,112.01	350.82	404.09
4	DR Store in Chengdu IFS	2018/1/17	direct-operated	93.00	1,063.22	339.52	334.64
5	DR Store in Beijing IKEA Livat	2018/7/5	direct-operated	60.00	916.63	288.75	417.94
6	DR Store in Fuyang Yingzhou Wanda Plaza	2020/11/9	direct-operated	111.99	884.20	256.17	396.22
7	DR Store in Jinhua Yiwu Zhixin	2018/4/18	direct-operated	122.00	860.46	268.33	380.68
8	DR Store in Langfang Wanda Plaza	2020/8/7	direct-operated	98.70	852.29	265.08	399.54
9	DR Store in Foshan Wangfujing Ziweigang	2020/12/30	direct-operated	110.00	795.35	264.00	327.39
10	DR Guojin Store in Changsha Wuyi Square	2017/10/2	direct-operated	74.00	788.48	242.11	289.20

Note: Operating profit = revenue - operating costs - store expenses, excluding expenses shared with the

headquarters.

(3) Online sales during the reporting period

DRCO online business is mainly carries out through own sales platform (i.e. DRCO portal) and third-party sales platforms. During the reporting period, DRCO's revenue from online business was RMB 227.09 million, down 42.45% from the same period last year and accounting for 10.42% of the Company's revenues. Specifically, the revenue from self-owned sales platform was RMB 33.73 million, down 53.96% from the same period last year; and the revenue from third-party sales platforms was RMB 193.35million, down 39.82% from the same period last year.

According to DRCO's purchase rules, all customers from the third-party sales platforms need to register on DRCO's self-owned sales platform (i.e. DRCO portal). As of the end of the reporting period, the registered customers on DRCO portal totaled about 12.21 million including around 1.55million new ones during the reporting period. In 2023, the per customer transaction on DRCO portal was about RMB 5,800, down 7.94% from the same period last year.

Online Sales

Unit: RMB0'000

Channel	2023			2022			YoY change	
	Sales order amount	Revenue	As % of online revenue	Sales order amount	Revenue	As % of online revenue	Sales order amount	Revenue
Self-owned sales platform	3,461.84	3,373.47	14.86%	7,983.61	7,327.52	18.57%	-56.64%	-53.96%
Third-party sales platforms	21,555.97	19,335.34	85.14%	34,988.44	32,131.81	81.43%	-38.39%	-39.82%
Total	25,017.81	22,708.81	100.00%	42,972.05	39,459.33	100.00%	-41.78%	-42.45%

Note 1: The self-owned sales platform is DRCO portal, and the third-party sales platforms include the flagship stores on Tmall.com and Jd.com;

Note 2: The sales order amount is the tax-inclusive amount placed by the customers during the reporting period, and the orders whose products have been returned are excluded.

2. Consigned production model

Thanks to abundant industrial chain resources and deepening industrial division of labor, the company adopts a light-asset operation strategy, employing an outsourced processing production model for all finished products. On one hand, leveraging external production capabilities enhances operational efficiency, while on the other hand, the company focuses on brand building, channel expansion, product development, and supply chain integration, contributing to favorable operational performance. The company dynamically adjusts the allocation of orders to suppliers based on evaluation criteria such as supplier capacity, product qualification rate, and delivery delay rate to ensure product quality and delivery deadlines. The company has always attached great importance to product quality, continuously improving the product quality control system. It implements professional quality inspection personnel or related professional equipment control in various stages such as raw material procurement, outsourced production, and product circulation.

Additionally, all products sold to end consumers undergo testing by national-level third-party inspection agencies and are equipped with relevant professional certificates.

3. Procurement mode

In order to ensure standardized and quality raw material procurement, DRCO's supply chain department is fully responsible for purchasing raw materials, mainly end product diamonds. DRCO formulates and implements procurement plans based on business demands, inventory and short-term market price trends. During the reporting period, the Company introduced new services in gold leasing and platinum procurement. For the gold leasing service, the Company leases physical gold from a bank for a specified period, and returns gold with the same quantity and type to the bank and pays the leasing fees upon maturity as per the agreement.

(1) Major procurements during the reporting period

During the reporting period, the total procurement amount for the company's main raw materials and commissioned processing was RMB 517.52 million, a decrease of 59.79% compared to the same period last year. This decrease is mainly attributed to the decline in company performance and the decrease in new store openings, the demand for goods preparation has decreased.

Out of this total, gold procurement amounted to RMB 58.59 million, which is gold leased by the company from banks. Diamond procurement amounted to RMB 252.14 million, a decrease of 50.47% compared to the same period last year. The total amount for commissioned processing procurement was RMB 200.23 million, a decrease of 74.26% compared to the same period last year. The proportion of commissioned processing procurement decreased by 21.76% compared to the same period last year.

This adjustment is mainly due to the company's efforts to further reduce procurement costs, improve procurement efficiency and effectiveness by restructuring its procurement. During the reporting period, some jewelry materials that were previously provided by external processing vendors were changed to be supplied by the company to external processing vendors. Additionally, the company transitioned most of the diamonds with a weight of 0.03 carats and below from being provided by external processing vendors to being purchased directly by the company..

Major procurement during the reporting period

Unit: RMB0'000

Item	2023		2022		YoY change
	Purchase amount	As % of total purchases	Purchase amount	As % of total purchases	
Diamond	25,214.39	48.72%	50,902.86	39.55%	-50.47%
Gold leasing	5,858.99	11.32%	-	-	-
Platinum	655.89	1.27%	-	-	-
Consigned processing	20,022.91	38.69%	77,796.66	60.45%	-74.26%
Total	51,752.18	100.00%	128,699.52	100.00%	-59.79%

Note 1: The purchase amount in the table is based on the price excluding tax.

Note 2: The purchase of diamonds includes both finished and rough diamond.

(2) Purchase channels and quantities of diamonds and gold as the main raw material during the reporting period

During the reporting period, DRCO's finished diamonds are mainly sourced from overseas and domestic markets, and all of them were checked by the supply chain department before being stored. For overseas purchases, Hong Kong DR GROUP is responsible for purchases from overseas suppliers, and then Shanghai Darry, a member of Shanghai Diamond Exchange, is in charge of the custom clearance. DRCO also purchases finished diamonds directly from domestic diamond suppliers or their affiliates, which are members of the Shanghai Diamond Exchange. During the reporting period, the company's main raw material diamond procurement quantity was 42,334.59 carats, a decrease of 36.97% compared to the same period last year. The total amount of gold purchased during the reporting period was 148,000 grams.

Purchase channels and quantities of diamonds and gold as the main raw material during the reporting period

Item	Unit	Purchase Channel	2023		2022		YoY change
			Purchase quantity	As % of total purchase	Purchase quantity	As % of total purchase	
Diamond	Carat	Domestic market	31,868.89	75.28%	52,812.15	78.63%	-39.66%
		Overseas markets	10,465.70	24.72%	14,350.32	21.37%	-27.07%
		Total	42,334.59	100.00%	67,162.47	100.00%	-36.97%
Gold	Gram	Leasing	148,000.00	100.00%	-	-	-
Platinum	Gram	Purchase	33,284.10	100.00%	-	-	-

Note : The purchase of diamonds includes both finished and rough diamond.

(3) Purchase quantity for consigned processing during the reporting period.

During the reporting period, the purchase quantity of DRCO's consigned processing business dropped because of the decline of DRCO's sales performance and lower demand for new stores.

Item	Unit	2023		2022		YoY change
		Purchase quantity	Purchase quantity	Purchase quantity	Purchase quantity	
Consigned processing	Pieces	302,042.00	100.00%	616,308.00	100.00%	-50.99%

Note: The above purchase quantity does not include product accessories (e.g., earring nuts, chain tail tags).

(4) Inventories during the reporting period

During the reporting period, the company's inventory consisted of raw materials, work in progress, finished

goods, materials for commissioned processing, goods dispatched, and operating supplies, with raw materials and finished goods being the main components. As of the end of the reporting period, the balance of inventory was RMB 537.18 million. During the reporting period, a provision for inventory depreciation of RMB 10.24 million was recorded, resulting in a net book value of inventory of RMB 526.94million.

The end-of-period balance for raw materials was RMB 126.51 million, a decrease of 6.06% compared to the beginning of the period. The end-of-period balance for work in progress was RMB 4.02 million, an increase of 42.18% compared to the beginning of the period, mainly due to an increase in dismantled goods awaiting processing. The end-of-period balance for finished goods was RMB 392.19 million, a decrease of 24.00% compared to the beginning of the period. The end-of-period balance for materials for commissioned processing was RMB 11.43 million, a decrease of 30.64% compared to the beginning of the period, mainly due to the impact of declining sales performance. The end-of-period balance for goods dispatched was RMB 0.32 million, a decrease of 73.65% compared to the beginning of the period, mainly due to a reduction in inventory awaiting delivery to customers. The end-of-period balance for operating supplies was RMB 2.71 million, a decrease of 47.66% compared to the beginning of the period.

Inventory Breakdown as of the End of Reporting Period

Unit: RMB0'000

Item	December 31, 2023		December 31, 2022		YoY change
	Amount	%	Amount	%	
Raw materials	12,650.75	23.55%	13,467.14	19.91%	-6.06%
Work in process	401.57	0.75%	282.43	0.42%	42.18%
Finished goods	39,219.00	73.01%	51,604.41	76.29%	-24.00%
Outsourced processing materials	1,143.18	2.13%	1,648.25	2.44%	-30.64%
Shipping goods	31.86	0.06%	120.93	0.18%	-73.65%
Turnover materials	271.32	0.51%	518.34	0.77%	-47.66%
Total	53,717.68	100.00%	67,641.50	100.00%	-20.58%

Note: The above figures are rounded to two decimal places. Some of the figures are slightly different in the endings due to rounding and are not calculation errors.

III. Analysis of Core Competitiveness

With original aspiration of expression of true love, DRCO has built up the long-term competitiveness on the strategic positioning of integrating brand, channels and products. The "DR" brand represents the concept of "the sole true love in one life" and purchase intention for eternal lover, infusing unique emotional associations and value proposition into engagement rings and hence enjoying special brand advantage in the industry. In the era of new retailing, DRCO seizes the opportunity of consumption and technology upgrading to create a

modern, efficient and consumer-oriented DTC (direct-to-consumer) operation model through mobile Internet. We also fully leverage various new media such as social platforms, video media, e-commerce platforms and search engines to convey brand connotations to consumers. In addition, the Company places a strong emphasis on product design, craftsmanship, and quality. We collaborate with renowned jewelry designers from both domestic and international markets through our Paris Design Center to create true love jewelry pieces for customers from a global perspective.

(I) Advantage of the emotional connotation of the brand

In 2023, the Company's brand mission was upgraded from "Empowering More Beautiful Love" to "helping more people express love, making love last forever". In this bustling and restless time seeking for efficiency, wealth and value, the Company sticks to the values of "the sole true love in one life" highly in line with the people's pursuit of enduring, exclusive, and genuine love, which results in unique emotional connotation of DR brand. DR engagement rings can be exclusively bounded with the couples by uploading their ID information to blockchain instead of just engraving names. Such diamond rings are kind of testament to the one and only true love and satisfy consumers' emotional need for fidelity and lifelong love rather than simple esthetic preferences for jewelry. In this way, the unique DR engagement rings evoke special emotional connotation among customers and have differentiation compared to similar products.

(II) Advantage of being loved by fans

DR brand boasts a host of active fan base, including over 30 million followers from well-known social platforms like Weibo, WeChat, Tik Tok, Kuaishou and Xiaohongshu, especially overseas TikTok achieves more than 580,000 followers. Hence, DR brand is evaluated as "the most recognized jewelry brand among the youth". DR brand is well positioned for love and lifestyle in vertical segments and attaches importance to the consumer's experience in true love. We devote to diversifying and improving the experience and ceremonial sense in consumption. A great number of fans and consumers spontaneously spread our brand philosophy by posting their love stories and highlight moments through Weibo, WeChat Moments and short videos, becoming our brand spokespersons and resulting in a viral effect on DR brand promotion.

(III) Operational Advantage of Omnichannel DTC

The Company is an omni-channel DTC model combining offline stores with online operation. As to the offline sales, DRCO adheres to proprietary operation to ensure consistently excellent consumer experience. During the reporting period, the Company actively adjusted and optimized the channel strategy in accordance with the changes in business circles, matching with customer bases and brand positioning. On the other hand, DRCO seizes the opportunity of consumption and technology upgrading in the new retail era to establish online modern and efficient brand operation model through mobile Internet. By integrating social platforms, video media, E-platforms and search engines, we constantly push brand promotion and online business to publicize brand proposition. In addition, DRCO True Love ecosystem has been established through DTC model, composing of core and mass customers, suppliers and partners. It's aimed to demonstrate ideal journey of true love and lay solid foundation for offering products and services in a long run to the core customers.

(IV) Advantage of light customization and light asset

The customized marketing is adopted by DRCO, enabling our customers to select favored jewelry and define 4Cs of diamond quality (e.g. cut, color, clarity, and carat), ring setting material, finger size, personalized engraving, etc. this customized marketing can not only meet the couples' psychological need for sole love, but also facilitate us to control inventory level, keep lower costs and sound cash flow, and finally improve business operating efficiency. As jewelry products are more sensitive to fashion trend, the customized marketing allows DRCO to rapidly respond to market changes and keep up with new fashion.

(V) Advantage in product design and innovation

With the spirit of innovation and craftsmanship, DRCO is committed to creating high-quality products that highlights romance, maximalism and longevity, and delivering multi-dimensional offerings that merge and expand with emotional, fashion and brand elements. In DR Paris Design Center, a lot of worldwide famous jewelry masters work together at precious true-love jewels with their global perspective, exceptional design inspiration and skillful technique. Additionally, we continuous to evolve product quality and processing by constantly developing and optimizing our patented products. DRCO has won a host of prestigious design awards at home and abroad, and currently possesses more than 200 national patents, far ahead of the industry average.

IV. Analysis of Main Business

1. Overview

(I) Overview of operating performance in the reporting period

In 2023, the Company's net profit attributable to shareholders of the listed company was RMB 68.96 million, a decrease of 90.54% over the same period of the previous year, which was mainly because: 1) affected by the market situation and consumer demand, the Company's operating income dropped by 40.78% to RMB 2,180.28 million over the same period of the previous year; and 2) the Company proactively adjusted its channel strategy and closed 184 stores during the reporting period. According to the principle of prudence, the Company made an asset impairment loss of RMB 92.46 million for stores showing signs of impairment based on the results of impairment calculation, which represented an increase of 282.34% over the same period of the previous year; meanwhile, due to the early closure of stores, the loss of lease deposit that could not be recovered amounted to RMB 16.31 million, representing an increase of 3,956.16% over the same period of the previous year; (3) The investment income and gain/loss on changes in fair value from investment in wealth management products during the reporting period was RMB 232.61 million, representing an increase of 81.31% over the same period of the previous year; 4) the foregoing matters combined resulted in a decrease in the total profits as compared with the same period of the previous year, and the Company accrued corporate income tax expense of RMB 43.87 million, a decrease of 71.90% as compared with the same period of the previous year.

During the reporting period, the Company's net profits after non-recurring gains and losses was RMB -120.48 million, a decrease of 119.65% compared with the same period of the previous year. The impact of non-recurring gains and losses on the Company's net profits was RMB 189.44 million, which was mainly the

gains and losses on changes in the fair value of trading financial assets and the investment income from wealth management products.

(II) Overview of business operation management during the reporting period

(1) Constantly build brand power with original aspiration

① The True Love Public Welfare Initiative continues its influence, triggering nearly 400 million engagements worldwide and setting an example of true love.

In early 2023, the company launched a public welfare initiative with a theme of "Search for 100 Diamond Wedding Couples Around the World". By the end of the year, we visited and presented the stories of 100 diamond wedding couples in 26 cities, and invited many media and the public to participate in this true love journey. It triggered nearly 400 million interactions worldwide. We deeply believe that everyone deserves a unique and lifelong love. Leveraging the genuine stories of love enduring through the years, we use our brand's influence to continue advocating for the positive energy of love. Through the delayed ceremonial sense from DR diamond rings, we helped these elderly couples realize their romance dream that was impossible in the previous time. Through our efforts, they were able to rediscover romance in their later years, feeling care and respect from the community. It not only highlights the sense of social responsibility of DR as a famous brand, but also consolidates the Company's social image as a "global leader of true love culture". Through this public welfare initiative, the concept of "the sole true love in one life" advocated by the Company has also been highly recognized in the society, and empowers the young generation with the courage and strength to pursue true love in the impatient era. We will continue to work hard to use our products and services to convey the concept of true love, so that more people can feel the beauty and power of love.



DR
求婚钻戒
男士一生仅能定制一枚DR

madame
FIGARO

寻找全球100对
钻石婚夫妻

FIND OUT THE WAY OF TRUE LOVE
看见真爱的模样

在您身边是否有人做到了“用一生爱一人”？
也许这个世界不缺少真爱，而是缺少被发现的真爱。
DR钻戒联合法国顶尖杂志Madame Figaro，
发起“寻找全球100对钻石婚老夫妻”活动，
邀您一起发现真爱、传递真爱，
让这个世界看见真爱的模样。

② True Love Academy joined hands with Fanshu to advocate the true love proposition

During the reporting period, the Company, by virtue of its leading position in the industry and deep

accumulation of brand resources, founded the True Love Academy, aiming at exploring and researching the essence of true love. Focusing on the current situation of marriage and dating and paying attention to social topics such as the difficulty of young people to fall in love, the Company, together with the well-known reading brand Fanshu (formerly Fan Deng Reading Club), held an offline intimate relationship sharing session entitled "Love is an Ability" for our fans in the hope of exploring love and marriage with a more professional and scientific attitude and easing the modern people's anxieties and uneasiness about their relationships. The sharing session invited Liang Yongan, a professor from Fudan University, to interact with Christopher Meng, the author of *Intimacy*, on the spot, aiming to help address young people's love confusion based on their actual needs so as to provide them with some practical help through more in-depth interactive exchanges offline. At the same time, DRCO also joined forces with Fanshu to introduce a list about books on the intimate relationships, sharing the content of Mr. Fan Deng's personal reading about the books for free for a limited period of time to more groups who are troubled by intimate relationships, in the hope that every pair of love couples that should have come to the end of time will not regret due to the scarcity, and will reap the wisdom and courage to love one person with their whole life through continuous learning of the ability to love and to be loved.



③ On the Qixi Festival (Chinese Valentine's Day), DRCO provided emergency roses domestically and internationally, serving as a cultural ambassador by promoting traditional Chinese culture worldwide.

During the Qixi Festival in 2023, the Company prepared "Emergency Roses" in various locations such as the Eiffel Tower, the Louvre, and along the Seine River in Paris, France, aiming to encouraging young couples to express their love to each other bravely on the Qixi Day. Using emergency roses as a medium and promoting Qixi Festival culture, the DRCO brought the French people in an immersive experience of the Chinese Valentine's Day, conveying the brand concept of "true love knows no boundaries." This event showcased the Company's brand as a bridge for the spirit of true love, shouldering the responsibility of a major national brand. The effort aimed to promote the Chinese traditional cultural festivals, facilitate the globalization of Chinese culture, and bring the brand into the international spotlight.



④ Constructing a cliff auditorium with the art of red thread, creating traditional Chinese aesthetics, and conveying the faith of true love with craftsmanship

During the reporting period, the Company inherited and promoted Chinese culture under the theme of "Red Thread". On the Qixi Festival, the Company utilized the red thread as a medium closely associated with its brand to create the DR cliff auditorium in Dali, blending traditional Chinese and Western love symbols. The concept of the red thread consistently embodies the belief of "the sole true love in one life", continuously spreading the brand's true love concept. Through the high-profile offline check-in activities, the Company expanded its user base, demonstrating the brand's philosophy of "the sole true love in one life". This strategy enhanced user engagement and experience, reaching the users on a deeper level and increasing brand favorability. The DR cliff auditorium promoted the brand by combining online and offline activities, providing users with a tangible and virtual experience. The related topics were played for more than 27 million times, completing the transition of the brand from spiritual building to physical architecture. This initiative not only became one of the brand's tangible assets but also established a new and powerful symbol in the brand's memory.



⑤ Cultivate the mission of the brand, develop insights into the new media trends, and innovate the mode of short videos

In 2023, the Company's new media base shifted from accounts to platforms to rise to the challenge of larger market traffic capacity. Our traffic covers all mainstream platforms such as Douyin, Kuaishou, Xiaohongshu, and WeChat Video Account. On the WeChat Video Account, DRCo produced several videos with 100,000+ likes, exposing our brand for more than 1.1 billion times. Our brand enjoys strong loyalty and stickiness. In addition, our live sales on the Douyin platform hit a new high, with a YoY growth of over 300% in 2023.

(2) Focus on improving the operation quality of stores, and optimizing and upgrading channels

During the reporting period, based on the upgrading of the overall brand strategy, the Company took the initiative to adjust its channel strategy to enhance our brand image and service experience. Focusing on improving the operation quality and profitability of stores, the Company optimized and upgraded the existing channels. After conducting an all-round inventory of all stores, the Company took the initiative to close, relocate and replace some stores with low potential or inconsistent with the brand image to further improve the channel network and optimize the channel upgrading, and made every effort to consolidate resources to enter high-potential business circles and create urban benchmark flagship stores, such as Xi'an SKP store and Changsha IFS store. To enhance brand momentum, attract online and offline traffic, and increase the influence of individual stores while providing customers with an improved service experience and a better ambiance, the company began implementing a plan in the second half of 2023 to optimize and upgrade existing store spaces with a new image. The program focused on the culture of true love and the sense of brand ceremony, and used the store space as an important touch point for brand content, interactive ceremony and customer experience, creating an immersive space for trying on and experiencing true love by creating a relaxed, comfortable and enjoyable light French romantic design style. At the same time, the company and other brands jointly held online and offline activities to attract users to offline stores: online activities helped promote private community activities, while offline activities generated traffic and attracted users to online channels.



(3) Innovate and upgrade product craftsmanship to create tokens of love with using utmost artisanal skills

Placing high importance on user needs, the Company collaborates with renowned international jewelry designers to develop jewelry products and consistently drives innovation and improvement in product craftsmanship. By enriching and enhancing product structures continuously, DRCO meticulously crafts each piece of true love work with a unique aesthetic approach and stringent craftsmanship standards. In terms of material innovation, the Company invented the double-layer electroplating process for 18K white gold. This technique ensures that the plating layer is firmly fixed to the 18K base material, which reduces the wear of the plating layer and guarantees the durability and color retention of the product. The 18K white gold double-layer electroplating process has been certified by national authoritative testing agencies, and its authenticity, wear resistance, and resistance to acid and alkali corrosion meet internationally recognized standards. During the reporting period, the Company collaborated with master artisans from the Florence workshop in Italy to develop the DR HEART "Italian Masterpiece Engagement Ring" series called "Ti Amo". The craftsmen of the Italian workshop, who have inherited 60 years of excellence in jewelry craftsmanship, used a woven gold carving technique to present the ancient art of gold jewelry and carving in an artistic manner, creating engagement rings with a style reminiscent of the Renaissance period; in 2023, the unique D Series pieces with distinctive DR brand characteristics were developed and launched. The entire series is crafted with high quality diamonds and has received numerous awards at home and abroad, including the French Design Award, the MUSE Gold Award, and the Bronze Prize of International Design Awards.

DR Bridal Gold inherits the essence of the traditional Chinese wedding culture, and integrates the design concepts and advanced technology of fashionable jewelry into high-quality gold jewelry, with each piece containing the auspicious symbols of traditional culture. During the reporting period, the Company cooperated with Cheng Shumei, a master craftsman of intangible cultural heritage, who supervised the creation of the timeless masterpiece - gold series featuring the filigree inlay production skill, a technique of intangible cultural heritage. This new offering demonstrates the original spirit of the Company's brand.



DR HEART系列 Ti Amo 求婚钻戒



(4) Strengthen information security, empower business development with AI, build smart stores

During the reporting period, the Company actively participated in industry security operation training sessions and seminars, and continued to strengthen internal information security construction, and safeguarded the Company's information security and user privacy in all aspects by carrying out training on

information security system and security awareness, formulating coding security specifications, and holding network attack and defense drills. In accordance with the Measures for the Administration of Multi-Level Information Security Protection, the Company conducted an annual assessment of the protection of classified information, and the relevant application systems successfully passed the Level 3 protection assessment. Following the trend of digital innovation technology, the Company combined the generative capability of large models with offline retail scenarios to provide digital support for service processes of stores thereby enhancing the expertise, memory and communication capability of the staff at stores and enabling smart stores; based on the demand for business improvement and efficiency enhancement, the Company used AI to empower a number of business links such as the multilingual AI customer service tool for overseas business.

(5) Promote organizational transformation and build talent echelon

DRCO's talent echelon strategy provides solid support for its "sustainable" and "high-quality" development. The Company continually enhances its talent assessment system, utilizing a multi-dimensional competency model for talent evaluation and establishing innovative criteria for talent selection and employment. Mechanisms have been put in place to attract, develop, and retain a diverse and dedicated workforce. During the reporting period, in alignment with business growth, the Company continuously optimized its organizational structure and personnel composition, clearly defining departmental responsibilities, establishing management incentive mechanisms, reducing human resource management costs, and enhancing overall organizational efficiency. In line with the Company's future strategic planning, new business departments were rapidly established and put into operation, which provided a large talent pool for the new directions in 2024 thereby driving the Company's robust business development. for the new direction in 2024 to ensure swift progress in business development.

2. Revenue and cost

(1) Composition of revenue

Overall revenue

Unit: RMB

	2023		2022		YoY change
	Amount	As % of revenue	Amount	As % of revenue	
Total revenue	2,180,277,744.00	100%	3,681,574,412.68	100%	-40.78%
By industry					
Jewelry	2,173,757,035.39	99.70%	3,650,181,354.03	99.15%	-40.45%
Other businesses	6,520,708.61	0.30%	31,393,058.65	0.85%	-79.23%
By product					
Engagement diamond rings	1,699,139,354.11	77.93%	2,902,464,272.49	78.84%	-41.46%
Wedding diamond rings	449,380,892.69	20.61%	713,611,440.73	19.38%	-37.03%

Other accessories	25,236,788.59	1.16%	34,105,640.81	0.93%	-26.00%
Other businesses	6,520,708.61	0.30%	31,393,058.65	0.85%	-79.23%
East China					
East China	744,028,070.54	34.13%	1,330,407,724.72	36.14%	-44.08%
North China	322,536,502.42	14.79%	494,723,176.92	13.44%	-34.80%
South China	301,661,875.55	13.84%	569,475,102.89	15.47%	-47.03%
Southwest China	255,457,360.25	11.72%	403,596,567.80	10.96%	-36.70%
Central China	204,328,898.81	9.37%	385,624,889.68	10.47%	-47.01%
Northwest China	175,768,057.06	8.06%	254,084,920.53	6.90%	-30.82%
Northeast China	164,396,516.08	7.54%	236,390,244.31	6.42%	-30.46%
Hong Kong, Macao and Taiwan	6,212,560.22	0.28%	5,045,201.05	0.14%	23.14%
Overseas	5,887,903.07	0.27%	2,226,584.78	0.06%	164.44%
Online Self-Operated					
Online Self-Operated	227,088,072.66	10.42%	394,593,297.77	10.72%	-42.45%
Offline Direct-operated					
Offline Direct-operated	1,769,414,000.22	81.16%	2,980,373,391.95	80.95%	-40.63%
Offline Joint-Operated					
Offline Joint-Operated	177,254,962.51	8.13%	275,214,664.31	7.48%	-35.59%
Other businesses	6,520,708.61	0.30%	31,393,058.65	0.85%	-79.23%

(2) Industries, products, regions, and sales models that account for more than 10% of DRCO's revenue or operating profit

Applicable Not applicable

Unit: RMB

	Revenue	Operating costs	Gross margin	YoY change of revenue	YoY change of operating cost	YoY change of gross margin
By industry						
Jewelry	2,173,757,035.39	675,742,928.54	68.91%	-40.45%	-37.59%	-1.43%
By product						
Engagement diamond rings	1,699,139,354.11	506,538,634.64	70.19%	-41.46%	-38.14%	-1.60%
Wedding diamond rings	449,380,892.69	158,007,633.73	64.84%	-37.03%	-36.88%	-0.08%
By region						
East China	744,028,070.54	232,330,826.88	68.77%	-44.08%	-43.30%	-0.43%
North China	322,536,502.42	100,505,394.43	68.84%	-34.80%	-33.90%	-0.42%
South China	301,661,875.55	97,471,182.41	67.69%	-47.03%	-40.58%	-3.51%

Southwest China	255,457,360.25	76,828,781.06	69.93%	-36.70%	-35.86%	-0.39%
By sales model						
Online Self-Operated	227,088,072.66	75,894,918.38	66.58%	-42.45%	-40.93%	-0.86%
Offline Direct-Operated	1,769,414,000.22	543,205,041.64	69.30%	-40.63%	-37.36%	-1.60%

In the event that the statistical caliber of DRCO's main business data is adjusted during the reporting period, DRCO's main business data for the most recent year has been adjusted according to the caliber at the end of the reporting period

Applicable Not applicable

(3) Whether DRCO's sales revenue from physical goods is more than that from services

Yes No

Industry classification	Item	Unit	2023	2022	YoY change
Jewelry	Sales	Pieces	360,990	517,656	-30.26%
	Production				
	Inventory	Pieces	225,982	284,930	-20.69%
	Procurement volume	Pieces	302,042	616,308	-50.99%

Explanation of the reasons for the YoY change of over 30% in relevant data

Applicable Not applicable

Note 1: The above statistics do not include product accessories (e.g., earring nuts, chain tail tags), and sales statistics include after-sales and molten gold services.

Note 2: The procurement volume during the reporting period dropped 50.99% year on year due to the declining demands for inventories as a result of the decrease in sales.

(4) Performance of material sales contracts and purchase contracts signed by DRCO as of the reporting period

Applicable Not applicable

(5) Composition of operating cost

Industry and product classification

Unit: RMB

Industry classification	Item	2023		2022		YoY change
		Amount	As % of operating cost	Amount	As % of operating cost	
Jewelry	Operating cost	675,742,928.54	99.44%	1,082,800,171.20	97.35%	-37.59%

Other businesses	Operating cost	3,810,329.34	0.56%	29,472,295.09	2.65%	-87.07%
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Unit: RMB

Industry classification	Item	2023		2022		YoY change
		Amount	As % of operating cost	Amount	As % of operating cost	
Engagement diamond ring	Operating cost	506,538,634.64	74.54%	818,862,367.00	73.62%	-38.14%
Wedding diamond ring	Operating cost	158,007,633.73	23.25%	250,339,820.40	22.51%	-36.88%
Other accessories	Operating cost	11,196,660.17	1.65%	13,597,983.80	1.22%	-17.66%
Other businesses	Operating cost	3,810,329.34	0.56%	29,472,295.09	2.65%	-87.07%

Note:

The total operating cost in the reporting period was RMB 680 million, a decrease of 38.9% compared with the same period last year, mainly due to the decrease of 40.78% in DRCO's revenue in the reporting period.

(6) Whether there was a change in the scope of consolidation during the reporting period

Yes No

During the reporting period, the Company established 10 new subsidiaries/sub-subsidiaries and dissolved 8 subsidiaries. Details are as follows:

Company name	Date of establishment/ Deregistration	Method for changing the consolidation scope	Shareholding ratio
He'er Culture (Hainan) Co., Ltd.	2023/05/29	New in 2023	100%
Shenzhen DR Jewelry Sales	2023/07/21	New in 2023	100%
Forever True Love Wedding Planning (Shenzhen)	2023/07/21	New in 2023	100%
Happy Love Phycology Research Center (Shenzhen)	2023/10/19	New in 2023	100%
Forever True Love Wedding Planning (Sanya)	2023/11/06	New in 2023	100%

DR LUXURY (SINGAPORE) PTE. LTD.	2023/6/9	New in 2023	100%
DR Luxury Netherlands Holding B.V.	2023/6/19	New in 2023	100%
LOVEMONT (MALAYSIA) SDN.BHD.	2023/6/20	New in 2023	100%
DR LUXURY USA INC	2023/6/24	New in 2023	100%
LOVEMONT HONG KONG LIMITED	2023/7/27	New in 2023	100%
Shangqiu DR Jewelry	2023/10/13	Deregistered in 2023	100%
Wuhan DR Jewelry	2023/10/26	Deregistered in 2023	100%
Nanchang DR Jewelry	2023/10/17	Deregistered in 2023	100%
Handan DR Jewelry	2023/10/8	Deregistered in 2023	100%
Guangzhou DR Jewelry	2023/10/23	Deregistered in 2023	100%
Langfang DR Jewelry	2023/10/19	Deregistered in 2023	100%
Foshan DR Jewelry	2023/12/27	Deregistered in 2023	100%
Urumqi DR Jewelry	2023/12/25	Deregistered in 2023	100%

(7) Significant changes or adjustments in DRCO's business, products or services during the reporting period

Applicable Not applicable

(8) Key sales customers and suppliers

Major sales customers of DRCO

Total sales amount of the top five customers (RMB)	2,730,498.69
Sales to top five customers as % of total annual sales	0.12%
Related-party sales in the sales to top five customers as % of total annual sales	0.00%

Information about Top 5 Customers

No.	Customer name	Sales (RMB)	As % of total annual sales
1	Xue*	684,299.84	0.03%

2	All Gamers (Chengdu) Network Technology Co Ltd	566,037.74	0.03%
3	Zhang*	542,725.65	0.02%
4	Ma*	497,200.03	0.02%
5	Fu*	440,235.43	0.02%
Total	--	2,730,498.69 ¹	0.12% ²

Note: 1. The sales figures in the table are all exclusive of tax.

Note: 2. The numbers in the table are rounded to two decimal places. Due to rounding, there may be slight differences in the final digits, which are not calculation errors. Other notes about key customers.

Note: 3. This client is one of the clients of wedding planning.

Applicable Not applicable

Key suppliers of DRCO

Total purchase amount of top five suppliers (RMB)	265,471,439.41
Total purchases from top five suppliers as % of total annual purchase amount	51.30%
Related-party purchases in the purchases from top five suppliers as % of total annual purchases	0.00%

Information about Top 5 Suppliers

No.	Supplier name	Purchase amount (RMB)	As % of total annual purchase
1	Supplier 1	131,149,993.84	25.34%
2	Supplier 2	44,231,873.55	8.55%
3	China Minsheng Banking Corp., Ltd. Shenzhen Branch	30,579,877.69	5.91%
4	Supplier 4	29,846,398.46	5.77%
5	Supplier 5	29,663,295.87	5.73%
Total	--	265,471,439.41 ¹	51.30%

Note 1: The purchase amount is the tax-exclusive amount.

Other notes about key suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

	2023	2022	YoY change	Explanation of significant changes
Selling expenses	1,228,761,165.59	1,422,037,537.50	-13.59%	This was mainly due to the decrease in both the rent (commission rent), measured as the unrecognized lease liability, and platform service fees as a result of the decrease in revenues, as well as the decrease in advertising expenses.
Administrative expenses	151,996,111.88	164,205,877.87	-7.44%	This was mainly due to the decrease in non-deductible input tax on intra-group transactions during the reporting period.
Financial expenses	25,770,104.86	21,536,754.47	19.66%	This was mainly due to the decrease in interest income from demand deposits during the reporting period as the fund-raising projects were put into use and the Company purchased fixed-term financial products.
R&D expenditure	21,715,215.75	17,944,132.37	21.02%	This was mainly due to increasing R&D expenditure during the reporting period.

4. R&D expenditure

Applicable Not applicable

Name of key R&D project	Project purpose	Project progress	Intended goals	Implications on DRCO's future development
DR Engagement Project	While DR's main business continues to grow, we are expanding our Wedding+ new business, building the Wedding+ platform to support business diversification, making internal collaboration transparent and efficient, and empowering merchants to digitally manage their business so as to build a strong connection.	Under R&D	Cover scenarios such as engagement/wedding planning and wedding photography. Conduct refined management of all aspects relating to merchant entry, solution uploading and downloading, sales, delivery, merchant settlement, etc., which helps the enterprise standardize new business and improve work efficiency.	The expansion of the DR Wedding+ will help improve user service, expand the user base, and increase sales revenue.
SAP Diamond Zhizao System R&D Project	With the development of the Company's business, in order to enhance the Company's competitiveness	Under R&D	Building the Diamond Zhizao account and developing related business processes based on business	The SAP Diamond Zhizao System will enable the management and optimization of the whole business

	<p>ess, expand business lines and improve efficiency, DRCO started to build a complete set of business lines covering the whole process from rough procurement to diamond processing, aiming to shorten the procurement cycle and reduce costs.</p>		<p>scenarios will enable online systematic management over data and processes</p>	<p>ness chain from rough procurement to rough diamond processing, thus shortening the diamond procurement cycle, reducing business costs and injecting new vitality into the Company's future development.</p>
Shop Assistant Workstation Project	<p>The goal is to create an integrated touch point platform that connects headquarters, shop assistants, and users, enabling timely responses and feedback to user needs. Through this platform, operational staff at headquarters can instantly push potential customers and contact tactics to shop assistants.</p>	Under R&D	<p>Use the platform to push potential customers and contact tactics to shop assistants who will then can directly reach users to create more business opportunities. Meanwhile, the feedbacks will be sent to the backend office for data collection that will help develop operation strategies.</p>	<p>The operation staff at headquarters will be able to accurately identify potential customers and timely inform shop assistants who will directly contact potential customers to win business opportunities. This will greatly improve the sales efficiency and customer satisfaction, thus laying a solid foundation for the Company's future development.</p>
Ticket management system	<p>Departments collaborate frequently both internally and externally, but collaboration lacks systematization, resulting in increased communication costs. In order to enhance efficiency, it is planned to establish a ticket management system to realize real-time tracking and comprehensive closed-loop management of the collaboration process.</p>	Under R&D	<p>This project is designed to build a flexible and configurable ticket management system according to the Company's various business scenarios, including collaborative forms, process models, approval nodes, data permissions and other functions, so as to support the Company's diversified and rapidly changing business development needs.</p>	<p>The ticket management system will enable the systematic management of the collaboration process, so as to strengthen the teamwork within the enterprise and improve the work efficiency. Meanwhile, the system will collect and analyze the ticket data for managers to make accurate and comprehensive business decisions thus supporting the Company's competitiveness and sustainable development.</p>
Overseas Official Website Project	<p>This project aims to build an overseas business system to address the current business challenges and lay a solid foundation for future development.</p>	Under R&D	<p>The new system will be flexible and highly customizable to meet dynamically changing business needs. System functions will include the dis</p>	<p>The project will build a flexible and efficient official website system to enhance the operational efficiency and competitiveness of the Company</p>

	<p>elopment. By improving the operational efficiency and competitiveness of the overseas business, the Company will be able to cover more markets and improve customer services.</p>		<p>play of official website content, real-time uploading and unloading of products, and the smooth operation of the entire customer shopping process. At the same time, the system will be scalable enough to adapt to future business development needs.</p>	<p>'s overseas business. It will provide strong support for future business expansion and lay a solid technical foundation for future innovation and business growth. At the same time, it will provide broader opportunities for the Company to expand overseas markets and realize the strategic goal of long-term sustainable development.</p>
Influencer management system	<p>Given the Company's continuous business growth and overseas market expansion, this project is to promote DR products by cooperating with influencers and to comprehensively evaluate their performance.</p>	Under R&D	<p>In order to support the expansion of the Company's overseas business, this project will establish a sophisticated influencer management system, including the management of private domain influencer pools, the management of influencer cooperation information and the real-time monitoring of influencers' performance data.</p>	<p>With the influencer management system, the Company will be able to centralize the management of private domain influencer resources and achieve comprehensive control over the influencer cooperation process. The system will record the information of influencer cooperation and collect the performance data of influencers on a regular basis, establish the performance data dashboard and realize the real-time monitoring of influencers' inputs and outputs. This will provide accurate data support for managers and marketers to make business decisions, and facilitate the Company's future business development and brand promotion.</p>
Data Platform Project	<p>The data volume has increased with the Company's business growth. In order to support the business operation, meet the data needs of various departments, and improve the decision-making efficiency</p>	Under R&D	<p>Build a highly available and scalable data storage system to ensure data security and stability; build an efficient data processing and analysis system to support real-time data processing and batch data p</p>	<p>An efficient, shared, secure and easy-to-use data platform will support the operational decision-making, business innovation and economic benefit management. The platform will realize centralized stor</p>

	cy, the Company established a unified data platform to provide reliable data support.		rocessing; provide rich data visualization and report generation functions to meet users' diversified data presentation needs.	age, processing and analysis of data, improve the efficiency of data utilization, promote the Company's digital transformation of and enhance the Company's competitiveness. This will lay a solid foundation and provide sustainable growth momentum for the Company's future development.
Middle-end Platform for Appointment	This project is to introduce new membership card categories to encourage customer retention and provide users with a rich points redemption experience in the loyalty rewards store.	Under R&D	Setting up backend marketing campaign configurations and monitoring user data feedback help enhance user experience. Existing customers can invite new customers to redeem vouchers. If the new customers successfully place an order and redeem the voucher, the existing customers will earn points that can be used to redeem gifts in the points redemption store.	By configuring marketing campaign activities on the mini-program, the company will be able to drive customer acquisition and retention and enrich the user experience. This will help increase user engagement, improve user retention, and ultimately drive business growth and brand impact.
Construction of the Diamond Jewelry R&D Design Center	Improve product development and design capabilities to address market competition; make more efforts to design classic style products to enhance the product uniqueness; introduce scarce IPs to enhance the brand value.	Under R&D	Increase investment in R&D and design, expand its in-house full-time R&D and design team, and improve DRCO's independent R&D and design capabilities.	Satisfy the needs of end consumers and enhance DRCO's brand and influence.

R&D Staff of DRCO

	2023	2022	Change
Number of R&D staff	66	47	40.43%
R&D staff as % of labor force	2.06%	1.05%	1.01%
Education background of R&D staff			
Bachelor's degree	48	34	41.18%
Master's degree	4	4	0.00%

Junior college and below	14	9	55.56%
Age distribution of R&D staff			
<30ys	30	22	36.36%
30-40ys	33	24	37.50%
>40ys	3	1	200.00%

R&D expenditure and Percentage in Revenue in Last Three Years

	2023	2022	2021
R&D expenditures (RMB)	21,715,215.75	17,944,132.37	16,822,042.92
R&D expenditures as % of revenue	1.00%	0.49%	0.36%
Capitalized R&D expenditures (RMB)	0.00	0.00	0.00
Percentage of capitalized R&D expenditure	0.00%	0.00%	0.00%
Capitalized R&D expenditure as % of net profit in the current period	0.00%	0.00%	0.00%

Reasons and effect of material changes in the composition of R&D staff

Applicable Not applicable

Reasons for the significant YoY change in the proportion of R&D expenditure in revenue

Applicable Not applicable

Reasons and rationality for significant change in capitalization ratio of R&D expenditures

Applicable Not applicable

5. Cash flow

Unit: RMB

Item	2023	2022	YoY change
Subtotal of cash inflows from operating activities	2,363,975,825.01	4,047,355,144.09	-41.59%
Subtotal of cash outflows from operating activities	2,327,010,317.20	3,229,344,031.85	-27.94%
Net cash flows from operating activities	36,965,507.81	818,011,112.24	-95.48%
Subtotal of cash inflows from investing activities	8,574,936,260.32	5,412,132,131.53	58.44%
Subtotal of cash outflows from investing activities	8,121,047,907.58	9,725,178,220.62	-16.49%
Net cash flows from investing activities	453,888,352.74	-4,313,046,089.09	110.52%
Subtotal of cash inflow from financing activities	533,333,453.61	536,119,714.66	-0.52%

Subtotal of cash outflows from financing activities	1,319,525,263.45	1,266,121,911.18	4.22%
Net cash flows from financing activities	-786,191,809.84	-730,002,196.52	-7.70%
Net increase in cash and cash equivalents	-294,661,419.66	-4,219,885,422.83	93.02%

Explanation of key factors for significant YoY change of relevant data

Applicable Not applicable

- (1) The decrease in cash inflows from operating activities was mainly due to the decrease in sales revenue during the reporting period.
- (2) The decrease in cash outflows from operating activities was mainly due to the decrease in both the sale revenue and the purchase volume of DRCO as well as the decline of corresponding taxes.
- (3) The increase in cash inflows from investing activities was mainly due to the recovery of the principal from wealth management products due and the increase in income from wealth management products during the reporting period.
- (4) The increase in cash outflows from investing activities was mainly due to the increase in the principal paid to wealth management products during the reporting period.
- (5) The decrease in the amount of cash inflows from financing activities was mainly due to DRCO's borrowings for bill discounting during the reporting period and the proceeds raised from the public offering of shares in the same period of the previous year.
- (6) The increase in cash outflows from financing activities was mainly due to the distribution of cash dividends and the repayment of borrowings for bill discounting during the reporting period.

Explanation of reasons for the significant difference between the net cash flow from operating activities during the reporting period and the net profit for the current year

Applicable Not applicable

1. Depreciation, amortization, and provision for asset impairment for the current year amounted to RMB731.08 million. This part of the cost and expenses reduced profits, but no cash outflow was generated;
2. The net income from investment and financing activities is RMB 209.54 million (including financial expenses and income from wealth management products), which increases profits. However, the cash flow generated does not belong to operating activities;
3. The net decrease of operating receivables and payables was RMB 553.54 million (including the net decrease of notes and accounts payable by RMB 477.26 million), which increased the cash outflow. The main reason is that the outstanding purchase payments and taxes payable at the end of the previous year were paid in this period, and with changes in operating conditions, this part of the payment has also significantly decreased at the end of this period.

V. Non-primary Business

Applicable Not applicable

Unit: RMB

	Amount	As % of total profit	Reasons	Whether sustainable
Investment income	201,459,628.10	178.55%	It is mainly the investment income from redeeming the mature wealth management products from banks.	No
Gains/losses from changes in fair value	31,151,566.30	27.61%	Mainly gains on changes in fair value of financial assets recognized during the reporting period.	No
Asset impairment	-105,342,656.15	-93.37%	Mainly include the provision for inventory impairment loss and impairment of long-term assets.	No
Non-operating income	2,881,923.18	2.55%	Mainly include compensations received by DRCO.	No
Non-operating expenses	7,709,541.48	6.83%	Mainly include breach penalties and overdue fines.	No
Gains on disposal of assets	19,708,867.36	17.47%	Mainly gains on disposal of long-term assets during the reporting period.	No
Other incomes	26,746,998.56	23.71%	Mainly immediate refund of VAT levied on diamond imports, and government subsidies.	1. Immediate refund of VAT levied on diamond imports: sustainable. 2. Government subsidies: not sustainable.
Loss on credit impairment	-7,519,950.73	-6.66%	Mainly the provision for unrecoverable lease deposits due to the early closure of loss-making stores.	No

VI. Analysis of Assets and Liabilities

1. Significant changes in the composition of assets

Unit: RMB

	2023		2023		Change in proportion	Explanation of significant changes
	Amount	As % of total assets	Amount	As % of total assets		
Cash and	227,854,223.17	3.03%	521,904,818.30	5.92%	-2.89%	Mainly due to the

cash equivalents						fact that the Company bought more wealth management products during the reporting period.
Accounts receivable	83,147,399.06	1.10%	84,478,911.52	0.96%	0.14%	
Inventories	526,939,044.37	7.00%	669,886,638.00	7.60%	-0.60%	
Fixed assets	12,617,322.42	0.17%	14,068,805.09	0.16%	0.01%	
Right-of-use assets	208,971,654.66	2.78%	590,506,167.36	6.70%	-3.92%	Mainly due to the declining number of stores during the reporting period.
Short-term borrowings	389,995,277.14	5.18%	433,993,449.44	4.92%	0.26%	
Contract liabilities	109,633,363.46	1.46%	126,705,661.82	1.44%	0.02%	
Lease liabilities	67,781,149.67	0.90%	276,542,164.23	3.14%	-2.24%	Mainly due to the declining number of stores during the reporting period.

Foreign assets account for a relatively high proportion.

Applicable Not applicable

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Opening amount	Gains and losses on changes in fair value for the current period	Cumulative fair value change recognized in equity	Impairment accrued during the reporting period	Amount of purchase in current period	Amount of disposal in current period	Other changes	Closing amount
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	5,609,891,931.68	34,920,377.10			7,350,000,000.00	8,152,865,603.71		4,841,946,705.07
Subtotal of	5,609,891,931.68	34,920,377.10			7,350,000,000.00	8,152,865,603.71		4,841,946,705.07

financial assets								
Total	5,609,891,931.68	34,920,377.10			7,350,000,000.00	8,152,865,603.71		4,841,946,705.07
Financial liabilities	0.00	3,768,810.80			66,909,346.72	7,864,600.00		62,813,557.52

Contents of other changes

Whether there were significant changes in the major measurement attributes of DRCO's assets during the reporting period.

Yes No

3. Restricted rights to assets as of the end of the reporting period

As at December 31, 2023, the Group utilized restricted cash totaling RMB 890,612.21 (December 31, 2022: RMB 279,787.68), which was mainly due to preservation of law issue (As at the reporting date, the payment has been made) or change of account types.

VII. Investment Status Analysis

1. Overall situation

Applicable Not applicable

Investment in the reporting period (RMB)	Investment in the same period of last year (RMB)	Change
8,121,047,907.58	9,725,178,220.62	-16.49%

2. Significant equity investments acquired during the reporting period

Applicable Not applicable

3. Significant non-equity investments pending during the reporting period

Applicable Not applicable

4. Investment in financial assets

(1) Investment in securities

Applicable Not applicable

There were no securities investments during the reporting period.

(2) Investments in derivatives

Applicable Not applicable

There were no derivative investments during the reporting period.

5. Use of raised funds

Applicable Not applicable

(1) Overall use of proceeds

 Applicable Not applicable

Unit: RMB0'000

Year of fundraising	Method of fundraising	Total proceeds	Total amount of proceeds used in the current period	Accumulated amount of proceeds used	Total amount of proceeds whose intended use was changed during the reporting period	Accumulated amount of proceeds whose intended use was changed	Percentage of accumulated amount of proceeds whose intended use was changed	Total amount of unused proceeds	Use and destination of unused proceeds	Amount of proceeds idle for more than two years	Year of fundraising
2021	Public offering	467,636.88	444,380.28	132,371.85	281,952.14	0	0	0.00%	162,428.14	Invest in intended projects and replenish working capital	0
Total	--	467,636.88	444,380.28	132,371.85	281,952.14	0	0	0.00%	162,428.14	--	0

Explanation of the overall use of the proceeds

1. Actual amount and arrival date of proceeds

In accordance with the CSRC's "Approval on Agreeing the Registration of DR Corporation Limited for Initial Public Offering of Shares (Zheng Jian Xu Ke No. [2021] 3043)" and the SZSE's approval, DRCO conducted an initial public offering of 40,010,000 ordinary shares (A shares) with a nominal value of RMB 1.00 and an issue price of RMB 116.88 per share, raising proceeds of RMB 4,676,368,800. The sponsorship and underwriting fees (excluding VAT) for the IPO were RMB 217,341,600. On December 10, 2021, the total proceeds of RMB 4,460,725,300 after deducting the underwriting fees (excluding VAT) of RMB 215,643,500 were remitted by the underwriter China Securities to DRCO's special account for proceeds.

The total proceeds raised by DRCO via the IPO were RMB 4,676,368,800, and the net proceeds were RMB 4,443,802,800 after deducting sponsorship and underwriting fees (excluding VAT) of RMB 217,341,600, and other issuance fees (excluding VAT) of RMB 15,224,300 (including: audit and capital verification fees of RMB 4,471,300, legal counsel fees of RMB 5,422,100, information disclosure fees of RMB 4,018,900, issuance fees and other fees of RMB 1,312,100). The additional registered capital replenished by the IPO has been verified by Ernst & Young Hua Ming LLP (Special General Partnership) that issued a "Capital Verification Report" (Ernst & Young Hua Ming (2021) Yan Zi No. 61403707_H01).

2. Amount used in the current year and year-end balance

As of December 31, 2023, the accumulated amount of the proceeds used by DRCO was RMB 2,819.52 million, of which RMB 1,209.52 million was used to invest in committed items and RMB 1,610 million was

used to permanently supplement the working capital.
 As of December 31, 2023, the balance of idle funds (including surplus proceeds) for cash management was RMB 1725 million.
 As of December 31, 2023, the balance of DRCO's special account for the proceeds was RMB 21.96 million (including interest income and investment income after deducting service charges).

(2) The situation of the project of fund-raising commitment

Applicable Not applicable

Unit: RMB'000

Committed investment projects and investment areas of surplus proceeds	Whether the project has been changed (including partly changed)	Total committed investment of proceeds	Adjusted total investment (1)	Amount invested in the reporting period	Cumulative amount invested as of the end of the period (2)	Investment progress as of the end of the period (3)=(2)/(1)	Date when the project reaches its intended serviceable state	Benefits realized during the reporting period	Cumulative benefits realized as of the end of the reporting period	Whether the expected benefits are realized	Whether the feasibility of the project has changed significantly
Committed investment projects											
Construction of channel network	No	73,921.4	73,921.4	14,226.72	73,921.4	100.00%	December 31, 2023	-13,978.13	19,354.61	No	No
Construction of information system	No	11,047.45	11,047.45	1,957.66	6,506.34	58.89%	December 31, 2026			Not applicable	No
Construction of R&D, Creativity and Design Center for Diamond Jewellery	No	5,389.93	5,389.93	1,187.47	2,476.95	45.96%	December 31, 2025			Not applicable	No
Replenishing working capital	No	38,000	38,000	0	38,047.45	100.12%				Not applicable	No
Subtotal of committed investment	--	128,358.78	128,358.78	17,371.85	120,952.14	--	--	-13,978.13	19,354.61	--	--

ent projects											
Investment areas of surplus proceeds											
Undetermined use of surplus proceeds	No	132,021.5	132,021.5							Not applicable	No
Replenishing working capital (if any)	--	184,000	184,000	115,000	161,000	87.50%	--	--	--	--	--
Subtotal of investments of surplus proceeds	--	316,021.5	316,021.5	115,000	161,000	--	--			--	--
Total	--	444,380.28	444,380.28	132,371.85	281,952.14	--	--	-13,978.13	19,354.61	--	--
Describe the circumstances and reasons why the planned progress and expected benefits have not been realized by project (including the reason for "not applicable" concerning "whether the expected benefits are realized")	<p>1. Channel network construction project: the project generated cumulative benefits of RMB 193.55 million by the end of the reporting period of 2023, and benefits of RMB - 139.78 million during the reporting period. The project achieved the estimated benefits by the end of the reporting period of 2022, but failed to do so by the end of the current reporting period mainly due to lower-than-expected sales under the influence of the macro environment and market demands.</p> <p>2. Information system project: on April 26, 2023, DRCO convened the fifth meeting of the second session of the Board of Directors and the fifth meeting of the second session of the Board of Supervisors to review the Proposal on Postponing Certain Proceeds-funded Projects. Accordingly DRCO was approved to extend the date for the project to reach the scheduled serviceability status of the proceeds-funded project from December 31, 2023 to December 31, 2024, without changing the implementation entity, the implementation method, the use of proceeds and the intended investment amount; Factors as the market environment and the business expansion and stricter requirements for corporate governance have resulted in higher requirements for the information system construction. As a result, DRCO needs to conduct adequate surveys and discussions before implementing the information system construction project, so as to facilitate the sales growth or the increase of the operational efficiency. In order to better manage the progress of the project, on April 25, 2024, DRCO convened the ninth meeting of the second session of the Board of Directors and the ninth meeting of the second session of the Board of Supervisors to review the Proposal on Postponing Certain Proceeds-funded Projects. Accordingly, DRCO was approved to extend the completion date of the proceeds-funded project from December 31, 2024 to December 31, 2026 in order to more effectively utilize the proceeds.</p> <p>3. R&D, Creativity and Design Center for Diamond Jewellery: It is Shenzhen Darry Commercial Management Services that is responsible for constructing the project, which is designed to take three years. As the market demands have been changing, the company needs to optimize this non-profit project to better align with the actual requirements and the corporate development strategy, leading to delayed construction process. On April 26, 2023, DRCO convened the fifth meeting of the second session of the Board of Directors and the fifth meeting of the second session of the Board of Supervisors to review the Proposal on Postponing Certain Proceeds-funded Projects. Accordingly DRCO was approved to extend the completion date of the proceeds-funded</p>										

	project from December 31, 2023 to December 31, 2025, without changing the implementation entity, the implementation method, the use of proceeds and the intended investment amount;
Explanation of significant changes in project feasibility	Not applicable. As of June 30, 2023, the "channel network construction project" has been implemented and reached the intended usable state, the second half of the year due to macro environmental factors and market demand, resulting in project benefits less than expected.
Amount, use and progress of use of surplus proceeds	Applicable
	<p>1. On December 30, 2021, DRCO held the 14th meeting of the first session of the Board of Directors and the sixth meeting of the first session of the Board of Supervisors; on January 18, 2022, DRCO held the first Extraordinary General Meeting in 2022, reviewing and approving the "Proposal on Cash Management for Part of Idle Proceeds and Self-owned Funds". The meeting authorized DRCO to use not more than RMB3,500,000,000 of idle proceeds (including surplus proceeds) and not more than RMB4,000,000,000 of its own funds for cash management for a period of 12 months from the date of review and approval. Such funds can be used on a revolving basis within the aforesaid amount and term; on December 29, 2022, DRCO held the 4th meeting of the second session of the Board of Directors and the 4th meeting of the 2nd session of the Board of Supervisors, and on January 17, 2023, DRCO held the first Extraordinary General Meeting in 2023, reviewing and approving the "Proposal on Cash Management for Part of Idle Proceeds and Self-owned Funds". The meeting authorized DRCO to use not more than RMB3,000,000,000 of idle proceeds (including surplus proceeds) and not more than RMB6,000,000,000 of its own funds for cash management for a period of 12 months from the date of review and approval. Such funds can be used on a revolving basis within the aforesaid amount and term; on December 28, 2023, the Company held the 8th meeting of the 2nd session of the Board of Directors and the 8th Meeting of the 2nd Session of the Board of Supervisors at the Company's meeting room; on January 16, 2024, the Company held the first Extraordinary General Meeting in 2024, reviewing and approving the "Proposal on Cash Management for Part of Idle Proceeds and Self-owned Funds". The meeting authorized DRCO to use not more than RMB1,800,000,000 of idle proceeds (including surplus proceeds) and not more than RMB6,000,000,000 of its own funds for cash management for a period of 12 months from the date of review and approval. Such funds can be used on a revolving basis within the aforesaid amount and term. As of December 31, 2023, the balance of surplus proceeds for cash management was RMB1,660,000,000.</p> <p>2. On April 20, 2022, DRCO held the 15th meeting of the first session of the Board of Directors and the 7th meeting of the first session of the Board of Supervisors, which considered and approved the "Proposal on Using Part of the Surplus Proceeds to Permanently Replenish Working Capital", and agreed that DRCO may use RMB940,000,000 of surplus proceeds to permanently replenish the working capital, representing 29.74% of the total surplus proceeds. This proposal was deliberated and approved at the shareholders' meeting on May 20, 2022; on April 26, 2023, DRCO held the 5th meeting of the 2nd session of the Board of Directors and the 5th Meeting of the 2nd session of the Board of Supervisors, which considered and approved the "Proposal on Using Part of the Surplus Proceeds to Permanently Replenish Working Capital", and agreed that DRCO may use RMB900,000,000 of surplus proceeds to permanently replenish the working capital, representing 28.48% of the total surplus proceeds; this proposal was deliberated and approved at the shareholders' meeting on May 26, 2023. As of December 31, 2023, DRCO had transferred RMB1,610,000,000 from its special account for the proceeds to permanently supplement the working capital.</p>
Changes in the implementation location of projects funded	Not applicable

by the proceeds	
Adjustment of the implementation method of projects funded by the proceeds	Not applicable
Early investment and replacement of projects funded by the proceeds	<p>Applicable</p> <p>On April 20, 2022, DRCO held the 15th meeting of the first session of the Board of Directors and the 7th meeting of the first session of the Board of Supervisors, which considered and approved the "Proposal on the Replacement of Self-raised Funds Invested in Advance and Paid for Issuance Expenses with Proceeds", and agreed that DRCO may use the proceeds to replace the self-raised funds of RMB370,182,800 invested in advance and funds of RMB5,455,000 paid for issuance expenses, which totaled RMB 375,637,800. Ernst & Young Hua Ming (Special General Partnership) issued the "Capital Verification Report on DR Corporation Limited's Investments in Intended Projects with Self-owned Funds (Ernst & Young Hua Ming (2022) Zhuan Zi No. 61403707_H01). Before May 10, 2022, DRCO successively transferred a total of RMB 366,804,400 from its special account for proceeds for the replacement purpose, including RMB361,349,400 for the investments in advance and RMB5,455,000 for issuance expenses.</p>
Use idle proceeds to temporarily replenish working capital	Not applicable
The amount and reasons for the balance of proceeds after project implementation	<p>Applicable</p> <p>1.The remaining raised funds for the "Supplementary Working Capital Project" amounted to RMB553,600, and for the "Channel Network Construction Project" amounted to RMB16,159,900.</p> <p>2.During the implementation of the raised capital projects, the company strictly adhered to the relevant regulations on the use of raised funds and prudently utilized them. While ensuring that the implementation of the raised capital investment projects was not affected and that the raised funds were secure, the company engaged in cash management of idle raised funds to improve the efficiency of their utilization. This resulted in certain investment returns and interest income generated during the period of deposit.</p>
Use and destination of unused proceeds	DRCO's unused proceeds are used to purchase approved cash management products and deposited in a special account. As of December 31, 2023, the balance of proceeds deposited in the special account was RMB 21,960,000; the balance of the idle proceeds (including surplus proceeds) for cash management was RMB1,725,000,000, consisting of RMB1,660,000,000 as the balance of the wealth management products bought by surplus proceeds and RMB65,000,000 as the balance of the wealth management products bought by the capital of the committed investment projects.
Problems or other circumstances in the use and disclosure of proceeds	Not applicable

(3) Changes in projects funded by proceeds

Applicable Not applicable

There is no change in the projects funded by proceeds during DRCO's reporting period.

VIII. Disposal of material assets and equity interests

1. Disposal of material assets

Applicable Not applicable

DRCO did not dispose of any material assets during the reporting period.

2. Disposal of material equity interests

Applicable Not applicable

IX. Analysis of major subsidiaries and associates

Applicable Not applicable

Information about major subsidiaries and associates that may influence DRCO's net profit by 10% or more

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Shenzhen Love Only AI Cloud Technology Co., Ltd.	Subsidiary	Information technology services, overseas sales business	25,000,000.00	367,675,587.42	160,641,656.92	273,680,680.81	149,643,421.55	127,173,516.83
Shenzhen Darry Commercial Management Service Co., Ltd.	Subsidiary	Supply chain management, R&D and design, customized product services and related supporting services	10,000,000.00	162,053,249.60	133,864,850.15	186,268,310.63	143,309,507.54	120,944,113.57

The acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Method of acquiring and disposing of subsidiaries during the reporting period	Impact on overall operation and performance
He'er Culture (Hainan) Co., Ltd.	Fund the establishment	No significant impact
Shenzhen DR Jewelry Sales	Fund the establishment	No significant impact
Forever True Love Wedding Planning (Shenzhen)	Fund the establishment	No significant impact
Happy Love Psychology Research Center (Shenzhen)	Fund the establishment	No significant impact
Forever True Love Wedding Planning (Sanya)	Fund the establishment	No significant impact
DR LUXURY (SINGAPORE) PTE. LTD.	Fund the establishment	No significant impact

DR Luxury Netherlands Holding B.V.	Fund the establishment	No significant impact
LOVEMONT (MALAYSIA) SDN.BHD.	Fund the establishment	No significant impact
DR LUXURY USA INC	Fund the establishment	No significant impact
LOVEMONT HONG KONG LIMITED	Fund the establishment	No significant impact
Shangqiu DR Jewelry	Deregistered	No significant impact
Wuhan DR Jewelry	Deregistered	No significant impact
Nanchang DR Jewelry	Deregistered	No significant impact
Handan DR Jewelry	Deregistered	No significant impact
Guangzhou DR Jewelry	Deregistered	No significant impact
Langfang DR Jewelry	Deregistered	No significant impact
Foshan DR Jewelry	Deregistered	No significant impact
Urumqi DR Jewelry	Deregistered	No significant impact

Information about major subsidiaries and associates

1. Subsidiary Love Only AI primarily engages in company information technology services and overseas sales business. During the reporting period, it achieved a net profit of RMB 127.17 million, a decrease of 47.45% compared to the same period last year.

2. Subsidiary Darry Qianhai is primarily engaged in company supply chain management, research and development design, customized product services, and related supporting services. During the reporting period, it achieved a net profit of RMB 120.94 million, a decrease of 44.92% compared to the same period last year.

X. Structured entities under the control of DRCO

Applicable Not applicable

XI. Prospect for DRCO's future development

(I) Development strategy

Always putting great importance on the long-term development, DRCO focuses on the development strategy of "diamond ring as No.1, multi-brand and multi-category" and proposes the strategic goal of "becoming a new luxury group with multiple brands". Centering around the overall development strategy, DRCO will seize the important opportunities arising from the rapid development of Chinese and even the global jewelry industries. By improving the image and influence of the brand, refining R&D and design capabilities and enhancing the influence in international markets, each of the Company's brands will be able to focus on the differentiated value and leverage the core competitiveness of the company promotes the coordinated development of multi-brands.

(II) Business development plan for 2024

The complexity and uncertainty of the market environment, fluctuations in the global economy, changes in consumer behavior and the evolution of the competitive landscape have all had a profound impact on our business. Against this backdrop, we've realized that only through continuous innovation, efficiency improvement and brand value enhancement can we maintain our leading position in the fiercely competitive marketplace. In 2024, the Company will continue to focus on the core brand DR and adhering to the concept of "the sole true love in one life", enhance our brand value and market competitiveness, and actively respond

to market changes and challenges through brand building and refined business operation and management.

1. Brand power

(1) Increase brand value

① Upgrade brand image: Optimize standard store spaces, innovate in the development of display props; establish a visual material library, unify visual standards, and upgrade the brand's primary colors; optimize packaging materials and visual materials for activities; upgrade brand symbols and ensure full-channel coverage; ② Accumulate brand assets: From brand stories to product stories, establish brand background and brand paradigm, shoot high-energy brand films, and creative short films that range from brand stories to product stories; ③ Brand events: actively participate in international exchanges and cooperation, enhance the brand's international awareness, create art experience spaces and love experience spaces, organize co-branding activities for both the brand and products, press releases for brand upgrade and season-specific love events, and so on.

(2) Optimize brand communication

Explore and guide user needs via the brand concept, look for micro-moments between the brand and users, diversify the language and content of brand communication, refine the core of the brand communication, align the contents with the products, strengthen the brand's emotional attributes, arouse the desire for the brand, enhance the brand momentum and influence, gain popularity both online and offline; create the extreme brand reputation through projects associated with the brand concept and the social value, improve the brand communication and the brand impact; set up a special communication team to innovate the content of the new platforms and the brand's sense of ceremony to form new touchpoints; disseminate warm and grounded content with positive energy and characteristics of the era to reflect the attitude and warmth of the brand.

2. Product competitiveness

DRCO always responds to market changes with emotionally appealing products, unique emotional experiences, and an exclusive service system that matches the stores products, and users. The Company continuously innovates and develops products that embody brand identity and true love emotion, spreads the brand's true love concept and empower the brand through high-quality products that bridge the communication between the brand and users to further enhance the brand image.

In 2024, the Company will continue to increase investment in product design and technology research and development, explore the combination of jewelry and expression of love. Our R&D will focus on materials, design, technology and other aspects to promote product innovation, launch new products to meet the market demands, and create brand identity and classic works for brand communication to meet the needs of different scenarios, different users and different channels. We will provide consumers with more unique and high-quality choices, iteratively update the core products of the DR brand, improve product quality, diversify designs, and set up a special team for gold to design and launch gold-themed wedding suits consisting of five gold and one diamond products, so as to consolidate the brand's core competitiveness in the wedding market; we will refine the "Wedding+" platform by including proposal/wedding planning, wedding

photography, portraits and other supporting services; we will integrate and promote prestigious works, create a cross-department closed-loop from new product release to retail sales so as to enable the coordinated management across the whole lifecycle of the products and establish a department-wide process and point-in-time planning; we will trace diamonds in conjunction with industry partners, and collaborate with professional organizations including Natural Diamond Council, Platinum Guild International and IGI to boost the sustainable development of the diamond industry.

3. Sales channels

(1) Expand channel layout

In 2024, the Company will continue to optimize the channel structure and upgrade the channel hierarchy, maintaining flexibility and sensitivity to the market at all times, so as to effectively address external threats and seize the opportunities in leading channels in a timely manner, and further strengthen the brand potential and enhance the operational efficiency through channel optimization and development. On the one hand, we will continue to complete the optimization of projects in first- and second-tier cities and the tail end of business circles, focusing our resources on building the potential of leading stores and enhancing the overall financial benefits the cities; on the other hand, we will gradually return to the single-store model in cities below the third-tier level. In terms of newly opened stores, we will focus on the leading commercial projects in cities where we have not yet entered, and plan to build new brand flagship stores with leading commercial real estate groups; adhering to the principle of prudent assessment, we will enter into some important tier-3 and tier-4 cities without our footprints, so as to further improve the channel layout. With the effective progress of the channel layout adjustment plan and the maturity of the advantageous newly opened stores, the overall benefits generated by channels will be greatly improved.

(2) Operation of stores

Offline stores are the window of front-end user experience. In 2023, the Company conducted a host of activities during holidays such as Valentine's Day, 520, Qixi, National Day, Christmas and New Year's Day. We launched a series of DP checking-in projects in 52 cities nationwide, which enhanced the perception of the DR brand among customers of related shopping malls through brand-specific displays and guided passersby to share their experiences. In 2024, we will continue to optimize store operations and management to enhance the user experience and provide customers with better solutions to express their love:

① Upgrade the operation system: Enhance the service quality and customer experience of stores by refining service processes and strengthening the service skills and professionalism of employees; establish a training and knowledge-sharing platform to provide training courses, management experience sharing, and best practice cases to store managers in a digital manner; optimize store layout and displays to enhance product presentation, utilize visual display tools such as showcases, models, and posters to highlight product features and brand image, further solidifying the shopping environment guided by Dream Wedding values; improve inventory management and supply chain distribution capabilities of stores, utilize sales data and market trend analysis for sales forecasting and demand planning, so as to increase inventory turnover rate and capital utilization efficiency; strengthen the operation and management capabilities of store managers;

provide store managers with data analysis tools for them to better understand the sales data, customer behaviors and market trends. Develop an intelligent user opportunity identification system to better identify the needs of users for rings, manage and follow the information, shopping records and feedbacks of customers.

②Classify the operation of stores: Implement hierarchical management based on factors such as store size, geographic location and customer demand to develop more accurate strategic planning and operational strategies, and provide support and management resources to different levels of stores; provide tailored training and support to stores at different levels to improve their operating results and customer satisfaction.

③User services: Design targeted links and focuses for user experience service based on the characteristics and service expectations of different users, provide comprehensive product knowledge and personalized recommendation services, emphasize brand awareness and engagement, and create more opportunities for users to deepen understanding of works and engage in dialogue. Design and establish a membership system to offer unique membership benefits; utilize analysis of membership data to implement personalized promotions and services, enhancing customer satisfaction and shopping experience.

(III) Risks in corporate operation and countermeasures

1. Industry and market volatility risks

As a consumer good with a strong discretionary attribute, diamonds are sensitive to external macroeconomic conditions and the disposable income of residents. In recent years, intensified competition within the diamond industry, insufficient demand for diamond jewelry, slow economic recovery and increasing preference for gold as a safe haven have led to rising demand for gold and adverse effects on the diamond jewelry industry. The Company's revenues suffered a sharp decline due to our fully self-operated sales model and main business focusing on diamond jewelry. In the future, if external economic growth slows or stagnates and the disposable income of the population declines, this could affect consumer behavior and further constrain market demand for diamonds. In addition, geopolitical crises in recent years have heightened international trade tensions, which could create uncertainty for overseas diamond sourcing. The Company has always firmly believed that a long-term perspective is essential for navigating through economic cycles, and that competition in the industry and fluctuations in the market environment present both risks and opportunities. In response to the above risks, the Company will respond to market changes, make strategic adjustments, maintain our core competitive advantages, strengthen brand power, product competitiveness and sales channels, and improve cost control and operational efficiency; and continue to pay attention to the situation of the gold market and timely diversify product offerings to actively cope with the impact brought by the industry cycle and fluctuations in the market environment. At the same time, DRCO will keep paying attention to the overseas rough diamond markets and timely make structural procurement adjustments, so as to actively respond to the impacts of fluctuations in the upstream supply chain.

2. Risk of consigned production

As DRCO adopts the consigned production model, any delay in delivery or substandard quality of the outsourced products will adversely affect DRCO's inventory management, brand reputation and even

operating results. Since its establishment, DRCO has always placed great importance on the quality of its products. In the course of its daily operations, DRCO will continue to exercise strict quality control over the procurement of raw materials, consignment processing and acceptance into the warehouse, further strengthen qualification review over new suppliers and other indicators as on-site check and blind testing of samples, monitor the diamond color on a monthly basis and conduct sample testing of the materials produced by suppliers, and ensure that the full quality control system is effectively implemented in all aspects.

3. Risk of declining brand influence

The Company's brand influence has an important influence on the sustainable development of its performance. In the era of mobile Internet, consumption habits and trends also continue to evolve, and new brands and new business concepts continue to emerge, as a result of which the Company is still facing the risk of a decrease in the attractiveness of its brand concept. As the social and network environment continues to evolve, the risk of public opinion is also increasing. If the Company has internal management problems in brand publicity, registered trademark protection, terminal store image, product quality, product intellectual property rights and after-sales service, it will directly lead to a decline in brand influence and may face negative public opinion reports, which will have a negative impact on the Company's brand reputation, operating results and ability to sustain operations. The Company's brand reputation, business performance and sustainability will be negatively impacted. In response, DRCO has taken the following measures: (1) strengthen brand building, extend the creation and output of high-quality content with valuable connotations based on the unique brand concept, and enhance and increase the value and the positive influence of the brand; (2) Increase the investment in product design and technology R&D to encourage product innovation, and continue to enhance the competitiveness of products, and consolidate the core competitiveness of the brand in the wedding market; (3) adjust channel strategies in accordance with changes in the business circles, the alignment between customer bases and brand positioning, and continuously optimize the channel structure to upgrade the levels of channels; (4) protect intellectual property rights such as trademarks involved in the course of business to protect the Company's interests and brand image.

4. Risk of stores with low performance

The Chinese market is currently at a critical moment of economic recovery and transformation, and there are also external uncertainties, leading to insufficient demand for discretionary consumer goods. Under the fully self-operated sales model, the Company may face lower-than-expected sales results and impairment risk. In response, DRCO has taken the following measures: (1) regularly conduct a comprehensive inventory check of stores, and take the initiative to close, relocate and replace underperforming stores or stores that are inconsistent with the brand image; (2) focus resources on creating momentum for outperforming stores to improve the overall financial performance in cities; (3) hire an external professional consulting team to build an ideal model of terminal stores in all aspects, and implement the city operation improvement plan for the single-store-in-single-city projects; (4) refine store management, optimize internal processes, and strengthen the control of rental costs to reduce fixed rental costs and improve operational efficiency.

5. Risks of large balance and write-down of inventories

To ensure timely response to product customization demands, the company maintains a certain number of raw materials and inventory goods during operations. In the future, if there are significant fluctuations in prices of key raw materials such as diamonds or market prices of inventory goods, the Company may face the risk of further provision for inventory write-down. To address this risk, the Company will increase the value added of and enhance the competitiveness of products by improving and upgrading products according to market demand. Additionally, the Company will actively adjust procurement strategies, strengthen safe and strategic inventory management, accelerate inventory turnover, dynamically monitor inventory situations, and mitigate the risk of inventory write-downs.

XII. Registration form for surveys, communication, interviews and other activities during the reporting period

Applicable Not applicable

Date	Place	Method	Type of interviewer	Interviewer	Main discussion contents and material provided	Date
January 4, 2023	Online meeting	Online communication	Institution	Captial Group, GF Securities, New China Asset Management	Industry prospect, market landscape, current situation and of prospect DRCO's business operation	For details, please refer to the record of investor relations activities disclosed by DRCO on January 10, 2023 on www.cninfo.com.cn
January 5, 2023	Online meeting	Online communication	Institution	Guolian Securities, China Post & Capital Fund Management		
January 6, 2023	Company's meeting room	Field survey	Institution	Personnel from 17 institutions including Yinhua Fund, Dongfang Alfa Fund Management, and Infore Capital Management		
January 10, 2023	Online meeting	Online communication	Institution	Personnel from institutions including 8 Southwest Securities, SWS MU Fund Management, and Bosera Fund Management		
January 11, 2023	Online meeting	Online communication	Institution	Fidelity, Sealand Securities, Caitong Fund		

					Management, Dongwu Securities		
January 2023	11,	Company's meeting room	Field survey	Institution	Ocean Link		
January 2023	12,	Online meeting	Online communication	Institution	Western Security, HFT Investment Management		
January 2023	13,	Company's meeting room	Field survey	Institution	Personnel from 13 institutions including Morgan Stanley Huaxin Fund Management Company, Matthews Asia, and Penghua Fund Management		
January 2023	18,	Online meeting	Online communication	Institution	GF Securities, SWS Mu Fund Management		
January 2023	31,	Company's meeting room	Field survey	Institution	CITIC Securities		
January 2023	31,	Online meeting	Online communication	Institution	Personnel from 40 institutions including Goldman Sachs, Huatai-pinebridge Fund Management, and Centennial Insurance Asset Management	Industry prospect, market landscape, current situation and prospect of DRCO's business operation	For details, please refer to the record of investor relations activities disclosed by DRCO on February 16, 2023 on www.cninfo.com.cn
February 2023	1,	Online meeting	Online communication	Institution	Guosen Securities, Schroder Investment Management		
February 2023	1,	Company's meeting room	Field survey	Institution	Essence Securities		
February 2023	2,	Online meeting	Online communication	Institution	Personnel from 43 institutions including Springs Capital, Founder Fubon Fund Management and Sinolink Securities		

				Asset Management		
February 2023	3, Company's meeting room	Field survey	Institution	GF Securities, Caitong Fund Management		
February 2023	7, Company's meeting room	Field survey	Institution	GF Securities, New China Asset Management		
February 2023	8, Company's meeting room	Field survey	Institution	Personnel from 14 institutions including Huachuang Securities, Baoying Fund Management and JPMorgan Asset Management (China)		
February 2023	9, Company's meeting room	Field survey	Institution	Personnel from 8 institutions including E Fund Management, Infore Capital Management and CSOP Asset Management		
February 2023	10, Company's meeting room	Field survey	Institution	Sealand Securities, Wudi Investment		
February 2023	13, Online meeting	Online communication	Institution	Tianfeng Securities, Ningyongfu Fund Management		
February 2023	14, Company's meeting room	Field survey	Institution	Shanghai Securities, T Rowe Price Group		
February 2023	15, Company's meeting room	Field survey	Institution	Personnel from 6 institutions including China Life Pension, Cyber Atlas, and Changjiang Pension		
April 28, 2023	Online meeting	Online communication	Institution, retail investor	Personnel from 109 institutions including CITIC	2022 Annual Report and 2023Q1 Report presentations	For details, please refer to the record of investor relations

				Securities, China Life AMP Asset Management and Fortune Fund Management, as well as some retail investors		activities disclosed by DRCO on May 4, 2023 on www.cninfo.com.cn
May 6, 2023	Company's meeting room	Field survey	Institution	Huachuang Securities, Taikang Asset Management	Industry prospect, market landscape, current situation and prospect of DRCO's business operation	For details, please refer to the record of investor relations activities disclosed by DRCO on May 24, 2023 on www.cninfo.com.cn
May 12, 2023	Company's meeting room	Field survey	Institution	Brilliance		
May 15, 2023	Company's meeting room	Field survey	Institution	Personnel from 6 institutions including Guotai Junan, Wanli Fuda Investment, Wutong Yinfeng Wealth Management		
May 16, 2023	Company's meeting room	Field survey	Institution	China Merchants Securities, Eagle Investment, First Beijing		
May 17, 2023	Company's meeting room	Field survey	Institution	Top Wealth Building, Beyond Investment		
May 22, 2023	Company's meeting room	Field survey	Institution	Sangeng Asset Management		
July 14, 2023	Online meeting	Online communication	Institution	point72	Industry prospect, market landscape, current situation and prospect of DRCO's business operation	For details, please refer to the record of investor relations activities disclosed by DRCO on July 24, 2023 on www.cninfo.com.cn
July 20, 2023	Online meeting	Online communication	Institution	Personnel from 30 institutions including CITIC Securities, Guosheng Securities and GF Securities		
August 29, 2023	Online meeting	Online communication	Institution, retail investor	Personnel from 83 institutions including Huitianfu Fund Management, Sequoia	2023 Interim Report Presentation	For details, please refer to the record of investor relations activities

				Capital and China Resources SZITIC Trust, as well as some retail investors		disclosed by DRCO on August 31, 2023 on www.cninfo.com.cn
August 30, 2023	Company's meeting room	Field survey	Institution	China Southern Fund Management, Founder Securities	Industry prospect, market landscape, current situation and prospect of DRCO's business operation	For details, please refer to the record of investor relations activities disclosed by DRCO on September 6, 2023 on www.cninfo.com.cn
September 5, 2023	Company's meeting room	Field survey	Institution	Tianfeng Securities, Wutong Yinfeng Capital		
September 6, 2023	Company's meeting room	Field survey	Institution	Yinhua Fund, Changjiang Securities		
October 27, 2023	Online meeting	Online communication	Institution, retail investor	Personnel from 62 institutions including AEON Insurance Asset Management, Springs (Beijing) Capital, Guohua Shining Asset Management, and some retail investors	2023Q3 Report Presentation	For details, please refer to the record of investor relations activities disclosed by DRCO on October 29, 2023 on www.cninfo.com.cn

XIII. Implementation of "Quality Improvement & Return Increase" Action Plan

Whether the Company disclosed the "Quality Improvement & Return Increase" Action Plan.

Yes No

Part IV. Corporate Governance

I. Basic Information of Corporate Governance

In accordance with relevant laws, regulations and normative documents including the company Law of PRC, the Securities Law of PRC, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Shares on the ChiNext Market of the Shenzhen Stock Exchange, the No.2 Guidelines for Self-disciplined Regulation of Listed Companies - Standardized Operation of Listed Companies on ChiNext Market, as well as the requirements of the CSRC, DRCO constantly improves our corporate governance structure through establishing and refining internal management and control systems, promoting standardized operation and enhancing corporate governance. During the Reporting Period, the general meeting, the board of directors and its special committees, the board of supervisors, the senior management and the independent directors of DRCO well defined power and responsibilities; the general meeting, the board of directors and its special committees, and the board of supervisors implemented standardized operation, and the independent directors and the secretary of the board of directors were diligent in their duties. The actual situation of DRCO's governance complied with the requirements of rules, regulations and normative documents released by the regulators including CSRC and SZSE.

(I) Corporate governance system

During the reporting period, DRCO revised the "Articles of Association", the "Rules of Procedure of the Board of Directors", the "Rules of Work of the Audit Committee", the "Working Rules of the Nomination Committee", the "Working Rules of the Strategy and Sustainable Development Committee", the "Working Rules of the Remuneration and Appraisal Committee", the "Working System of the Independent Directors", the "Working Rules of the General Manager", the "Internal Audit Management System", the "Investor Relations Management System", the "Financing Management System", the "Administrative Measures for Connected Transactions", the "Administrative Measures for External Investment", and the "External Guarantee Management System", and formulated the "Management System for Shares Held by Directors, Supervisors and Senior Managers and Changes thereof", as well as the "System for Specialized Meetings of Independent Directors", thereby further improving the corporate governance system.

(II) Shareholders and general meetings

During the reporting period, DRCO held one annual general meeting and one extraordinary general meetings, both of which were convened by DRCO's board of directors. The general meetings of shareholders were held in accordance with relevant laws and regulations to perform duties and ensure that all shareholders enjoy equal rights, facilitate shareholders' participation in the general meeting as far as possible, and enable them to fully exercise their rights as shareholders. The convening method, procedure, voting method and resolution content of DRCO's general meeting of shareholders are in line with the requirements of relevant laws and regulations, normative documents, articles of association, rules of shareholders' meeting of listed companies and rules of procedure of shareholders' meeting, and shall be witnessed by lawyers on the spot and issue legal opinions. The convening and resolution of the general meeting of shareholders are legal and effective. There is no violation of relevant laws and regulations to exercise functions and powers.

(III) Directors and the Board of Directors

DRCO's board of directors has 9 directors, including 3 independent directors. The number and composition of the board of directors satisfy the requirements of relevant laws, regulations and the Articles of Association. During the reporting period, DRCO held a total of four board meetings, all of which were convened and held in accordance with the procedures stipulated in the Articles of Association, the Rules of Procedure of the Board of Directors and other relevant laws and regulations, voted and formed resolutions in strict accordance with the relevant provisions, submitted matters requiring consideration at general meetings for consideration and decision at general meetings, effectively performed the duties authorized by the general meetings, strictly implemented the resolutions passed by general meetings, diligently and conscientiously carried out various tasks and actively safeguarded the interests of DRCO and its shareholders. The holding of board meetings and the contents of resolutions of the company are legal and effective, and there is no violation of relevant laws and regulations to exercise power. The independent directors conscientiously fulfilled their responsibilities and gave full play to their functions of participation in decision-making, supervision and counterbalance, and professional consulting on the Board of Directors, and remained independent, objective, and prudent, to safeguard the overall interests of DRCO and the legitimate rights and interests of minority shareholders.

(IV) Supervisors and the Board of Supervisors

DRCO's Board of Supervisors has 3 supervisors including 1 employee representative. The number and composition of the Board of Supervisors meet the requirements of relevant laws, regulations and the Articles of Association. During the reporting period, DRCO's Board of Supervisors held four meetings in accordance with the requirements of relevant laws and regulations. By attending the general meetings and the Board meetings, supervisors exercised strict supervision over DRCO's standardized operation, business activities, material matters, financial position and the performance of duties by directors and senior management, effectively safeguarding the interests of shareholders. The meetings of the Board of Supervisors were convened in a lawful and valid manner, and there was no violation of relevant laws and regulations by the supervisors in exercising their powers.

(V) Information Disclosure and Transparency

In strict compliance with the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, the Administrative Measures for Information Disclosure of Listed Company, and other laws, regulations, rules and regulatory documents, as well as the Articles of Association, DRCO earnestly fulfilled the obligation of information disclosure and appointed the Board Secretary to take charge of the information disclosure work and ensure information disclosure in a truthful, accurate, timely, fair and complete manner. During the reporting period, DRCO designated Securities Times, Securities Daily, China Securities Journal, Shanghai Securities News and CNINFO (www.cninfo.com.cn) as the newspapers and websites for information disclosure to ensure all shareholders have equal access to information.

(VI) Management of Investor Relations

DRCO always values investor relations, and continues to build and explore an investor relations management model, promote two-way communication with investors, and protect investor interests. During

the reporting period, DRCO strictly observed relevant laws and regulations such as the Guidelines on Investor Relations Management for Listed Companies, and internal systems such as the “Articles of Association”, and followed the basic principles of “full compliance, investor equality, proactive communication, honesty and good faith”, to ensure all investors had equal access to its information. DRCO built a perfect investor relations management system, set up a special post for investor relations management, and continuously standardized the investor relations management process to enhance communication with existing and potential investors, and improve investors' understanding and recognition of the company. Smooth communication with investors was ensured to the greatest extent through hotline, new media platforms, official accounts, email and the “Investor Relations” column on its website, as well as on-site reception.

(VII) Stakeholders

DRCO actively fulfills its corporate social responsibility, fully respects and safeguards the legitimate rights and interests of relevant stakeholders, strives to achieve a harmonious balance among the interests of shareholders, employees and society, and continues to promote the sustainable and healthy development of DRCO. In accordance with relevant laws, regulations and regulatory documents such as the “The No.2 Guidelines of the Shenzhen Stock Exchange for Self-Discipline and Regulation of Listed Companies - Standardized Operation of Companies Listed on ChiNext Market”, DRCO has issued the 2023 Environmental, Social and Governance Report, as detailed in the “2023 ESG Report” disclosed by DRCO on www.cninfo.com.cn on 27 April 2024.

Whether there is any significant difference between the actual situation of corporate governance and the laws, administrative regulations and the provisions on the governance of listed companies issued by the CSRC

Yes No

There is no significant difference between the actual situation of corporate governance and the laws, administrative regulations and the provisions on the governance of listed companies issued by the CSRC.

II. Independence of DRCO from Controlling Shareholders and Actual Controllers in Asset, Personnel, Finance, Institution and Business

DRCO operates in accordance with the requirements of The company Law of PRC, the Securities Law and other relevant laws and regulations, and the Articles of Association; and has established and improved the corporate governance structure. Therefore, DRCO is independent of the controlling shareholders, the actual controllers and other enterprises controlled by them in terms of assets, personnel, finance, institutions and business, and enjoys asset integrity and independence of business and the ability to operate independently in the market.

(I) Asset integrity

DRCO has the business system and related assets related to the operation, legally owns the ownership of or right to use the trademarks, patents and non-patented technologies related to the operation, and has its own raw material procurement system and product sales system. DRCO has clear and complete ownership of its

assets, and enjoys independent control and domination over all assets. DRCO has not provided guarantees for the debts of shareholders with its assets, interests or creditworthiness, and does not have assets or funds being illegally occupied by controlling shareholders to the detriment of DRCO's interests and reliance on shareholders and other institutions.

(II) Personnel independence

The directors, supervisors and senior managers of DRCO are elected in strict accordance with the relevant provisions of DRCO Law and the Articles of Association; the general manager, the deputy general manager, the person in charge of finance, the Board secretary and other senior managers of DRCO neither hold positions other than director and supervisor in DRCO's controlling shareholders, actual controllers and other enterprises controlled by them, nor receive remuneration from DRCO's controlling shareholders, actual controllers and other enterprises controlled by them; the financial personnel of DRCO do not work part-time in the organizations of controlling shareholders or the actual controllers and other enterprises controlled by them.

(III) Financial independence

DRCO has set up an independent financial department with full-time accounting personnel, and established an independent financial accounting system and financial management policies to make financial decisions independently in strict accordance with accounting laws and regulations including the Accounting Law of the People's Republic of China. DRCO has a standardized financial accounting system and financial management policies for branches and subsidiaries; DRCO doesn't share bank accounts with controlling shareholders, actual controllers and other enterprises controlled by them.

(IV) Institutional independence

DRCO has set up and defined the responsibilities and rights of the general meeting of shareholders, the Board of Directors, the Board of Supervisors and other bodies for decision-making, operation management and supervision. and supervision. Therefore, DRCO has established a standardized and effective corporate governance structure. Based on the development needs, DRCO has established a series of internal operation and management institutions that independently exercise the right of operation and management, and there is no institutional mixing with the controlling shareholders, the actual controller and other enterprises under their control.

(V) Business independence

DRCO has an independent and complete research and development, design, procurement and sales business system, with the ability to directly conduct business operation by itself on the market. DRCO's business is independent of the controlling shareholders, the actual controllers and other enterprises under their control. Between DRCO and its controlling shareholders, the actual controllers and other enterprises under their control, there is neither horizontal competition that has a material adverse effect on the issuer, nor any connected transaction that materially impacted the independence and was obviously unfair.

III. Horizontal Competition

Applicable Not applicable

IV. Annual General Meetings and Extraordinary General Meetings Held during Reporting Period

1. General meetings of shareholders during the reporting period

Session	Type of meeting	Percentage attending investors	Date convening	Date disclosure	Resolution of meeting
The First Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting of Shareholders	88.19%	January 17, 2023	January 17, 2023	For details, please refer to the Announcement on the Resolution of the First Extraordinary General Meeting of Shareholders in 2023 published on www.cninfo.com.cn (No. 2023-003)
2022 Annual General Meeting of Shareholders	Annual general meeting of shareholders	88.18%	May 26, 2023	May 26, 2023	For details, please refer to the Announcement for the Resolution of the 2022 Annual General Meeting of Shareholders published on www.cninfo.com.cn (No. 2023-033)

2. Preferred shareholders whose voting rights have been restored request to convene an extraordinary general meeting of shareholders

Applicable Not applicable

V. Weighted Voting Right Arrangement

Applicable Not applicable

VI. Corporate Governance of Red-chip Company

Applicable Not applicable

VII. Directors, Supervisors and Senior Management**1. Basic information**

Name	Gender	Age	Position	Employment status	Start date of tenure	End date of tenure	Number of shares held at the beginning of the period (shares)	Number of shares increased during the current period (shares)	Number of shares increased during the current period (shares)	Other increases or decreases (shares)	Number of shares held at end of current period (shares)	Reasons for changes in shares
Zhang Guota	Male	38	Chairman	Incumbent	July 11, 2019	July 7, 2025	0	0	0	0	0	
Zhang Guota	Male	38	General Manager (President)	Appointment and removal	July 11, 2019	August 25, 2023	0	0	0	0	0	
Lu Yiwen	Female	37	Director	Incumbent	July 11, 2019	July 7, 2025	0	0	0	0	0	
Lu Yiwen	Female	37	General Manager (President)	Appointment and	August 25, 2023	July 7, 2025	0	0	0	0	0	

			t)	removal		5						
Wei Qingxi ng	Male	41	Director, Deputy General Manager (Vice President)	Resigned	July 1, 2019	March 31, 2023	0	0	0	0	0	
Huang Shuiro ng	Male	49	Director, Deputy General Manager (Vice President), Secretary of the Board and Chief Financial Officer	Incumbent	July 11, 2019	July 7, 2025	0	0	0	0	0	
Hu Xiaom ing	Male	43	Director	Incumbent	July 11, 2019	July 7, 2025	0	0	0	0	0	
Chen Qishe ng	Male	38	Director	Incumbent	March 8, 2021	July 7, 2025	0	0	0	0	0	
Zhao Ranra n	Fem ale	34	Director	Incumbent	May 26, 2023	July 7, 2025	0	0	0	0	0	
Li Yang	Male	41	Independent	Incumbent	January 15,	July 7, 202	0	0	0	0	0	

			Director		2020	5						
Liang Jun	Male	46	Independent Director	Incumbent	January 15, 2020	July 7, 2025	0	0	0	0	0	
Zhong Min	Male	51	Independent Director	Incumbent	November 24, 2020	July 7, 2025	0	0	0	0	0	
Huang Yingfeng	Female	35	Chairman of the Board of Supervisors	Incumbent	July 8, 2022	July 7, 2025	0	0	0	0	0	
Shen Ai	Female	34	Supervisor	Incumbent	July 8, 2022	July 7, 2025	0	0	0	0	0	
Yin Luwen	Male	44	Employee Representative Supervisor	Resigned	July 11, 2019	April 10, 2023	0	0	0	0	0	
Wu Wanhong	Female	30	Employee Representative Supervisor	Incumbent	April 10, 2023	July 7, 2025	0	0	0	0	0	
Total	--	--	--	--	--	--	0	0	0	0	0	--

Whether any directors, supervisors and senior officers were dismissed during the reporting period

Yes No

1. On March 31, 2023, the Board of Directors received a resignation in writing from Mr. Wei Qingxing, a director and senior executive of DRCO, who applied for resignation from his positions as director, member of the Remuneration and Appraisal Committee and deputy general manager (vice president) for personal

reasons. After his resignation, Mr. Wei Qingxing will no longer hold any position in DRCO.

2. On April 10, 2023, the Supervisory Committee received a written resignation from Mr. Yin Luwen, who applied for resignation from his position as Employee Representative Supervisor as a result of work adjustment. As at the end of the reporting period, he no longer held any position in DRCO.

3. On August 25, 2023, the Board of Directors received a written resignation from Mr. Zhang Guotao, who applied for resignation from the position of General Manager (President) so as to focus more on DRCO's long-term development strategy and planning, but he would continue to serve as Chairman of the Second Session of the Board of Directors and Chairman of the Strategy and Sustainable Development Committee.

Changes in directors, supervisors and senior management of DRCO

Applicable Not applicable

Name	Position	Type	Date	Reason
Wei Qingxing	Director, Deputy General Manager (Vice President)	Resigned	March 31, 2023	Resign for personal reasons
Yin Luwen	Employee representative supervisor	Resigned	April 10, 2023	Work Adjustment
Wu Wanhong	Employee representative supervisor	Elected	April 10, 2023	Elected by the employee representative meeting
Zhao Ranran	Director	Elected	May 26, 2023	Elected by the general meeting
Zhang Guotao	General Manager (President)	Dismissed	August 25, 2023	Work Adjustment
Lu Yiwen	General Manager (President)	Appointed	August 25, 2023	Appointed by the Board of Directors

2. Positions

Professional background and career experience of DRCO's incumbent directors, supervisors and senior management and their current major responsibilities in DRCO.

(1) Profiles of the Board members

① Mr. Zhang Guotao

Mr. Zhang Guotao, Chairman of the Board, is a Chinese citizen without permanent residence permit outside China. Born in 1985, he holds an EMBA degree from Cheung Kong Graduate School of Business and is the founder of DRCO. Mr. Zhang has received awards including the "Outstanding Young Entrepreneur Award (40 years and below)" and the "Top 10 Leaders of Asian Brands". He was the executive director and general manager of Darry Corporation and now acts as DRCO's chairman, as well as the executive director & general manager of DR Investment, Qianhai Wendi, Wendi Design, Wendi Technology and EveryYear Travel Photography.

② Ms. Lu Yiwen

Ms. Lu Yiwen is the director of DRCO. She is a Chinese citizen without permanent residence permit outside

China. Born in 1987, she holds an EMBA degree from China Europe International Business School (CEIBS). As the founder of DRCO, she has received awards such as "Forbes 30 Under 30 China", "Hurun China Under 30s To Watch" and "Top 10 Leaders of Asian Brands". Ms. Lu was ever the vice president and supervisor of Darry Corporation and now acts as the director and general manager (president), the supervisor of DR Investment, the supervisor of EveryYear Travel Photography, the supervisor of Wendi Design and Wendi Technology.

③ Mr. Huang Shuirong

Mr. Huang Shuirong, the director of DRCO, is a Chinese citizen without permanent residence permit outside China. Born in 1974, Mr. Huang received his master's degree from Zhongnan University of Economics and Law, and he is a senior accountant. Mr. Huang once served as the financial manager of Guangdong-based Jianlibao Group, the chief financial officer of Xilong Chemical Co., Ltd., the general manager of the financial center at Xilong Chemical Co., Ltd., and the financial manager of Tiandi No.1 Beverage Inc.; since joining DRCO in 2018, he has held such positions as the vice president and financial manager of Darry Corporation and now is the director, deputy general manager (vice president), Board secretary and financial manager of DRCO.

④ Mr. Hu Xiaoming

Mr. Hu Xiaoming, the director of DRCO, is a Chinese citizen without permanent residence permit outside China. Born in 1980, he received his bachelor's degree from Shenzhen University. Mr. Hu used to be the planning manager of Guangzhou Himalayan Advertising Co., Ltd., the senior brand planning manager of Jiaduobao (China) Beverage Co., Ltd., the brand director of Shenzhen Shengzi Technology Co., Ltd., and the deputy brand director of Yulong Computer Communication Technology (Shenzhen) Co., Ltd. Since joining DRCO in 2016, he has held such positions as the brand director and strategy director at the market center of Darry Corporation, and now he acts as the director and strategy head at DRCO.

⑤ Mr. Chen Qisheng

Mr. Chen Qisheng, the director of DRCO, is a Chinese citizen without permanent residence permit outside China. Born in 1986, he received his bachelor's degree and holds the CMA certificate. He once worked in Chow Tai Fook Jewelry (Shenzhen) Co., Ltd., Kingdee Software (China) Co., Ltd. and Shenzhen Jianjiaqin Jewelry Co., Ltd. Since joining DRCO in 2015, he has ever held the position of a senior financial manager and now acts as the director and the responsible head for business and finance.

⑥ Ms. Zhao Ranran

Ms. Zhao Ranran, director of DRCO, is a Chinese citizen without permanent residence permit outside China. Born in 1989, holds a bachelor's degree from Central China Normal University. She joined the company in July 2013 and have served as Senior Manager and Deputy Director of User Operations; From July 2019 to July 2022, served as the Chairman of the first Supervisory Board of the company; she have been serving as the head of the company's brand communication department since July 2019.

⑦ Mr. Li Yang

Mr. Li Yang, the independent director of DRCO, is a Chinese citizen without permanent residence permit outside China. Born in 1983, he received his PhD degree from Columbia University and is an Associate Professor of Cheung Kong Graduate School of Business. Since 2020, he has been an independent director of DRCO, as well as an independent director of 360 Ludashi Holdings Co., Ltd., Westingarea Supply Chain (Shanghai) Co., Ltd. and New Tianli Technology Co., Ltd.

⑧ Mr. Liang Jun

Mr. Liang Jun, the independent director of DRCO, is a Chinese citizen without permanent residence permit outside China. Born in 1977, he received his master's degree from Renmin University of China, and the EMBA degree from China Europe International Business School. Mr. Liang used to be the marketing manager of consumer goods subsidiary under Humanwell Healthcare, the board secretary of Shenzhen Sinobioway Xinpeng Biomedicine Co., Ltd., the senior partner and fund manager of Shenzhen-based Rabbit Fund; he has been serving as the independent director of DRCO since 2020.

⑨ Mr. Zhong Min

Mr. Zhong Min, the independent director of DRCO, is a Chinese citizen without permanent residence permit outside China. Born in 1973, he received his bachelor's degree from Hangzhou Dianzi University and holds the CPA certificate. Mr. Zhong ever served as a senior manager of Shenzhen Tongren Accounting Firm, a salaried partner of Shenzhen Pengcheng Enterprise Management Consulting Co., Ltd., the chief financial officer of Shenzhen Yuezhong Investment Holdings Co., Ltd., the independent director of Guangzhou Fangbang Electronics Co., Ltd.. He has been acting as the independent director of DRCO since 2020, and also a director of Shenzhen Yuezhong Investment Holdings Co., Ltd. and an independent director of Shenzhen Xunfang Technology Co., Ltd.

(2) Profiles of the members of the Board of Supervisors

① Ms. Huang Yingfeng

Ms. Huang Yingfeng, Chairman of the Board of Supervisors, is a Chinese citizen without permanent residence permit outside China. Born in 1989, she received her master's degree from Shenzhen University. She used to be the screenwriter of Shenzhen All Things Growth Media Co., Ltd., the content director of Beijing October 5th Film Media Co., Ltd, and the general manager of Shenzhen Weiwan Daixu Technology Co., Ltd.; She joined DRCO in 2020 and now acts as the Chairman of the Board of Supervisors and the responsible head for brand content Department.

② Ms. Shen Ai

Ms. Shen Ai, the supervisor of DRCO, is a Chinese citizen without permanent residence permit outside China. Born in 1989, she received her bachelor's degree from Shenzhen University. Since joining DRCO in 2012, she has held the positions including the copywriter, copywriter manager and copywriter expert at Darry Corporation (戴瑞有限). Now she acts as the supervisor and UCC operation manager at DRCO.

③ Ms. Wu Wanhong

Ms. Wu Wanhong, the employee representative supervisor, is a Chinese citizen without permanent

residence permit outside China. Born in 1993, she received her bachelor's degree from Guangzhou University. She ever worked as an accountant in Minhua Furniture Manufacturing (Shenzhen) Co., Ltd. Since joining DRCO in 2017, Ms. Wu has held such positions as the retail accounting manager and the senior accounting manager. Now she serves as the business and finance manager in DRCO.

(3) Profiles of senior management

① Ms. Lu Yiwen

Ms. Lu Yiwen currently serves as the director and deputy general manager (vice president). For her biographies, please refer to the section "Profiles of Board Members".

② Mr. Huang Shuirong

Mr. Huang Shuirong currently serves as the director and deputy general manager (vice president). For his biographies, please refer to the section "Profiles of Board Members".

Positions in shareholder entity

Applicable Not applicable

Name of employee	Name of shareholder entity	Position held in shareholder entity	Start date of tenure	End Date of tenure	Whether receive remunerations in shareholder entity
Zhang Guotao	DR Investment (Zhuhai) Co., Ltd.	Executive Director, General Manager	November 24, 2015		No
Zhang Guotao	Gongqingcheng Wendi No.1 Investment Management Partnership (LP)	Executive Partner (with a proxy appointed)	December 1, 2017		No
Zhang Guotao	Gongqingcheng Wendi No.2 Investment Management Partnership (LP)	Executive Partner (with a proxy appointed)	December 1, 2017		No
Zhang Guotao	Gongqingcheng Wendi No.3 Investment	Executive Partner (with a proxy appointed)	December 4, 2017		No

	Management Partnership (LP)	proxy appointed)			
Lu Yiwen	DR Investment (Zhuhai) Co., Ltd.	Supervisor	November 24, 2015		No
Description of the position in the shareholder entity	Not applicable				

Position in other entity

 Applicable Not applicable

Name of person	Name of other entity	Position held in other entity	Start date of tenure	End Date of tenure	Whether receive remunerations in other entity
Zhang Guotao	Shenzhen Qianhai Wendi Management Consulting Co., Ltd.	Executive Director, General Manager	September 5, 2017		No
Zhang Guotao	Zhuhai Wendi Design Consulting Co., Ltd.	Executive Director, Manager	July 26, 2021		No
Zhang Guotao	Zhuhai Wendi Technology Co., Ltd.	Executive Director, Manager	July 27, 2021		No
Zhang Guotao	Shenzhen EveryYear Travel Photography Culture Co., Ltd.	Executive Director, General Manager	August 10, 2021		No
Lu Yiwen	Shenzhen EveryYear Travel Photography Culture Co., Ltd.	Supervisor	December 13, 2019		No
Lu Yiwen	Zhuhai Wendi Technology Co., Ltd.	Supervisor	July 27, 2021		No
Lu Yiwen	Zhuhai Wendi Design Consulting Co., Ltd.	Supervisor	July 26, 2021		No
Huang Shuirong	Shenzhen	Executive	March 30,		No

	Rongzhi Lianchuang Investment Enterprise (LP)	Partner	2015		
Li Yang	360 Ludashi Holdings Limited	Independent Non- Executive Director	June 5, 2019		Yes
Li Yang	Cheung Kong Graduate School of Business	Associate Professor	July 1, 2017		Yes
Li Yang	Westingarea Supply Chain (Shanghai) Co., Ltd.	Independent Director	February 09, 2022		Yes
Li Yang	Xintianli Technology Co., Ltd.	Independent Director	July 11, 2022		Yes
Zhong Min	Beijing Zhierxing Culture Media Co., Ltd.	Director	November 14, 2013		No
Zhong Min	Shenzhen Yuezhong Culture Group Co., Ltd	Director	January 16, 2019	September 1, 2023	No
Zhong Min	Shenzhen Yuezhong Tianze Real Estate Development Co., Ltd.	Director	January 5, 2013	May 22, 2023	No
Zhong Min	Shenzhen Yuezhong Investment	Director	December 26, 2006		Yes

	Shenzhen Binhai Penghui Fund Management Co., Ltd.	Chairman	November 15, 2018		No
	Guangzhou Fangbang Electronics Co., Ltd.	Independent Director	December 12, 2016		Yes
Description of position in other entity	None				

Whether DRCO's current and resigned directors, supervisors and senior management were penalized by securities regulators in the past three years

Applicable Not applicable

3. Remunerations of directors, supervisors and senior management

- Decision-making process, basis for determination and actual payment of remunerations for directors, supervisors and senior management

The remuneration of DRCO's directors and supervisors is determined in accordance with the following principles: non-independent directors do not receive remuneration or allowances for directors but are compensated according to the specific position they hold in DRCO; independent directors receive allowances; supervisors do not receive remuneration or allowances but are compensated according to the specific position they hold in DRCO. The remuneration of DRCO's directors, supervisors, senior management and other core personnel consists mainly of basic salary, position benefits and performance-based incentives.

The remuneration plan for directors are to be considered and approved by the Board and reported to the general meeting through the Board for consideration and approval. The remuneration plan for supervisors are considered and approved by the general meetings; the remuneration plan for senior management is considered and approved by the board meetings; the remuneration plan for other core personnel who do not concurrently serve as directors, supervisors or senior management is determined according to the remuneration plan formulated by DRCO's management.

During the reporting period, the remuneration of DRCO's directors, supervisors and senior management has been paid in full.

- Actual payment for the remuneration of directors, supervisors and senior management

Unit: RMB0'000

Name	Position	Gender	Age	Employment status	Total pre-tax compensation received from DRCO	Whether receive compensation from any connected party of DRCO
Zhang Guotao	Male	38	Chairman	Incumbent	417.72	No
Lu Yiwen	Female	37	Chairman, General Manager (President)	Incumbent	190.8	No
Wei Qingxing	Male	41	Director, Deputy General Manager (Vice President)	Resigned	80.16	No
Huang Shuirong	Male	49	Director, Deputy General Manager (Vice President), Secretary of the Board and Financial Manager	Incumbent	134.11	No
Hu Xiaoming	Male	43	Director	Incumbent	67.12	No
Chen Qisheng	Male	38	Director	Incumbent	70.21	No
Zhao Ranran	Female	34	Director	Incumbent	56.05	No
Li Yang	Male	41	Independent	Incumbent	10	No

			Director			
Liang Jun	Male	46	Independent Director	Incumbent	10	No
Zhong Min	Male	51	Independent Director	Incumbent	10	No
Huang Yingfeng	Female	35	Chairman of the Board of Supervisors	Incumbent	84.3	No
Shen Ai	Female	34	Supervisor	Incumbent	43.26	No
Yin Luwen	Male	44	Employee Representative Supervisor	Resigned	12.11	No
Wu Wanhong	Female	30	Employee Representative Supervisor	Incumbent	33.04	No
Total	--	--	--	--	1,218.88	--

Other notes

Applicable Not applicable

During the reporting period, the pre-tax remuneration received by Chairman Zhang Guotao from DRCO increased as compared to 2022, which was mainly due to an increase in the exchange rate for the remuneration in Hong Kong dollars over 2022.

VIII. Performance of Duties by DRCO Directors during Reporting Period

1. Board of Directors in the reporting period

Meeting	Date of convening	Date of disclosure	Resolution of meeting
5th Meeting of the Second Session of Board of Directors	April 26, 2023	April 28, 2023	For details, please refer to the Announcement for the Resolution of the 5th Meeting of the Second Session of Board of Directors published on www.cninfo.com.cn (No.

			2023-029)
6th Meeting of the Second Session of Board of Directors	August 25, 2023	August 29, 2023	For details, please refer to the Announcement for the Resolution of the 6th Meeting of the Second Session of Board of Directors published on www.cninfo.com.cn (No. 2023-047)
7th Meeting of the Second Session of Board of Directors	October 25, 2023		Review and pass the Resolution on the Third Quarter Report 2023
8th Meeting of the Second Session of Board of Directors	December 28, 2023	December 30, 2023	For details, please refer to the Announcement for the Resolution of the 8th Meeting of the Second Session of Board of Directors published on www.cninfo.com.cn (No. 2023-062)

2. Attendance of directors at the Board meetings and the general meetings

Attendance of directors at the Board meetings and the general meetings							
Name of director(s)	Required attendance in Board meetings during the year	Attendance in Board meetings in person	Attendance in Board meetings via communication equipment	Attendance by proxy	Number of absences from Board meetings	Absence from two consecutive meetings or not	Attendance at general meetings
Zhang Guotao	4	3	1	0	0	No	1
Lu Yiwen	4	3	1	0	0	No	1
Wei	0	0	0	0	0	No	1

Qingxing							
Huang Shuirong	4	4	0	0	0	No	2
Hu Xiaoming	4	4	0	0	0	No	2
Chen Qisheng	4	4	0	0	0	No	2
Zhao Ranran	3	3	0	0	0	No	1
Li Yang	4	0	4	0	0	No	2
Liang Jun	4	1	3	0	0	No	2
Zhong Min	4	0	4	0	0	No	2

Description of absence from two consecutive Board meetings in person

Not Applicable.

3. Dissent of directors to corporate issues

Dissent of directors to relevant issues of DRCO

Yes No

During the reporting period, the directors did not raise any objection to the relevant matters of DRCO.

4. Other information on duty performance of directors

Whether the suggestions of the directors are adopted or not

Yes No

Descriptions on whether the suggestions of the directors are adopted or not

During the reporting period, all directors of DRCO performed their duties faithfully and diligently, actively attended the Board meetings and general meetings, and deliberated all proposals in accordance with relevant laws, regulations and normative documents including DRCO Law, the Securities Law, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, the No.2 Guidelines of the Shenzhen Stock Exchange for Self-Discipline and Regulation of Listed Companies - Standardized Operation of Companies Listed on ChiNext Market, the Articles of Association, the Rules of Procedure of the Board of Directors, and the Work System for Independent Directors. Based on the actual situation of DRCO, all directors have made in-depth discussions on DRCO's business activities, financial status, major issues and other matters to make suggestions for DRCO's business development, fully consider the interests and demands of minority

shareholders, enhance the scientific decision-making of the board of directors in a timely manner, and promote the sustainable and healthy development of DRCO/s operations.

IX. Special Committees under the Board of Directors during Reporting Period

Name of committee	Members	Number of meetings held	Date of convening	Contents of the meetings	Important opinions and suggestions	Other descriptions on duty performance	Details of objections (if any)
Audit Committee	Zhong Min, Liang Jun, Huang Shuirong	5	January 9, 2023	Review the "Resolution on the 4Q2022 Work Review and 2023 Work Plan of DRCO's Audit Department	The Audit Committee reviewed the matters under consideration in strict accordance with the Articles of Association, the Rules of Work of the Audit Committee and relevant laws and regulations, fully communicated with DRCO and the auditors and unanimously approved relevant resolutions after discussion.	1. Guide the internal audit work and play the role of the Audit Department in "improving corporate governance, adding value and achieving objectives". 2. Communicate with the accounting firm on the work plan and arrangements for the annual audit in 2023, the priorities therein and other matters.	
			April 25, 2023	1. Review the "Resolution on	The Audit Committee	1. Communicate with the	

			<p>the 2022 Annual Report and Its Summary”;</p> <p>2. Review the “Resolution on the 2023Q1 Quarterly Results”</p> <p>3. Review the “Resolution on the 2022 Financial Results;</p> <p>4. Review the “Resolution on the 2022 Internal Control Self assessment Report”;</p> <p>5. Review the “Resolution on 2022 Annual Report on Deposit and Use of Proceeds”</p> <p>6. Review the “Resolution on the Storage and Use of Funds Raised in 1Q2023”;</p> <p>7. Review the “Resolution on Renewing Engagement of Audit Institution in 2023”</p> <p>8. Review the “Resolution on the Work of DRCO’s Audit Department in 1Q2023”</p>	<p>reviewed the matters under consideration in strict accordance with the Articles of Association, the Rules of Work of the Audit Committee and relevant laws and regulations, and unanimously approved relevant resolutions after discussion with related parties.</p>	<p>accounting firm to ensure that the financial statements give a true, fair and complete reflection of the overall financial position of DRCO;</p> <p>2. Guide the internal audit work and play the role of the Audit Department in “improving corporate governance, adding value and achieving objectives”.</p>	
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			<p>1. Review the “Resolution on the 2023 Interim Report and Its Summary”;</p> <p>2. Review the “Resolution on 2023 Interim Report on Deposit and Use of Proceeds”</p> <p>3. Review the “Resolution on Revision of the Internal Audit Management System”;</p> <p>4. Review the “Resolution on the 2023Q2 Work of DRCO’s Audit Department”</p>	<p>The Audit Committee reviewed the matters under consideration in strict accordance with the Articles of Association, the Rules of Work of the Audit Committee and relevant laws and regulations, and unanimously approved relevant resolutions after discussion with related parties.</p>	<p>Guide the internal audit work and play the role of the Audit Department in “improving corporate governance, adding value and achieving objectives”.</p>	
		<p>August 24, 2023</p>	<p>1. Review the “Resolution on the 2023Q3 Quarterly Results”</p> <p>2. Resolution on reviewing the “2023Q3 Special Report on Deposit and Use of</p>	<p>The Audit Committee reviewed the matters under consideration in strict accordance with the Articles of Association, the Rules of Work of the Audit Committee and</p>	<p>Guide the internal audit work and play the role of the Audit Department in “improving corporate governance, adding value and achieving objectives”</p>	<p>October 24, 2023</p>

				Proceeds” 3. Review the “Resolution on the 2023Q3 Work of DRCO’s Audit Department”	relevant laws and regulations, and unanimously approved relevant resolutions after discussion with related parties.		
			December 28, 2023	Review the “Resolution on Revision of the Internal Audit Management System”	The Audit Committee reviewed the matters under consideration in strict accordance with the Articles of Association, the Rules of Work of the Audit Committee and relevant laws and regulations, and unanimously approved the resolution after discussion.		
Strategy and Sustainable Development	Zhang Guotao, Li Yang,	2	April 26, 2023	Review the “Resolution on the	The Strategy and Sustainable		

Committee	Hu Xiaoming			Sustainable Development Report for 2022”	Development Committee, in strict accordance with the Articles of Association, the Working Rules of the Strategy and Sustainable Development Committee and relevant laws and regulations, unanimously approved the resolution after discussion.		
				December 28, 2023	Review the “Resolution on Formulating the ESG System of DRCO”		

					unanimously approved the resolution after discussion.		
Remuneration and Appraisal Committee	Liang Jun 、 Zhong Min	1	April 25, 2023	1.Review the “Resolution on the Plan for Remuneration and Allowance of Directors”; 2. Review the “Resolution on the Plan for Remuneration and Allowance of Senior Management”;	The Remuneration and Appraisal Committee, in strict accordance with the Articles of Association, the Working Rules of the Remuneration and Appraisal Committee and relevant laws and regulations, unanimously approved relevant resolutions after in-depth discussion.		
Nomination Committee	Li Yang, Lu Yiwen, Zhong Min	2	April 26, 2023	Review the "Resolution on Nominating Zhao Ranran as a Non Independent	The Nomination Committee considered the matters under consideration		

				<p>Director Candidate for the Second Board of Directors"</p>	<p>in strict accordance with the Articles of Association, the Working Rules of the Nomination Committee, and relevant laws and regulations, and conducted a serious review of the qualifications of director candidates. After discussion, relevant nominations were unanimously approved.</p>		
			<p>August 25, 2023</p>	<p>Review the "Resolution on the Appointment of DRCO's General Manager"</p>	<p>The Nomination Committee considered the matters under consideration in strict accordance with the Articles of Association, the Working Rules of the Nomination</p>		

					Committee, and relevant laws and regulations, and conducted a serious review of the qualifications of general manager candidate. After discussion, relevant nomination was unanimously approved.		
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X. Work of Board of Supervisors

Whether the Board for Supervisors identified any risk to DRCO through supervisory activities during the reporting period.

Yes No

The Board of Supervisors had no objection to the matters under its supervision during the reporting period.

XI. Employees of DRCO

1. Employee number, professional composition, and educational background

Number of current employees of the parent Company as of the end of the reporting period (persons)	2,595
Number of current employees of major subsidiaries as of the end of the reporting period (persons)	602
Total number of current employees as of the end of the reporting period (persons)	3,197
Total number of paid employees in the current period (persons)	3,197
Number of retired employees for whom the parent company and its major subsidiaries are responsible for the retirement benefits (persons)	0
Professional composition	

Category	Number of persons
Sales personnel	2,890
Technical personnel	88
Financial personnel	59
Administrative personnel	160
Total	3,197
Education background	
Category	Quantity (person)
Master's degree and above	43
Bachelor's degree	661
Junior college below	2,493
Total	3,197

2. Remuneration policy

DRCO continues to improve the remuneration-driven incentive mechanism to ensure the compliance of various remuneration management activities, as well as external competitiveness and internal fairness and effective incentives. DRCO has a perfect salary system with the compensation structure and range matching the ranks and positions by taking into account the internal and external remuneration contexts. Sticking to the strategy of setting positions and salaries based on skills, DRCO offers competitive compensation to top talents. Performance-based incentives for employees align with DRCO's business results, enabling all staff to share the benefits of the corporate growth. The working environment with equal emphasis on efficiency and fairness, Enable employees to work in a loving environment and lays a foundation for the enthusiasm and stability for employees to achieve self-fulfillment.

3. Training program

During the reporting period, DRCO continued to improve its staff training program in line with the annual strategic planning and staff development requirements. It developed separate training programs for new and existing staff, and tailor-made training courses agreeing with its business objectives, so as to improve the comprehensive quality of employees and boost overall operational results. Online learning and offline intensive training were regularly organized for new employees in functional departments to help them better understand the corporate culture, brand, products and processes, and fit into the workplace quickly. The professional competence training for managers in functional departments improved the managers' understanding of the Company's strategic priorities and enhanced their strategic execution ability. Training for retail staff focused on brand concept interpretation, professional improvement of works, and sales service enhancement, and learning sessions of varied forms were launched nationwide, which raised the

professional knowledge of terminal stores, enhanced the professionalism, ability to explain the works and service consciousness of employees, and improved customer experience. DRCO launched “True Love Setting Sail” and “Setting Sail Premium+” programs through cooperation with external agencies to cultivate new employees and help them pass the transition period and meet post requirements. A couple of practical courses were developed to empower employees in terms of vocational psychology, sales skills and continuous development. To help store managers fully understand the Company’s development strategy and sales planning, DRCO worked out a store manager training program with a variety of specialized courses to help store managers effectively manage business data and improve decision-making ability through online learning and offline tutoring. The above-mentioned programs enhanced overall qualification and professional skills of DRCO’s employees, addressed the needs of its staff for self improvement, and promoted continuous development of the Company.

4. Labor outsourcing

Applicable Not applicable

Total working hours for labour outsourcing	71,494.00
Total remuneration paid for labour outsourcing (RMB)	3,152,092.04

XII. Profit Distribution Plan and Plan to Convert Reserves into Share Capital

Formulation, implementation or adjustment of profit distribution policy, particularly cash dividend policy, during the reporting period

Applicable Not applicable

DRCO implements the profit distribution policy in strict accordance with the relevant provisions of the Articles of Association of DRCO. The profit distribution plan during the reporting period complied with the provisions of the Articles of Association and the review procedures, fully protecting the legitimate rights and interests of all shareholders of DRCO. On May 26, 2023, DRCO held the 2022 annual general meeting of shareholders to consider and approve the Resolution on the Profit Distribution Plan for 2022. Based on the total share capital of 400,010,000 shares as of December 31, 2022, DRCO distributed RMB10.00 in cash (tax inclusive) for every 10 shares to all shareholders, amounting to a total cash dividend of RMB400,010,000 (tax inclusive), No bonus shares were offered and no capital reserve was converted into share capital. This profit distribution plan was completed on June 20, 2023.

Special notes on cash dividend policy	
Whether complies with the provisions of the Articles of Association or the requirements of the resolution of the general meeting of shareholders:	Yes
Whether the criteria and proportion of dividend distribution are clear and unambiguous	Yes

Whether relevant decision-making procedures and mechanisms are sound:	Yes
Whether independent directors have performed their duties and played their due roles:	Yes
If DRCO does not distribute cash dividends, disclose specific reasons and propose measures to increase investor returns:	Not Applicable
Whether minority shareholders have the opportunity to fully express their opinions and requirements, and whether their legitimate rights and interests are fully protected:	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	Not Applicable

DRCO's profit distribution plan and plan to convert reserves into share capital during the reporting period are in compliance with DRCO's Articles of Association and administrative measures for dividends

Yes No Not applicable

DRCO's profit distribution plan and plan to convert reserves into share capital during the reporting period are in compliance with DRCO's Articles of Association

Profit distribution and capitalization of capital reserve for the year

Number of bonus shares to be distributed for every ten shares (share)	0
Amount to be distributed for every ten shares (RMB) (tax inclusive)	5
Number of shares to be converted into share capital for every ten shares (share)	0
Share capital base in distribution proposal (shares)	400,010,000.00
Amount of cash dividend (RMB) (including tax)	200,005,000.00
Amount of cash dividend in other forms (e.g. share repurchase) (RMB)	0.00
Total cash dividends (including other methods) (RMB)	200,005,000.00
Distributive profit (RMB)	1,146,144,024.77

Proportion of total cash dividends (including other methods) in total profit distribution	100.00%
Proposed Cash Dividend Distribution	
If DRCO is at its growth stage of the development with significant capital expenditure planned, the minimum cash dividend should be at least 20% of the profit distribution.	
Details of the profit distribution plan or the plan to convert reserves into share capital	
<p>Audited by Ernst & Young Hua Ming Certified Public Accountants (Special General Partnership), the net profit attributable to shareholders of the listed company in the consolidated financial statements for the year 2023 amounted to RMB 68,957,568.40, of which the net profit attributable to the parent company was RMB 300,096,158.65. According to the relevant provisions of the Company Law and the Company's Articles of Association, when distributing the current year's after-tax profit, the Company should set aside 10% of the profit into the statutory surplus reserve. As of December 31, 2023, the cumulative balance of the statutory surplus reserve has reached 50% of the Company's registered capital, and no further statutory surplus reserve will be withdrawn in 2023. As of December 31, 2023, the cumulative undistributed profits in the consolidated financial statements of the Company amounted to RMB 1,408,207,801.55, and the cumulative undistributed profits of the parent company amounted to RMB 1,146,144,024.77. Taking full account of the cash flow situation and ensuring the normal operation and long-term development of the company, adhering to the principle of continuous return to shareholders and sharing the company's operating results with all shareholders, the proposed profit distribution plan for the year 2023 is as follows: Based on the total share capital of 400,010,000 shares of the Company as of December 31, 2023, a cash dividend of RMB5.00 (including tax) will be distributed to all shareholders for every 10 shares held, totaling a cash dividend of RMB 200,005,000.00 (including tax), with no bonus shares and no capital reserve to be converted into share capital. If there is a change in the total share capital of the Company before the implementation of the distribution plan, the Company will adjust the distribution ratio accordingly while keeping the total distribution amount unchanged.</p>	

DRCO records profits and the parent company records a positive undistributed profit during the reporting period but there is no resolution for cash dividend

Applicable Not applicable

XIII. Implementation of Share Incentive Scheme, Employee Stock Ownership Scheme or

Other Incentive Measures for Employees

Applicable Not applicable

There are no share incentive schemes, employee stock ownership schemes or other incentive measures for employees during the reporting period.

XIV. Construction and Implementation of Internal Control System during Reporting Period

1. Construction and implementation of internal control system

During the reporting period, in accordance with the provisions of the Basic Standard for Enterprise Internal

Control and its supporting guidance as well as the other laws, regulations and normative documents, in combination with the external environment, DRCO's own operating conditions and corporate governance requirements, DRCO comprehensively sorted out various business modules and processes, further improved its internal control system and established a scientific, standardized, concise and effective internal control system.

(1) With regard to the corporate governance structure, the Board of Directors of DRCO has established the Audit Committee which is responsible for the communicating, reviewing and supervising DRCO's internal and external audits, and for monitoring and assessing DRCO's internal controls; DRCO has set up the Board of Supervisors to monitor the Board of Directors to develop and implement the internal control system. DRCO has set up an audit department as a routine office, which exercises its functions and powers independently under the guidance of the Audit Committee. The audit department reviews and monitors the establishment and implementation of DRCO's internal control system and the authenticity and integrity of DRCO's financial information.

(2) As for the internal control system, DRCO has formulated a sound internal control system, which covers the key business modules in DRCO's business activities, including: capital activities, procurement business, asset management, supply chain management, sales management, engineering projects, financial reports, comprehensive budget, contract and seal management, human resources management, information systems, significant investments.

(3) In terms of the implementation and supervision of internal control, DRCO strengthens the compliance training of employees and enhances the risk prevention awareness of business departments. In order to ensure the effective operation of internal control, DRCO has formed an end-to-end supervision mode involving the Risk Department, Legal Affairs Department and Audit Department.

2. Details of major deficiencies in internal control identified during the reporting period

Yes No

XV. Management and Control over Subsidiaries During Reporting Period

Company name	Integration plan	Progress of integration	Problems	Countermeasures	Working progress	Follow-up resolution
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

XVI. Internal Control Self-Assessment Report or Internal Control Audit Report

1. Internal control self-assessment report

Disclosure date of the full text of the Internal Control Self-assessment Report	April 27, 2024
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Disclosure index of the full text of the Internal Control Self-assessment Report	Please refer to see the "2023 Internal Control Self-Evaluation Report" disclosed by www.cninfo.com.cn	
Total assets of entities included in the scope of assessment as a percentage of total assets in DRCO's consolidated financial statements	100.00%	
Revenue of entities included in the scope of assessment as a percentage of revenue in DRCO's consolidated financial statements	100.00%	
Criteria to evaluate deficiencies		
Category	Financial report	Non-financial report
Qualitative criteria	<p>1) Material weakness: correction of material errors in published financial reports; failure of the audit committee and the audit department to oversee the internal control; findings of fraud involving directors, supervisors and senior management of DRCO; material misstatements in current financial reports identified by the CPA but not by DRCO's internal control department.</p> <p>(2) Significant deficiency: failure to select and apply accounting policies in accordance with GAAP; failure to establish anti-fraud procedures and control measures; and one or more deficiencies of the financial reporting, for which the truthfulness and accuracy of the financial statements cannot be</p>	<p>(1) Material weakness: Violation of the State's laws, regulations or regulatory documents; lack of decision-making procedures or unscientific decision-making process that results in material errors; lack of systems or systemic failures of the system for important businesses; failure to rectify material weakness identified by the internal control assessment.</p> <p>(2) Significant errors resulting from deviations of DRCO's decision-making process from the objectives; deficiencies in significant business policies or systems; failure to correct significant deficiencies identified in the internal control assessment.</p> <p>(3) General deficiency: Inefficiency of DRCO's decision-making</p>

	<p>reasonably assured.</p> <p>(3) General deficiency: Other control deficiencies related to financial reporting that do not constitute material weakness or significant deficiency.</p>	<p>process; deficiencies in general business policies or systems; failure to correct general deficiencies identified in the internal control assessment.</p>
Quantitative criteria	<p>1. Losses resulting or likely to result from deficiencies in internal control are measured against consolidated revenue if they have impacts on the income statement.</p> <p>(1) Material weakness: Misstatement $\geq 2\%$ of consolidated revenue.</p> <p>(2) Significant deficiency: $1\% \leq$ misstatement $< 2\%$ of consolidated revenue.</p> <p>(3) General deficiency: Misstatement $< 1\%$ of consolidated revenue.</p> <p>2. Losses resulting or likely to result from deficiencies in internal controls are measured against total consolidated assets if they have impacts on the asset management.</p> <p>(1) Material weakness: Misstatement $\geq 1\%$ of the total consolidated assets.</p> <p>(2) Significant deficiency: $0.5\% \leq$ misstatement $< 1\%$ of the total consolidated assets.</p> <p>(3) General deficiency: misstatement $< 0.5\%$ of the total consolidated assets.</p>	<p>Direct property losses resulting from direct or potential negative impacts of the deficiencies in internal control are measured against the total consolidated assets.</p> <p>(1) Material weakness: direct property losses $\geq 1\%$ of the total consolidated assets.</p> <p>(2) Significant deficiency: $0.5\% \leq$ direct property losses $< 1\%$ of total consolidated assets.</p> <p>(3) General deficiency: direct property losses $< 0.5\%$ of total consolidated assets.</p>

Number of material weaknesses in financial reporting (#)	0
Number of material weaknesses in non-financial reporting (#)	0
Number of significant deficiencies in financial reporting (#)	0
Number of significant deficiencies in non-financial reporting (#)	0

2. Internal control audit reports or assurance reports

Not Applicable

XVII. Rectification in Self-Inspection Required By Special Campaign to Improve Governance Of Listed Companies

Not Applicable

Part V. Environmental Protection and Social Responsibility

I. Material Environmental Issues

Whether the listed company and its subsidiaries are among key pollutant-discharging entities announced by environmental protection authorities

Yes No

Administrative penalties imposed for environmental issues during the reporting period

Name of DRCO or subsidiary	Reason for penalty	Violation	Penalty results	Impact on the production and operation of the listed company	Company's rectification measures
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Refer to other environmental information disclosed by key pollutant-discharging entities

Not applicable.

Measures taken to reduce carbon emissions during the reporting period and their effect

Applicable Not applicable

Reasons for not disclosing other environmental information

Not applicable

II. Social Responsibility

For details, please refer to the ESG Report for 2023 disclosed by DRCO at www.cninfo.com.cn on April 27, 2024.

III Consolidating and Expanding Achievements in Poverty Alleviation While Revitalizing Rural Areas

Not applicable

Part VI. Important Matters

I. Fulfillment of Commitments

1. Commitments fulfilled during the reporting period or suspended at the end of the reporting period by DRCO's de facto controllers, shareholders, related parties, acquirers and other committed parties

Applicable Not applicable

Reason	Commitment maker	Commitment type	Description	Commitment time	Commitment period	Status of fulfillment
Commitments made in the acquisition report or equity change report	Not applicable					
Commitments made during asset restructuring	Not applicable					
Commitments made at the time of the initial public offering or refinancing	DR Investment (Zhuhai) Co., Ltd.	Commitments to lock-up	<p>1.The company shares directly or indirectly held by DRCO prior to the proposed offering shall not be transferred or entrusted to others; or be repurchased by DRCO, for a period of 36 months from the date of listing of DRCO's shares.</p> <p>2.If the closing price of the company shares is lower than the issue price for twenty</p>	December 15, 2021	December 15, 2021 to June 15, 2025	Performing

			<p>consecutive trading days within six months after the listing of DRCO; or is less than the issue price at the end of the six months after the listing (June 15, 2022, extended in case of non-trading day), the lock-up period when the company shares are held by DRCO shall be automatically extended by six months (subject to adjustment in accordance with the relevant regulations of CSRC and SZSE in the event of ex-rights and ex-dividend events such as dividend distribution, bonus issue, transfer of shares, issue of additional shares or rights issue by DRCO during the above-mentioned period).</p> <p>3. In case of any breach of the relevant commitments, DRCO will promptly announce</p>			
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			<p>relevant facts and reasons, and will publicly apologize to the shareholders and public investors except of force majeure or other reasons beyond control. Any profit made as a result of the non-fulfillment of the commitments will belong to DRCO. The company shall be held liable for compensating DRCO or investors in accordance with laws in the event of any loss that is caused to DRCO or investors as a result of the non-fulfillment of the relevant commitment. DRCO shall have the right to temporarily withhold the cash dividends (if any) to which the company is entitled until adverse impact arising from the non-fulfillment of the relevant commitments have been fully eliminated.</p> <p>The above commitments shall not be terminated due</p>			
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			to the fact that the company steps down as the controlling shareholder of DRCO.			
Commitments made at the time of the initial public offering or refinancing	Gongqingcheng Wendi No.1 Investment Management Partnership (LP), Gongqingcheng Wendi No.2 Investment Management Partnership (LP), Gongqingcheng Wendi No.3 Investment Management Partnership (LP)	Commitments to lock-up	1.The company shares directly or indirectly held by DRCO prior to the proposed offering shall not be transferred or entrusted to others; or be repurchased by DRCO, for a period of 36 months from the date of listing of DRCO's shares. 2.If the closing price of the company shares is lower than the issue price for twenty consecutive trading days within six months after the listing of DRCO; or is less than the issue price at the end of the six months after the listing (June 15, 2022, extended in case of non-trading day), the lock-up period when the company shares are held by DRCO shall be automatically extended by six	December 15, 2021	December 15, 2021 to June 15, 2025	Performing

			<p>months (subject to adjustment in accordance with the relevant regulations of CSRC and SZSE in the event of ex-rights and ex-dividend events such as dividend distribution, bonus issue, transfer of shares, issue of additional shares or rights issue by DRCO during the above-mentioned period).</p> <p>3. In case of any breach of the relevant commitments, DRCO will promptly announce relevant facts and reasons, and will publicly apologize to the shareholders and public investors except of force majeure or other reasons beyond control. Any profit made as a result of the non-fulfillment of the commitments will belong to DRCO. The company shall be held liable for compensating DRCO or</p>			
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			investors in accordance with laws in the event of any loss that is caused to DRCO or investors as a result of the non-fulfillment of the relevant commitment.			
Commitments made at the time of the initial public offering or refinancing	Zhang Guotao and Lu Yiwen	Commitments to lock-up	<p>1.The company shares directly or indirectly held by DRCO prior to the proposed offering shall not be transferred or entrusted to others; or be repurchased by DRCO, for a period of 36 months from the date of listing of DRCO's shares.</p> <p>2.If the closing price of the company shares is lower than the issue price for twenty consecutive trading days within six months after the listing of DRCO; or is less than the issue price at the end of the six months after the listing (June 15, 2022, extended in case of non-trading day), the lock-up period when</p>	December 15, 2021	December 15, 2021 to June 15, 2025	Performing

			<p>the company shares are held by me shall be automatically extended by six months (subject to adjustment in accordance with the relevant regulations of CSRC and SZSE in the event of ex-rights and ex-dividend events such as dividend distribution, bonus issue, transfer of shares, issue of additional shares or rights issue by DRCO during the above-mentioned period).</p> <p>3. Within six months after resignation, do not transfer the company shares directly or indirectly held by oneself; if I resign within six months of DRCO's shares being listed, I shall not transfer any shares held directly or indirectly in DRCO within 18 months of my resignation; if I resign between the seventh and twelfth months of DRCO's</p>			
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			<p>shares being listed, I shall not transfer any shares held directly or indirectly in DRCO within 12 months of my resignation.</p> <p>4. In case of any breach of the relevant commitments, I will promptly announce the facts and reasons for the breach of commitments, and will publicly apologize to DRCO's shareholders and public investors except of force majeure or other reasons beyond my control. Any profit made as a result of the non-fulfillment of the relevant commitments will belong to DRCO. I shall be held liable for compensating DRCO or investors in accordance with laws in the event of any loss that is caused to DRCO or investors as a result of the non-fulfillment of the relevant commitments. DRCO shall</p>			
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			<p>have the right to temporarily withhold the cash dividends (if any) to which I am entitled and suspend the payment of my remuneration or allowances during my employment with DRCO until adverse impact arising from the non-fulfillment of the relevant commitments have been fully eliminated.</p> <p>The above commitment shall not terminate if I step down as the actual controller of DRCO or if I change my position or resign from DRCO.</p>			
Commitments made at the time of the initial public offering or refinancing	DR Investment (Zhuhai) Co., Ltd.	Commitments to share reduction	<p>In case of reducing the shareholding within two years after the expiry of the aforesaid lock-up period, DRCO will exactly comply with relevant regulations of the CSRC and the SZSE on share reduction, prudently formulate a share reduction plan; reduce</p>	June 16, 2025	June 16, 2025 to June 15, 2027	Performing

			<p>the shareholding by law; make an official announcement three trading days prior to the reduction; and fulfill information disclosure obligations in a timely and accurate manner in accordance with the rules of the SZSE. The price for the reduction transaction shall not be lower than the issue price (subject to adjustments in accordance with the relevant regulations of CSRC and SZSE in the event of ex-rights and ex-dividend events such as dividend distribution, bonus issue, transfer of shares, issue of additional shares or rights issue by DRCO during the above-mentioned period).</p> <p>In case of any breach of the relevant commitments, DRCO will promptly</p>			
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			<p>announce relevant facts and reasons, and will publicly apologize to the shareholders and public investors except of force majeure or other reasons beyond control. Any profit made as a result of the non-fulfillment of the commitments will belong to DRCO. The company shall be held liable for compensating DRCO or investors in accordance with laws in the event of any loss that is caused to DRCO or investors as a result of the non-fulfillment of the relevant commitment. DRCO shall have the right to temporarily withhold the cash dividends (if any) to which the company is entitled until adverse impact arising from the non-fulfillment of the relevant commitments have been fully eliminated.</p> <p>The above commitments shall not be</p>			
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			terminated due to the fact that the company steps down as the controlling shareholder.			
Commitments made at the time of the initial public offering or refinancing	Gongqingcheng Wendi No.1 Investment Management Partnership (LP), Gongqingcheng Wendi No.2 Investment Management Partnership (LP), Gongqingcheng Wendi No.3 Investment Management Partnership (LP)	Commitments to share reduction	In case of reducing the shareholding within two years after the expiry of the aforesaid lock-up period, DRCO will exactly comply with relevant regulations of the CSRC and the SZSE on share reduction, prudently formulate a share reduction plan; reduce the shareholding by law; make an official announcement three trading days prior to the reduction; and fulfill information disclosure obligations in a timely and accurate manner in accordance with the rules of the SZSE. The price for the reduction transaction shall not be lower than the issue price (subject to adjustments in accordance with the	June 16, 2025	June 16, 2025 to June 15, 2027	Performing

			<p>relevant regulations of CSRC and SZSE in the event of ex-rights and ex-dividend events such as dividend distribution, bonus issue, transfer of shares, issue of additional shares or rights issue by DRCO during the above-mentioned period).</p> <p>In case of any breach of the aforesaid commitments, DRCO will promptly announce the facts and reasons for the breach of commitments, and will publicly apologize to the shareholders and public investors except of force majeure or other reasons beyond control. Any profit made as a result of the non-fulfillment of the relevant commitments will belong to DRCO. The company shall be held liable for compensating DRCO or investors in</p>			
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			accordance with laws in the event of any loss that is caused to DRCO or investors as a result of the non-fulfillment of the relevant commitments.			
Commitments made at the time of the initial public offering or refinancing	DR Corporation Limited	Commitments to profit distribution policy	<p>I. Treatment of accumulated profits before the offering</p> <p>According to the resolution of the Fourth Extraordinary General Meeting of Shareholders of DRCO in 2020, the accumulated undistributed profits realized before the proposed public offering of shares will be shared by the new and existing shareholders of DRCO after the offering.</p> <p>II. Dividend distribution policy after initial public offering</p> <p>According to the resolution of DRCO's Fourth Extraordinary General Meeting of Shareholders in 2020, DRCO's profit distribution</p>	December 15, 2021	Permanently valid	Performing

			<p>policy after the offering and listing is as follows:</p> <p>1. Principles of profit distribution</p> <p>DRCO implements a continuous and stable profit distribution policy that attaches importance to providing investors with a reasonable and stable return on their investment and taking into account the long-term and sustainable development of DRCO.</p> <p>2. Form of profit distribution</p> <p>DRCO may distribute dividends in cash, stock, or a combination of cash and stock. DRCO will give priority to paying dividends in cash; if DRCO is growing rapidly, dividends may be paid in shares or a combination of cash and shares.</p> <p>3. Cash dividend policy</p> <p>In principle, DRCO makes an annual cash</p>			
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			<p>profit distribution if the conditions for cash profit distribution are met; DRCO may make an interim cash profit distribution if appropriate. If DRCO's distributable profit for the year are positive and there are no significant investment plans or material cash payments, DRCO's annual distribution of profits in cash shall not be less than 10% of the distributable profits realized for the year. Significant investment plan or material cash payment may be one of the following circumstances:</p> <p>(1) DRCO's proposed external investment, acquisition of assets or purchase of equipment over the next twelve months meets or exceeds 50% of DRCO's latest audited net assets and exceeds RMB50 million;</p>			
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			(2) DRCO's proposed external investment, acquisition of assets or purchase of equipment over the next twelve months meets or exceeds 30% of DRCO's latest audited total assets.			
Commitments made at the time of the initial public offering or refinancing	DR Investment (Zhuhai) Co., Ltd., Zhang Guotao and Lu Yiwen	Commitments on horizontal competition, connected transactions, and capital appropriation	<p>I. Commitment on avoiding horizontal competition</p> <p>1. As of the date of this commitment letter, except for the company and its wholly-owned or controlled subsidiaries, the company/I and other enterprises, organizations or entities controlled by the company/me are not currently engaged, directly or indirectly, in any business activities that constitute competition with the main business of the company and its wholly-owned or controlled subsidiaries;</p> <p>2. No</p>	December 15, 2021	Permanently valid	Performing

			<p>engagement or association with others, directly or indirectly, is allowed in any business which is the same as, similar to or in any way competitive with the issuer.</p> <p>3. All of efforts shall be made to ensure other affiliates of the commitment makers not to deal in any business that is the same as, similar to or in any way competitive with the issuer.</p> <p>4. No investment shall be permitted in a company, enterprise or other entity or organization whose business is the same as, similar to or in any way competitive with the issuer.</p> <p>5. Any know-how or business secrets, such as sales channels or customer information, shall be disclosed to any other company, enterprise or other entity,</p>			
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		<p>organization or person whose business is the same as, similar to or in any way competitive with that of the issuer.</p> <p>6. If, in the future, the company/I get any business opportunity from any third party that may compete with the issuer in the same line of business, the company/I will, in accordance with the principle of the priority of the issuer, inform the issuer immediately and assist the issuer to the extent possible in obtaining such business opportunity;</p> <p>7. If the company/I breach the above commitments and cause financial loss to the issuer, the company/I shall be jointly and severally liable for all losses suffered by the issuer as a result, and the proceeds obtained by DRCO/I as a result of such breach shall</p>			
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			<p>accrue to the issuer.</p> <p>II. Commitment on reducing and regulating connected transactions</p> <p>1. The company/I shall try to avoid or reduce the occurrence of connected transactions with DRCO and the subsidiary entities, and urge the associate parities of the company and mine to avoid or reduce the connected transactions with DRCO and the subsidiary entities.</p> <p>2. If the transactions between I/the company or relevant parities of mine/the company with DRCO and the subsidiary entities are necessary and unavoidable, I/the company undertakes to operate at arm's length in accordance with market-based principles and fair prices, and comply with the transaction procedures and information</p>			
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			<p>disclosure obligations in accordance with the relevant laws and regulations, regulatory documents, rules of the stock exchange and the Articles of Association of DRCO, and ensure that the legitimate rights and interests of the issuer and its other shareholders or stakeholders are not prejudiced by connected transactions.</p> <p>3. If I/the company or the connected party of mine/the company breaches the above commitment, I/the company shall be held liable for all the liabilities arising therefrom and shall fully compensate or indemnify DRCO and its shareholders or stakeholders for all losses caused thereby.</p> <p>4. This commitment letter shall take effect from the date of the signature of</p>			
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			mine/the company and shall expire on the date when 12 months have elapsed since I/the company cease to be affiliated with DRCO.			
Commitments made at the time of the initial public offering or refinancing	DR Corporation Limited	Commitments to post-IPO price stabilization	If, within three years after the listing of DRCO's shares, the closing price of DRCO (subject to adjustments in accordance with the relevant regulations of CSRC and SZSE in the event of ex-rights and ex-dividend events such as dividend distribution, bonus issue, transfer of shares, issue of additional shares or rights issue by DRCO) is lower than DRCO's audited net asset value per share in the most recent period for 20 consecutive trading days (excluding the trading days on which the trading of DRCO's shares is suspended for the whole day, the same below) not	December 15, 2021	December 15, 2021 to December 14, 2024	Performing

			<p>because of force majeure factors (hereinafter referred to as the "Triggering Condition"), DRCO and its controlling shareholders as well as directors (other than independent directors) and senior management undertake to implement the following price stabilization measures in accordance with the laws, regulations and DRCO's Articles of Association without affecting the listing condition of DRCO:</p> <p>1. When the Triggering Condition is met, DRCO will convene the Board Meeting within 10 trading days to discuss the share repurchase proposal. The repurchase proposal includes, but not limited to, the number of shares to be repurchased, the repurchase price range, the source of funds</p>			
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			<p>for the repurchase, the impact of the repurchase on DRCO's share price and DRCO's operation, etc. After the proposal is passed by the Board Meeting, the shareholders' meeting will be convened in accordance with laws to review the proposal regarding share buyback and pass a resolution thereon, which must be approved by a least 2/3 of the voting rights held by the shareholders present at the meeting. The specific implementation plan will be announced after DRCO makes a resolution at the Board meeting and the general meeting in accordance with laws.</p> <p>2. After the general meeting of shareholders deliberates and approves the share repurchase</p>			
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			<p>plan, DRCO will notify the creditors in accordance with laws, and submit relevant materials to the securities regulators, the stock exchange and other competent departments for approval or filing procedures. The corresponding share repurchase plan will be initiated 10 trading days after the completion of all necessary approval, filing, information disclosure and other relevant procedures. Following the share repurchase, DRCO's equity distribution will continue to comply with the listing requirements.</p> <p>3. The repurchase period shall not exceed three months from the date of approval of the final share repurchase plan by the general meeting or the Board of Directors.</p>			
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			<p>4. DRCO will repurchase the shares with its own funds at a price not higher than the latest audited net asset value per share (subject to adjustments in accordance with the relevant regulations of CSRC and SZSE in the event of ex-rights and ex-dividend events such as dividend distribution, bonus issue, transfer of shares, issue of additional shares or rights issue by DRCO after the base date of the audit), and the buyback shall be made by way of call auction trading, tender offer or other means approved by the securities regulators. However, if DRCO's share price no longer meets the conditions for initiating price stabilization measures prior to the implementation of the share repurchase plan, DRCO may discontinue the</p>			
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			<p>plan.</p> <p>5. The total amount of funds used by DRCO to repurchase shares shall not exceed the total amount of funds raised from DRCO's initial public offering of ordinary shares in RMB (A shares), and the amount of funds used to repurchase shares in a single fiscal year shall not exceed 20% of the audited net profit attributable to shareholders of the parent company for the previous fiscal year, and the number of shares repurchased in a single fiscal year shall not exceed 2% of the total share capital of DRCO.</p> <p>6. If DRCO breaches any of the foregoing commitments, it will promptly disclose the facts and reasons for the breach and, except of force majeure or other reasons beyond DRCO's</p>			
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			control, will apologize to DRCO's shareholders and public investors and at the same time propose supplementary or alternative commitments to protect the interests of investors as far as possible.			
Commitments made at the time of the initial public offering or refinancing	DR Investment (Zhuhai) Co., Ltd.	Commitment to post-IPO price stabilization	<p>1. When the Triggering Condition for DRCO is met, the company will increase our shareholdings in DRCO in accordance with laws and regulations including the Measures for the Administration of the Takeover of Listed Companies in any of the following cases:</p> <p>① The closing price of the DRCO is lower than its latest net asset value per share for each of the 10 consecutive trading days from the day after DRCO completes its share repurchase plan (subject to adjustments in accordance with the</p>	December 15, 2021	December 15, 2021 to December 14, 2024	Performing

			<p>relevant regulations of CSRC and SZSE in the event of ex-rights and ex-dividend events such as dividend distribution, bonus issue, transfer of shares, issue of additional shares or rights issue by DRCO after the base date of the audit).</p> <p>② The Triggering Condition is again triggered within 3 months from the day after DRCO completes the implementation of its share repurchase plan.</p> <p>③ DRCO cannot implement the share repurchase plan.</p> <p>2. Within two trading days after the Triggering Condition is satisfied, the company will notify the Board of Directors of DRCO which will then publish an announcement on the increase of our holdings. The company</p>			
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			<p>will commence the increase on the day following the announcement and shall complete the increase within 30 trading days after the relevant legal procedures are fulfilled.</p> <p>3. To stabilize the stock price, the company will buy shares of DRCO through auction trading on the secondary market at a price of not higher than the latest audited net asset value per share (subject to adjustments in accordance with the relevant regulations of CSRC and SZSE in the event of ex-rights and ex-dividend events such as dividend distribution, bonus issue, transfer of shares, issue of additional shares or rights issue by DRCO after the base date of the audit). However, if the share price of DR Corporation Limited no</p>			
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			<p>longer meets the conditions for initiating price stabilization measures within three trading days after it discloses our share purchase plan, the company may discontinue the proposed share purchase plan.</p> <p>4. The amount of funds used by the company for every single holding increase shall not be less than 10% nor more than 20% of the accumulated cash dividends received from DRCO in the last three fiscal years; the total amount of funds used for holding increases in a single fiscal year shall not exceed 50% of the accumulated cash dividends received from DRCO in the most recent three fiscal years; and the number of shares purchased in a single fiscal year shall not exceed 2% of the total share capital of</p>			
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			<p>DRCO. Following the increase of our shareholding, the equity distribution of DRCO will continue to comply with the listing requirements.</p> <p>5. The company undertakes not to sell the additional shares within six months of completion of the proposed increase.</p> <p>6. If the company breaches any of the foregoing commitments, DRCO will promptly disclose the facts and reasons for the breach and, except of force majeure or other reasons beyond our control, we will apologize to shareholders and public investors of DRCO who have the right to temporarily withhold the cash dividends (if any) that the company should enjoy until the corresponding measures are taken and implemented as</p>			
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			<p>committed.</p> <p>The above commitments shall not be terminated due to the fact that the company stepped down as the controlling shareholder of DRCO.</p>			
Commitments made at the time of the initial public offering or refinancing	Zhang Guotao, Lu Yiwen, Wei Qingxing, Huang Shuirong, Hu Xiaoming, Chen Qisheng and Lin Zhenghai	Commitment to post-IPO price stabilization	<p>1. When the Triggering Condition for DRCO is met, I will increase my shareholdings in DRCO in accordance with laws and regulations including the <i>Measures for the Administration of the Takeover of Listed Companies and the Rules on the Management of Shares Held by the Directors, Supervisors and Senior Management Officers of Listed Companies and the Changes Thereof</i> in any of the following cases:</p> <p>① The closing price for each of the 10 consecutive trading days from the day after the controlling shareholder's</p>	December 15, 2021	December 15, 2021 to December 14, 2024	Performing

		<p>shareholding increase plan is implemented is lower than the latest audited net asset value per share (ex-rights and ex-dividend treatment shall be made in the event of equity distribution, conversion of reserves into share capital or rights issue after the base date of the audit).</p> <p>② The Triggering Condition is again triggered within 3 months from the day after the controlling shareholder completes its shareholding increase plan.</p> <p>③ The controlling shareholder cannot implement the share repurchase plan.</p> <p>2. Within two trading days after the Triggering Condition is satisfied, I will notify the Board of Directors of DRCO which will then publish an announcement on my</p>			
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			<p>shareholding increase. I will commence the increase on the day following the announcement and shall complete the increase within 30 trading days after the relevant legal procedures are fulfilled.</p> <p>3. To stabilize the stock price, I will buy shares of DRCO through auction trading on the secondary market at a price of not higher than the latest audited net asset value per share (ex-rights and ex-dividend treatment shall be made in the event of equity distribution, conversion of reserves into share capital or rights issue after the base date of the audit). However, if the share price of DRCO no longer meets the conditions for initiating price stabilization measures within three trading days after DRCO</p>			
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			<p>discloses my share purchase plan, I may discontinue the proposed share purchase plan. The funds used for a single increase in shareholding shall not be less than 20% of the total after-tax remuneration received from DRCO in the previous year; the funds used to increase shareholdings in a single fiscal year shall not be more than 50% of the total after-tax remuneration received from DRCO in the previous year; and the cumulative increase in shareholding in a single fiscal year shall not exceed 2% of the enlarged share capital of DRCO.</p> <p>4. I undertakes not to sell the additional shares within six months of completion of the proposed increase, and guarantee that the increase in my shareholding shall not cause the</p>			
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			<p>shareholding distribution of DRCO to fail to meet the listing conditions.</p> <p>5. If I breach any of the foregoing commitments, DRCO will promptly disclose the facts and reasons for the breach and, except of force majeure or other reasons beyond my control, I will apologize to shareholders and public investors of DRCO who will cease to pay me remuneration or allowances within five trading days from the foregoing, and the shares of DRCO held directly or indirectly by me shall not be transferred. Meanwhile, DRCO shall have the right to temporarily withhold the cash dividends (if any) that I should enjoy until the corresponding measures are taken and implemented as committed.</p> <p>The above</p>			
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			commitment will not be terminated due to the change of my position or resignation.			
Commitments made at the time of the initial public offering or refinancing	DR Investment (Zhuhai) Co., Ltd., Zhang Guotao and Lu Yiwen	Commitments to compensating the issuer for possible losses due to the leased property	<p>If the issuer and its subsidiaries receive a notice of correction from the competent administrative authorities because the properties leased by them have not been registered for lease filing in accordance with the laws, regulations and normative documents currently in force, the company/I will actively supervise the issuer and its subsidiaries to make rectification in accordance with the requirements.</p> <p>In the event that the issuer and its subsidiaries suffer financial losses due to failure to register the lease, defects in the title of the leased property or defects in the rights of the lessor, defects in the properties built</p>	December 15, 2021	Permanently valid	Performing

			on the leased collective land or administratively allocated land, the company/I shall agree to use our own funds to fully compensate the issue and its subsidiaries so that they do not suffer any financial losses as a result.			
Commitments made at the time of the initial public offering or refinancing	DR Investment (Zhuhai) Co., Ltd., Zhang Guotao and Lu Yiwen	Commitment to retroactive payment of social security contributions and housing provident fund	In the event that the issuer or its subsidiaries are required by the competent authorities to make retroactive payments due to failure to make full payment of social security contributions or housing fund in accordance with laws, the company/I shall be fully liable for the retroactive payments and shall ensure that the issuer or its subsidiaries shall not suffer any financial loss as a result.	December 15, 2021	Permanently valid	Performing
Commitments made at the time of the initial public offering or refinancing	DR Corporation Limited	Binding measures in case of failure to fulfill commitments	1. In the event of a breach of the relevant commitments, DRCO will promptly disclose the fact and	December 15, 2021	Permanently valid	Performing

			<p>reasons for the breach and, except for force majeure or other reasons beyond DRCO's control, DRCO will make a public apology to its shareholders and public investors;</p> <p>2. If the failure to fulfill the relevant commitments caused losses to investors, DRCO shall compensate investors for losses in accordance with laws.</p>			
Commitments made at the time of the initial public offering or refinancing	DR Investment (Zhuhai) Co., Ltd.	Binding measures in case of failure to fulfill commitments	<p>1. In the event of a breach of the relevant commitments, the company will promptly disclose the fact and reasons for the breach and, except for force majeure or other reasons beyond our control, the company will make a public apology to DRCO's shareholders and public investors.</p> <p>2. Any profit made as a result of the non-fulfillment of the relevant</p>	December 15, 2021	Permanently valid	Performing

			<p>commitments will belong to the company. The company shall be held liable for compensating DRCO or investors in accordance with laws in the event of any loss that is caused to DRCO or investors as a result of the non-fulfillment of the relevant commitments.</p> <p>3. In the event of a breach of the relevant commitments, DRCO shall be entitled to withhold the cash dividends (if any) to which the company is entitled until the adverse impact arising from the non-fulfillment of the relevant commitments has been fully eliminated.</p>			
Commitments made at the time of the initial public offering or refinancing	Zhang Guotao, Lu Yiwen, Wei Qingxing, Huang Shuirong, Hu Xiaoming, Chen Qisheng, Li Yang, Liang Jun, Zhong Min, Lin Zhenghai, Zhao Ranran, Yin Luwen and	Binding measures in case of failure to fulfill commitments	1. In the event of a breach of the relevant commitments, I will promptly disclose the fact and reasons for the breach and, except for force majeure or other reasons beyond my control, I will make a public apology to	December 15, 2021	Permanently valid	Performing

	Wang Tong		<p>DRCO's shareholders and public investors;</p> <p>2. Any profit made as a result of the non-fulfillment of the relevant commitments will belong to DRCO. The obligator shall be held liable for compensating DRCO or investors in accordance with laws in the event of any loss that is caused to DRCO or investors as a result of the non-fulfillment of the relevant commitments.</p> <p>3. In the event of a breach of the relevant commitments, DRCO shall be entitled to withhold the cash dividends (if any) to which I am entitled and suspend the payment of my remuneration or allowances during my employment with DRCO until the adverse impact arising from the non-fulfillment of the relevant commitments has been fully</p>			
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			eliminated.			
Commitments made at the time of the initial public offering or refinancing	DR Corporation Limited	Commitments relating to disclosing shareholder information when applying for initial public offering and listing on the ChiNext Market	<p>1. DRCO has disclosed the information of shareholders in the prospectus in a true, complete and accurate manner;</p> <p>2. There are no cases of proxy shareholding or fiduciary shareholding in DRCO's development history, and there are no disputes or potential disputes over equities, etc.</p> <p>3. No stockholders directly or indirectly hold shares of the issuer, which is prohibited by laws and regulations.</p> <p>4. No intermediary participating into the offering or its supervisor, senior management or managerial personnel directly or indirectly hold shares of the issuer.</p> <p>5. DRCO does not have any improper transfer of benefits with the issuer's</p>	December 15, 2021	Permanently valid	Performing

			equity. 6. If DRCO breaches the above commitments, it will be liable for all legal consequences arising therefrom.			
Commitments made at the time of the initial public offering or refinancing	Zhang Guotao and Lu Yiwen	Share reduction commitment	<p>After the expiry of the lock-up commitment, I will declare annually to DRCO the shares I have owned directly or indirectly in DRCO and any changes therein during my tenure as a director, supervisor or senior manager of DRCO. The shares transferred each year will not exceed 25% of the total number of shares I hold directly or indirectly in DRCO.</p> <p>In case of reducing the shareholding within two years after the expiry of the lock-up period, I will exactly comply with the relevant regulations of the CSRC and the SZSE on shareholding reduction, prudently</p>	June 16, 2025	June 16, 2025 to June 15, 2027	Performing

			<p>formulate a shareholding reduction plan, reduce the shareholding through lawful means, and make an announcement through DRCO three trading days prior to the reduction, and fulfill information disclosure obligations in a timely and accurate manner in accordance with the rules of the SZSE. The reduction price shall not be lower than the issue price (subject to adjustments in accordance with the relevant regulations of CSRC and SZSE in the event of ex-rights and ex-dividend events such as dividend distribution, bonus issue, transfer of shares, issue of additional shares or rights issue by DRCO during the above-mentioned period).</p> <p>In case of any breach of the relevant</p>			
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			<p>commitments, I will promptly announce the facts and reasons for the breach of commitments, and will publicly apologize to DRCO's shareholders and public investors except of force majeure or other reasons beyond my control. Any profit made as a result of the non-fulfillment of the relevant commitments will belong to DRCO. I shall be held liable for compensating DRCO or investors in accordance with laws in the event of any loss that is caused to DRCO or investors as a result of the non-fulfillment of the relevant commitments. DRCO shall have the right to temporarily withhold the cash dividends (if any) to which I am entitled and suspend the payment of my remuneration or allowances during my employment</p>			
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			with DRCO until adverse impact arising from the non-fulfillment of the relevant commitments have been fully eliminated.			
Commitments made at the time of the initial public offering or refinancing	DR Corporation Limited	Share repurchase commitment	If, as a result of a false record, misleading statement or material omission in the prospectus for DRCO's proposed offering and listing, which constitutes a material and substantial effect on the determination of whether DRCO complies with the offering conditions as required by laws, within 10 working days from the date such illegal facts are determined by the CSRC, the stock exchange or a competent authority such as a judicial authority, DRCO will initiate the share repurchase procedure in accordance with laws to repurchase all the new shares in the initial public offering.	December 15, 2021	Permanently valid	Performing

			The repurchase price shall be no less than the issue price of DRCO's shares plus interest on deposits with banks for the same period from the issue of the shares to the time of repurchase (the above price will be adjusted accordingly in the event of ex-dividend or ex-rights actions such as dividend payment, bonus issue, conversion of reserves into share capital, issuance of additional shares or rights issue after the listing of DRCO).			
Commitments made at the time of the initial public offering or refinancing	DR Investment (Zhuhai) Co., Ltd., Zhang Guotao and Lu Yiwen	Share repurchase commitment	If, as a result of a false record, misleading statement or material omission in the prospectus for DRCO's proposed offering and listing, which constitutes a material and substantial effect on the determination of whether DRCO complies with the offering conditions as required by	December 15, 2021	Permanently valid	Performing

			laws, within 10 working days from the date such illegal facts are determined by the CSRC, the stock exchange or a competent authority such as a judicial authority, the company/I will initiate the share buyback procedure in accordance with laws to buy back all restricted shares having been transferred, and the consideration for such buyback will not be lower than the issue price of DRCO plus the interest on deposits with banks for the same period from the time of stock issuance to the time of buyback (subject to adjustment in accordance with the relevant regulations of CSRC and SZSE in the event of ex-rights and ex-dividend events such as dividend distribution, bonus issue, transfer of shares, issue of			
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			additional shares or rights issue by DRCO during the above-mentioned period). At the same time, the company/I will urge DRCO to repurchase all of its new shares issued during the IPO.			
Commitments made at the time of the initial public offering or refinancing	DR Corporation Limited, DR Investment (Zhuhai) Co., Ltd., Zhang Guotao and Lu Yiwen	Commitments to share repurchase in case of fraudulent offering and listing	<p>1. The company/I undertake and guarantee that there is no fraud in the proposed offering and listing of DRCO;</p> <p>2. If DRCO does not meet the listing conditions, but fraudulently obtains the issuance registration and has been listed, the company/I will take share repurchase process to buy back all new stocks publicly issued by DRCO within 5 days after confirmed by competent authorities like CSRC.</p>	December 15, 2021	Permanently valid	Performing
Commitments made at the time of the initial public offering or refinancing	DR Corporation Limited	Measures for and commitments to cover diluted immediate returns	The proposed public offering may lead to dilution of investors' immediate returns. In	December 15, 2021	Permanently valid	Performing

			<p>order to further implement the relevant provisions of the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Small and Medium-sized Investors in the Capital Market (Guo Ban Fa [2013] No. 110), optimize the investment return mechanism and safeguard the legitimate rights and interests of small and medium-sized investors, DRCO intends to take following measures to enhance DRCO's profitability and strengthen DRCO's ability to sustain returns:</p> <p>1. Strengthen the main business and improving DRCO's sustainable profitability:</p> <p>DRCO is mainly engaged in brand operation, customized</p>			
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			<p>sales, R&D and design of jewelry, and customizes high-quality diamond-inlaid jewelry such as engagement and wedding rings. To consolidate its core business, DRCO will take advantage of the rapid development of China's jewelry industry. Through the proposed public offering and listing, DRCO will enhance its brand image and influence, expand its marketing network, strengthen its information systems and improve its creative design ability of diamond jewelry. DRCO will consolidate its industry leadership and sharpen its sustainable profitability by enhancing its core competitiveness in terms of brand strength, capital strength, marketing network coverage and product design capability.</p> <p>2. Accelerate</p>			
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			<p>the investment progress of proceeds-funded projects, improve the efficiency of capital utilization, and strive to achieve the expected returns from the projects soon as possible</p> <p>The proceeds-funded projects include marketing network construction, information system construction, the R&D and creative design center for diamond jewelry and working capital replenishment, all of which are related to DRCO's main business. DRCO will speed up the construction progress of these projects and improve the capital utilization to enhance its profitability as soon as possible. Meanwhile, the use of the proceeds will be strictly managed to ensure the smooth</p>			
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			<p>progress of the proceeds-funded projects. These projects will help DRCO further enhance its market competitiveness, consolidate its existing sales channel advantages and R&D and design capabilities, increase expand the market share of its main business, and increase the return for shareholders.</p> <p>3. Increase the efficiency of daily operations, reduce operating costs, and improve business performance</p> <p>DRCO will further reduce its operating costs through reasonable means, and improve internal control, operating efficiency and profitability. At the same time, DRCO will strive to improve the human resources management and the supporting compensation</p>			
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			<p>system to motivate employees at all levels, continue to attract top talents and strengthen talent training, optimize the talent pools and reduce the risk of brain drain, hence laying a solid foundation for its rapid development.</p> <p>4. Refine the profit distribution policy, and optimize the return on investment mechanism</p> <p>In order to establish a continuous, stable and scientific mechanism for investors regarding the return on investment and to ensure the continuity and stability of the profit distribution policy through the systematic institutional arrangements, DRCO has, in accordance with the relevant requirements, clarified the specific conditions, ratio and form of profit</p>			
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			<p>distribution, improved the decision-making procedures and mechanism for profit distribution as well as the principles for adjusting the profit distribution policy. DRCO will distribute profits in strict accordance with the Articles of Association and other regulations, formulate and implement a continuous and stable cash dividend plan, and further improve the profit distribution system, especially the cash dividend policy where necessary, refine the investor return mechanism, and effectively safeguard the legitimate rights and interests of investors and improve the mechanism for protecting the rights and interests of minority investors.</p> <p>5. Further improving the protection system for</p>			
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			<p>minority investors</p> <p>DRCO has formulated a series of systems such as the Investor Relations Management System and the Information Disclosure Management System to fully protect the rights of minority investors to be informed and to participate in decision-making, and such institutional arrangements ensure their rights to access the corporate information, choose management officers and participate in major decisions.</p> <p>DRCO undertakes to further improve the relevant systems for protecting minority protectors in accordance with the implementation rules or requirements issued by regulatory authorities including the CSRC and the stock exchange</p>			
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			<p>as well as the common practices of listed peers.</p> <p>The above-mentioned measures are designed to not only ensure the effective use of the funds raised by DRCO and but also prevent the risk of diluting the immediate return by the proposed offering, which are conducive to sharpening DRCO's core competitiveness and sustainable profitability, increasing its future earnings and enhancing the return for shareholders. However, due to the objective existence of internal and external risks faced by DRCO, the implementation of the above measures does not represent a guarantee of future profits made by DRCO.</p>			
Commitments made at the time of the initial public offering or	DR Investment (Zhuhai) Co., Ltd., Zhang Guotao and Lu Yiwen	Commitments to recovering diluted immediate returns	1. The company/I shall not abuse the position as a controlling shareholder/actual controller,	December 15, 2021	Permanently valid	Performing

refinancing			<p>shall not interfere with the operation and management activities of DRCO beyond authority, and shall not encroach on the interests of DRCO.</p> <p>2. The company/I will actively urge DRCO to effectively implement the relevant measures to recover the immediate return.</p> <p>3. After the CSRC or the SZSE has issued separate opinions and implementation rules on measures and commitments to cover diluted immediate returns, if the relevant rules of DRCO and the commitments of the company/me are not in line with such rules, the company/I undertake to promptly make additional commitments in accordance with the rules of the CSRC or the SZSE and actively urge DRCO to make</p>			
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			<p>new commitments to satisfy the requirements of the CSRC or the SZSE;</p> <p>4. If the company/I breach the above commitments and cause losses to DRCO or investors, the company/I will bear the responsibility to compensate DRCO or investors in accordance with laws.</p>			
Commitments made at the time of the initial public offering or refinancing	Zhang Guotao, Lu Yiwen, Wei Qingxing, Huang Shuirong, Hu Xiaoming, Chen Qisheng, Li Yang, Liang Jun, Zhong Min and Lin Zhenghai	Commitments to cover diluted immediate returns	<p>1. I neither transmit benefits to other entities or individuals without compensation or on unfair terms, nor in any other way harm the interests of DRCO.</p> <p>2. I exercise restraint in duty consumption.</p> <p>3. I shall not use DRCO's assets to engage in investment and consumption activities unrelated to the performance of my duties.</p> <p>4. I will actively promote the improvement of</p>	December 15, 2021	Permanently valid	Performing

			<p>DRCO's remuneration system to make it better comply with the requirements of covering diluted immediate returns; I will support the Board of Directors or Remuneration Committee of DRCO in formulating, amending and supplementing DRCO's remuneration system in line with the implementation of DRCO's measures to recover the returns.</p> <p>5. When promoting DRCO's share incentive scheme (if any), I will actively promote the link between the exercise terms of the share incentive and the implementation of DRCO's measures to recover the return.</p> <p>6. After the CSRC or the SZSE has issued separate opinions and implementation rules on measures and commitments to</p>			
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			<p>cover diluted immediate returns, if my commitments are not in line with such rules, I undertake to promptly make additional commitments in accordance with the rules of the CSRC or the SZSE to satisfy the requirements of the CSRC or the SZSE;</p> <p>7. If I breach the above commitments and cause losses to DRCO or investors, I will bear the responsibility to compensate DRCO or investors in accordance with laws.</p>			
Commitments made at the time of the initial public offering or refinancing	DR Corporation Limited	Commitments to undertaking liability for compensation in accordance with laws	<p>1. The prospectus for DRCO's initial public offering and listing on the ChiNext Market does not contain any false records, misleading statements or material omissions, and DRCO shall be jointly and severally liable for the authenticity, accuracy and completeness of the information</p>	December 15, 2021	Permanently valid	Performing

			<p>thereof.</p> <p>2. If an investor suffers loss in securities trading as a result of a false statement, misleading statement or material omission in DRCO's prospectus, DRCO shall compensate the investor for the loss in accordance with laws;</p> <p>3. In the event of a breach of the relevant commitments, DRCO will promptly disclose the fact and reasons for the breach and, except for force majeure or other reasons beyond DRCO's control, DRCO will make a public apology to its shareholders and public investors. If losses are caused to investors, compensation will be made in accordance with laws. Meanwhile, DRCO will make timely rectification in accordance with the</p>			
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			requirements of the CSRC or the stock exchange.			
Commitments made at the time of the initial public offering or refinancing	DR Investment (Zhuhai) Co., Ltd., Zhang Guotao and Lu Yiwen	Commitments to undertaking liability for compensation in accordance with laws	<p>1. The prospectus for DRCO's initial public offering and listing on the ChiNext Market does not contain any false records, misleading statements or material omissions, and the company/I shall be jointly and severally liable for the authenticity, accuracy and completeness of the information thereof.</p> <p>2. If an investor suffers loss in securities trading as a result of a false statement, misleading statement or material omission in DRCO's prospectus, the company/I shall compensate the investor for the loss in accordance with laws;</p> <p>3. In case of any breach of the foresaid commitments, DRCO will promptly disclose the facts and</p>	December 15, 2021	Permanently valid	Performing

			reasons for the breach and, except of force majeure or other reasons beyond our control, the company will apologize to shareholders and public investors of DRCO who shall have the right to temporarily withhold the cash dividends (if any) to which the company is entitled until such time as adverse impact arising from the non-fulfillment of the relevant commitments have been fully eliminated.			
Commitments made at the time of the initial public offering or refinancing	Zhang Guotao, Lu Yiwen, Wei Qingxing, Huang Shuirong, Hu Xiaoming, Chen Qisheng, Li Yang, Liang Jun, Zhong Min, Lin Zhenghai, Zhao Ranran, Yin Luwen and Wang Tong	Commitments to assume liability for compensation in accordance with laws	<p>1. The prospectus for DRCO's initial public offering and listing on the ChiNext Market does not contain any false records, misleading statements or material omissions, and I shall be jointly and severally liable for the authenticity, accuracy and completeness of the information thereof.</p> <p>2. If an investor suffers loss in securities</p>	December 15, 2021	Permanently valid	Performing

			<p>trading as a result of a false statement, misleading statement or material omission in DRCO's prospectus, I shall compensate the investor for the loss in accordance with laws.</p> <p>3. In case of any breach of the relevant commitments, DRCO will promptly announce the facts and reasons for the breach of commitments, and will publicly apologize to DRCO's other shareholders and public investors except of force majeure or other reasons beyond my control. DRCO shall have the right to temporarily withhold the cash dividends (if any) to which I am entitled and suspend the payment of my remuneration or allowances during my employment with DRCO until such time as adverse</p>			
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			impact arising from the non-fulfillment of the relevant commitments have been fully eliminated.			
Commitments to equity incentive	Not applicable					
Other commitments to minority shareholders of DRCO	Not applicable					
Other commitments	Not applicable					
Whether the commitment is fulfilled on time	Yes					
Details of specific reasons and next steps for any outstanding delayed commitment	Not applicable					

2. If there is a profit forecast for DRCO's assets or projects and the reporting period is still within the profit forecast period, DRCO provides an explanation of the assets or projects meeting the original profit forecast and the reasons thereof

Applicable Not applicable

II. Whether the Controlling Shareholders and Other Associates of DRCO Have Misappropriated DRCO's Funds for Non-Business Purpose

Applicable Not applicable

No controlling shareholders and other associates of DRCO have misappropriated DRCO's funds for non-business purpose.

III. Whether External Guarantees Are Provided in Violation of Provisions

Applicable Not applicable

During the reporting period, DRCO didn't provide external guarantees in violation of provisions.

IV. Statements of the Board of Directors on Latest "Non-standard Audit Report"

Applicable Not applicable

V. Statements of the Board of Directors, the Board of Supervisors and the Independent Directors (if any) on the "Non-standard Audit Report" Issued by the Accounting Firm for the Reporting Period

Applicable Not applicable

VI. Statements of the Board of Directors on Any Change in Accounting Policies and Accounting Estimates or Any Correction of Significant Accounting Errors during Reporting Period

Applicable Not applicable

VII. Statements on Changes in Scope of Consolidated Financial Statements Compared with Financial Report for the Preceding Year

Applicable Not applicable

During the reporting period, DRCO established or canceled subsidiaries. The details are as follows:

Company name	Acquisition and disposal of subsidiaries during the reporting period	Whether this reporting period is included in the scope of consolidation
He'er Culture (Hainan) Co., Ltd.	Invest to establish	Yes
DR LUXURY (SINGAPORE) PTE. LTD.	Invest to establish	Yes
DR Luxury Netherlands Holding B.V.	Invest to establish	Yes
LOVEMONT (MALAYSIA) SDN.BHD.	Invest to establish	Yes
DR LUXURY USA INC	Invest to establish	Yes
Shenzhen DR Jewelry Sales Co., Ltd.	Invest to establish	Yes
Love of My Love Wedding Planning (Shenzhen) Co., Ltd.	Invest to establish	Yes
LOVEMONT HONG KONG LIMITED	Invest to establish	Yes

Happy Love Psychological Research Center (Shenzhen) Co., Ltd.	Invest to establish	Yes
Love of My Love Wedding Planning (Sanya) Co., Ltd.	Invest to establish	Yes
Shangqiu DR Jewelry	Cancellation	Yes
Wuhan DR Jewelry	Cancellatio	Yes
Nanchang DR Jewelry	Cancellatio	Yes
Handan DR Jewelry	Cancellatio	Yes
Guangzhou DR Jewelry	Cancellatio	Yes
Langfang DR Jewelry	Cancellatio	Yes
Foshan DR Jewelry	Cancellatio	Yes
Urumqi DR Jewelry	Cancellatio	Yes

Note: Overseas companies are sub-subsidiaries, and the other are subsidiaries.

VIII. Appointment and Dismissal of Accounting Firms

Currently appointed

Name of domestic accounting firm	Ernst & Young Hua Ming LLP (Special General Partnership)
Remuneration of domestic accounting firm (RMB0'000)	228
Number of consecutive years of audit by domestic accounting firm	7 years
Name of certified public accountants of domestic accounting firm	Li Jianguang, Chen Huijin
Number of continuous years of audit services by certified public accountants of domestic accounting firm	1 year, 2 years

Whether to change the accounting firm

Yes No

Appointment of accounting firm for internal control audit, financial adviser or sponsor

Applicable Not applicable

IX. Risk of Delisting after Disclosure of Annual Report

Applicable Not applicable

X. Matters Relating to Bankruptcy and Reorganization

Applicable Not applicable

No bankruptcy and reorganization-related matters occurred during the reporting period.

XI. Material Litigations and Arbitrations

Applicable Not applicable

Basic information on litigation (arbitration)	Amount involved (RMB0'000)	Whether estimated liabilities are formed	Progress of litigation (arbitration)	Ruling results and impacts	Enforcement of judgment	Date of disclosure	Index for inquiry
There were 79 cases that don't meet the criteria for disclosure of material litigation (arbitration) and in which DRCO is the plaintiff/claimant, including 66 claims brought by DRCO for infringement of intellectual property rights.	784.16	No	As of the end of the reporting period, 50 of the aforementioned cases had been closed and 29 were pending.	No impact	Cases closed at the end of the reporting period were executed in accordance with the judgments/rulings or settlement and mediation programs.		Not applicable
There are four cases	591.44	No	As of the end of the	No impact	Cases closed at		Not applicable

that don't meet the criteria for disclosure of material litigation (arbitration) and in which DRCO is the defendant/respondent.			reporting period, 3 of the aforementioned cases had been closed and 1 were pending.		the end of the reporting period were executed in accordance with the judgments/rulings or settlement and mediation programs.		
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XII. Punishment and Rectification

Applicable Not applicable

There were no significant punishment or rectifications during the reporting period.

XIII. Integrity of DRCO and Its Controlling Shareholders and Actual Controllers

Applicable Not applicable

XIV. Material Connected Transactions

1. Connected transactions related to daily operation

Applicable Not applicable

There were no connected transactions related to daily operation during the reporting period.

2. Connected transactions related to the acquisition or disposal of assets or equity interests

Applicable Not applicable

There were no connected transactions related to the acquisition or disposal of assets or equity interests during the reporting period.

3. Connected transactions relating to common external investments

Applicable Not applicable

There were no connected transactions relating to common external investments during the reporting period.

4. Related creditor's right and debt transactions

Applicable Not applicable

There were no related creditor's right and debt transactions during the reporting period.

5. Transactions with financial companies with connected relationship

Applicable Not applicable

There were no deposits, loans, credit facilities or other financial operations between DRCO and connected parties or financial companies with connected relationships.

6. Transactions between financial companies controlled by DRCO and connected parties

Applicable Not applicable

There were no deposits, loans, credit facilities or other financial operations between financial companies controlled by DRCO and connected parties of DRCO.

7. Other material connected transactions

Applicable Not applicable

There were no other material connected transactions during the reporting period.

XV. Contracts of Significance and Their Execution**1. Trust, contracting and leasing matters****(1) Trust**

Applicable Not applicable

There was no trust during the reporting period.

(2) Contracting

Applicable Not applicable

There was no contracting during the reporting period.

(3) Leasing

Applicable Not applicable

Description of leasing matters

DRCO's leased assets are mainly leased for self-operated stores which have been recognized as right-of-use assets according to the new accounting standards for lease, and there are no other significant leased assets. For details, please refer to 11. Right-of-use Assets/VII. Notes to the Consolidated Financial Statement/Part X Financial Statements.

Projects whose gains/losses attributable to DRCO account for more than 10% of DRCO's total profit for the reporting period

Applicable Not applicable

There were no projects whose gains/losses attributable to DRCO account for more than 10% of DRCO's total profit for the reporting period.

2. Material guarantees

Applicable Not applicable

Unit: RMB0'000

External guarantees provided by DRCO and its subsidiaries (excluding guarantees for subsidiaries)										
Debtor	Date of disclosure of announcement on guarantee amount	Guarantee amount	Actual occurrence date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether fulfilled	Whether it is a guarantee for a related party
DRCO's guarantee for subsidiaries										
Debtor	Date of disclosure of announcement on guarantee amount	Guarantee amount	Actual occurrence date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether fulfilled	Whether it is a guarantee for a related party
DR Group Company Limited		4,950		0	Joint and several liability	No	No		No	No
Haoduo Diamond (Shenzhen)	April 22, 2022	20,000	October 26, 2022	10,000	Joint and several liability	No	No	36 months	Yes	No
Beijing DR	August 29,	700		0	Joint and several	No	No		No	No

Jewelry	2022				liability					
Beijing Huazuan DR Jewelry	August 29, 2022	350	Septem ber 1st, 2022	169.96	Joint and several liability	No	No	7 months	Yes	No
Beijing Zhongzuan DR Jewelry	August 29, 2022	500	January 31, 2023	192.65	Joint and several liability	No	No	24 months	No	No
Chengdu DR Jewelry	August 29, 2022	1,000		0	Joint and several liability	No	No		No	No
Chengdu DR Jewelry	August 29, 2022	700		412.35	Joint and several liability	No	No	45 months	No ¹	No
Hangzhou DR Jewelry	August 29, 2022	1,000	Februar y 1st, 2023	119.15	Joint and several liability	No	No	27 months	No	No
Hangzhou DR Jewelry	August 29, 2022	550	October 1st, 2022	162.74	Joint and several liability	No	No	12 months	Yes	No
Jinan DR Jewelry	August 29, 2022	500	Septem ber 1st, 2022	396.49	Joint and several liability	No	No	31 months	No	No
Kunming DR Jewelry	August 29, 2022	500	Februar y 1st, 2023	109.75	Joint and several liability	No	No	46 months	No	No

Ningbo DR Jewelry	August 29, 2022	600	October 29, 2022	173.36	Joint and several liability	No	No	44 months	No	No
Ningbo DR Jewelry	August 29, 2022	600	January 1st, 2023	95.97	Joint and several liability	No	No	47 months	No	No
Shanghai DR Jewelry	August 29, 2022	600		0	Joint and several liability	No	No		No	No
Shanghai DR Jewelry	August 29, 2022	500		0	Joint and several liability	No	No		No	No
Shanghai DR Jewelry	August 29, 2022	450	October 1st, 2022	237.37	Joint and several liability	No	No	41 months	No	No
Shenzhen DR Jewelry	August 29, 2022	400		0	Joint and several liability	No	No		No	No
Shenzhen DR Jewelry	August 29, 2022	400	May 1st, 2023	242.08	Joint and several liability	No	No	34 months	No	No
Shenyang DR Jewelry	August 29, 2022	450	September 1st, 2022	196.68	Joint and several liability	No	No	21 months	No	No
Shenyang DR Jewelry	August 29,	400		0	Joint and	No	No		No	No

Jewelry	2022				several liability					
Suzhou DR Jewelry	August 29, 2022	450	April 1st, 2023	28.99	Joint and several liability	No	No	12 months	No	No
Suzhou Zhongzuan DR Jewelry	August 29, 2022	550		404.87	Joint and several liability	No	No	51 months	No	No
Tianjin DR Jewelry	August 29, 2022	750	December 1st, 2022	319.64	Joint and several liability	No	No	17 months	No ²	No
Wuhan DR Jewelry	August 29, 2022	250		0	Joint and several liability	No	No		No	No
Wuhan Zhongzuan DR Jewelry	August 29, 2022	100		0	Joint and several liability	No	No		No	No
Xi'an DR Jewelry Accessories	August 29, 2022	450	October 1st, 2022	161.14	Joint and several liability	No	No	35 months	No	No
Xi'an DR Jewelry	August 29, 2022	100		0	Joint and several liability	No	No		No	No
Changsha DR Jewelry	August 29, 2022	900	September 1st, 2022	894.06	Joint and several liability	No	No	45 months	No	No

					liability					
Changsha DR Jewelry	August 29, 2022	100	December 1st, 2022	85.25	Joint and several liability	No	No	31 months	No	No
Henan DR Jewelry	August 29, 2022	300		0	Joint and several liability	No	No		No	No
Zhengzhou DR Jewelry	August 29, 2022	350	January 1st, 2023	141.9	Joint and several liability	No	No	45 months	No	No
Chongqing DR Jewelry	August 29, 2022	500	September 1st, 2022	431.92	Joint and several liability	No	No	21 months	No ³	No
Shenzhen DR Jewelry	October 28, 2022	200		64.64	Joint and several liability	No	No	7 months	Yes	No
Chongqing Darry Jewelry	October 28, 2022	530		476.66	Joint and several liability	No	No	40 months	No	No
Yiwu DR Jewelry	October 28, 2022	250		0	Joint and several liability	No	No		No	No
Zhoukou DR Jewelry	October 28, 2022	50	January 1st, 2023	32.81	Joint and several liability	No	No	33 months	No	No

Xining DR Jewelry	October 28, 2022	100		0	Joint and several liability	No	No		No	No
Heze DR Jewelry	October 28, 2022	100		0	Joint and several liability	No	No		No	No
Dongguan DR Jewelry	October 28, 2022	200	January 1st, 2023	52.66	Joint and several liability	No	No	15 months	No	No
Nanchang DR Jewelry	October 28, 2022	180		0	Joint and several liability	No	No		No	No
Yinchuan DR Jewelry	October 28, 2022	160		0	Joint and several liability	No	No		No	No
Weifang DR Jewelry	October 28, 2022	300		0	Joint and several liability	No	No		No	No
Mianyang DR Jewelry	October 28, 2022	140	February 1st, 2023	117.83	Joint and several liability	No	No	32 months	No	No
Shenzhen DR Jewelry	October 28, 2022	140	February 1st, 2023	90.06	Joint and several liability	No	No	14 months	No	No
Shenyang DR Jewelry	October 28, 2022	150		0	Joint and	No	No		No	No

Jewelry	2022				several liability					
Jining DR Jewelry	October 28, 2022	50	April 1st, 2023	43.67	Joint and several liability	No	No	31 months	No	No
Linyi DR Jewelry	October 28, 2022	230		0	Joint and several liability	No	No		No	No
Fuyang DR Jewelry	October 28, 2022	120		0	Joint and several liability	No	No		No	No
Shangqiu DR Jewelry	October 28, 2022	100		0	Joint and several liability	No	No		No	No
Guangzhou DR Jewelry	December 31, 2022	1,180		0	Joint and several liability	No	No		No	No
Handan DR Jewelry	December 31, 2022	120		0	Joint and several liability	No	No		No	No
Langfang DR Jewelry	December 31, 2022	150		0	Joint and several liability	No	No		No	No
Urumqi DR Jewelry	December 31, 2022	100		0	Joint and several liability	No	No		No	No

Baoding DR Jewelry Sales	December 31, 2022	88		0	Joint and several liability	No	No		No	No
Guiyang DR Jewelry	December 31, 2022	162		0	Joint and several liability	No	No		No	No
Foshan DR Jewelry	December 31, 2022	100		0	Joint and several liability	No	No		No	No
Jiaxing DR Jewelry	December 31, 2022	100		0	Joint and several liability	No	No		No	No
DR Group Company Limited	April 28, 2023	10,000		0	Joint and several liability	No	No		No	No
Haoduo Diamond (Shenzhen) Co., Ltd.	April 28, 2023	30,000	October 23, 2023	10,000	Joint and several liability	No	No	36 months	No	No
			November 1st, 2023	8,000	Joint and several liability	No	No	36 months	No	No
			November 2, 2023	10,000	Joint and several liability	No	No	36 months	No	No
Total guarantee		40,000		Total	actual					29,267.52

amount approved for subsidiaries during the reporting period (B1)		guarantee amount for subsidiaries during the reporting period (B2)								
Total guarantee amount approved for subsidiaries as at the end of the reporting period	63,850	Balance of total actual guarantee amount for subsidiaries as at the end of the reporting period	33,195.39							
Guarantees by subsidiaries for subsidiaries										
Debtor	Date of disclosure of announcement guarantee amount	Guarantee amount	Actual occurrence date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether fulfilled	Whether a guarantee for a connected party
Total guarantee amount of DRCO (i.e., the sum of the first three items)										
Total amount of approved guarantee during the reporting period (A1 + B1 + C1)		40,000		Total actual guarantee amount incurred during the reporting period (A2 + B2 + C2)						29,267.52
Total guarantee amount approved as at the end of the reporting period (A3 + B3 + C3)		63,850		Balance of total actual guarantee amount as at the end of the reporting period (A4 + B4 + C4)						33,195.39
Total actual guarantee amount (i.e.,				5.13%						

A4 + B4 + C4) as a percentage of DRCO's net assets	
Including:	
Balance of guarantees provided to shareholders, actual controllers and their related parties (D)	0
Balance of debt guarantees provided, directly or indirectly, to those with a gearing ratio of more than 70% (E)	434.73 ⁴
Difference between total guarantee amount and 50% of net assets (F)	0
Total (D+E+F)	434.73
Details of the circumstances, if any, under which the guarantee liability arose during the reporting period or there is evidence of a likelihood of joint and several liability, for outstanding guarantee contracts	Not applicable
Details of external guarantees against established procedures (if any)	Not applicable

Note 1: As of the end of the reporting period, RMB456,500 of the actual guarantee amount for Chengdu DR Jewelry Co., Ltd. had been honored.

Note 2: As at the end of the reporting period, RMB 728,300 of the actual guarantee amount for Tianjin DR Jewelry Co., Ltd. has been honored.

Note 3: As at the end of the reporting period, RMB1,434,400 of the actual guarantee amount for Chongqing DR Jewelry Co., Ltd. has been honored.

Note 4: The balance of this guarantee is all guarantees provided by the company to wholly-owned subsidiaries.

Description of the use of composite guarantee

3. Entrusted cash and assets under management

(1) Entrusted wealth management

Applicable Not applicable

Overview of entrusted wealth management during the reporting period

Unit: RMB0'000

Specific type	Source of funds for entrusted wealth management.	Entrusted wealth management amount	Outstanding balance	Amount overdue and not recovered	Provision for impairment of wealth management amount overdue and not recovered
Wealth management products of banks	Funds raised	289,500.00	172,500.00	0	0
Wealth management products of banks	Proprietary funds	310,850.23	293,571.33	0	0
Wealth management products of securities brokers	Proprietary funds	141,300.00	138,800.00	0	0
Total		741,650.23	604,871.33	0	0

Details of high-risk entrusted wealth management products featuring large amount, low safety and illiquidity

Applicable Not applicable

Entrusted wealth management not expected to recover the principal, or other circumstances that may lead to impairment

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

There were no entrusted loans during the reporting period.

4. Other contracts of significance

Applicable Not applicable

There were no other contracts of significance during the reporting period.

XVI. Other Important Matters

Applicable Not applicable

There were no other significant matters that need to be explained during the reporting period.

XVII. Significant Matters of DRCO's Subsidiaries

Applicable Not applicable

Part VII. Changes in Shares and Information of Shareholders

I. Changes in Shares

1. Changes in shares

Unit: Shares

	Before this change		Increase or decrease from the change (+,-)					After this change	
	Quantity	Percent age	Issue of new shares	Bonus share	Conversion of reserves	Other	Subtotal	Quantity	Percent age
I. Shares subject to selling restrictions	360,000,000	90.00%						360,000,000	90.00%
1. Shares held by the state									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic entities	360,000,000	90.00%						360,000,000	90.00%
Including: shares held by domestic legal persons	360,000,000	90.00%						360,000,000	90.00%
Shares held by domestic natural persons									
4. Shares held by foreign investor									

s									
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Shares not subject to selling restrictions	40,010,000	10.00%						40,010,000	10.00%
1. RMB-denominated ordinary shares	40,010,000	10.00%						40,010,000	10.00%
2. Foreign shares listed domestically									
3. Foreign shares listed overseas									
4. Other									
III. Total shares	400,010,000	100.00%						400,010,000	100.00%

Reasons for changes in shares

Applicable Not applicable

Approval of changes in shares

Applicable Not applicable

Transfer of changes in shares

Applicable Not applicable

Impact of changes in shares on financial indicators such as basic and diluted earnings per share and net asset value per share attributable to DRCO's holders of ordinary shares for the most recent year and the most recent period

Applicable Not applicable

Other disclosure deemed necessary by DRCO or required by securities regulatory authorities

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: shares

Name of shareholder	Number of restricted shares at the beginning of the period	Increase in the number of restricted shares during the period	Number of restricted shares released during the period	Number of restricted shares at the end of period	Reason for selling restriction	Date of release
DR Investment (Zhuhai) Co., Ltd.	342,000,000	0	0	342,000,000	Pre-IPO shares	June 16, 2025
Gongqingcheng Wendi No.1 Investment Management Partnership (LP)	7,200,000	0	0	7,200,000	Pre-IPO shares	June 16, 2025
Gongqingcheng Wendi No.2 Investment Management Partnership (LP)	7,200,000	0	0	7,200,000	Pre-IPO shares	June 16, 2025
Gongqingcheng Wendi No.3 Investment Management Partnership (LP)	3,600,000	0	0	3,600,000	Pre-IPO shares	June 16, 2025
Total	360,000,000	0	0	360,000,000	--	--

II. Issuance and Listing of Securities

1. Issuance of securities (excluding preferred shares) during the reporting period

Applicable Not applicable

2. Changes in the total number of shares and shareholder structure of DRCO, and changes in the asset and liability structure of DRCO

Applicable Not applicable

3. Existing internal employee shares

Applicable Not applicable

III. Shareholders and Actual Controllers

1. Number of shareholders and their shareholdings

Unit: shares

Total number of holders of ordinary shares as of the end of the reporting period	14,636	Total number of holders of ordinary shares as of the end of the previous month preceding the date of publication of the annual report	13,824	Total number of holders of preferred shares (if any) whose voting rights were restored at the end of the reporting period (see Note 9)	0	Total number of holders of preferred shares (if any) whose voting rights were restored at the end of the previous month preceding the date of publication of the annual report (see Note 9)	0	Total number of shareholders holding special voting shares (if any)	0
Shareholdings of shareholders holding 5% or more or of the top 10 shareholders (excluding shares borrowed via margin financing)									
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the reporting	Increase/decrease during the reporting	Number of shares held subject to selling	Number of shares held not subject to	Pledged, marked or frozen		
							Share status	Quantity	

			g period	period	restricti ons	selling restricti ons		
DR Investm ent (Zhuhai) Co., Ltd.	Domesti c non- state- owned legal person	85.50%	342,000 ,000	0	342,000 ,000	0	Not applicable	0
Gongqin gcheng Wendi No.1 Investm ent Manage ment Partners hip (LP)	Domesti c non- state- owned legal person	1.80%	7,200,0 00	0	7,200,0 00	0	Not applicable	0
Gongqin gcheng Wendi No.2 Investm ent Manage ment Partners hip (LP)	Domesti c non- state- owned legal person	1.80%	7,200,0 00	0	7,200,0 00	0	Not applicable	0
Gongqin gcheng Wendi No.3 Investm ent Manage ment Partners hip (LP)	Domesti c non- state- owned legal person	0.90%	3,600,0 00	0	3,600,0 00	0	Not applicable	0
Zhuhai Runxin Zhirong No.1 Investm ent Partners hip (LP)	State- owned legal person	0.64%	2,566,7 35	165,000	0	2,566,7 35	Not applicable	0
Li Rongjun	Domesti c natural person	0.16%	637,500	604,600	0	637,500	Not applicable	0

China Securities - CMB - China Securities DR No. 1 Strategic Placement Collective Asset Management Plan	Other	0.15%	594,544	211,908	-	0	594,544	Not applicable	0
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	0.15%	587,828	363,112		0	587,828	Not applicable	0
Bank of China – GF China Securities Pension Industry Index Initiated Securities Investment Fund	Other	0.12%	482,784	187,000		0	482,784	Not applicable	0
#Wang Hongming	Domestic natural person	0.11%	428,255	253,221		0	428,255	Not applicable	0

<p>Any Strategic investor or general legal person becomes one of top 10 shareholder as a result of the placement of new shares (if any) (see Note 4)</p>	<p>Zhuhai Runxin Zhirong No.1 Investment Partnership (LP) has become one of DRCO's top 10 shareholders as DRCO placed 2,566,735 shares that were locked up from December 15, 2021 to December 14, 2022. These shares were released and traded on the market from December 15, 2022.</p> <p>China Securities - CMB - China Securities DR No. 1 Strategic Placement Collective Asset Management Plan is a special asset management plan through which DRCO's senior management and core employees took part in the strategic allotment of DRCO's initial public offering. As a result, this asset management plan became one of DRCO's top 10 shareholders after DRCO placed 978,952 shares that were locked up from December 15, 2021 to December 14, 2022. These shares were released and traded on the market from December 15, 2022.</p>		
<p>Relationship or acting in concert among the aforesaid shareholders</p>	<p>Zhang Guotao and Lu Yiwen, the actual controllers of DRCO, hold a 100% stake in DR Investment (Zhuhai). DR Investment (Zhuhai), Gongqingcheng Wendi No.1 Investment Management Partnership (LP), Gongqingcheng Wendi No.2 Investment Management Partnership (LP) and Gongqingcheng Wendi No.3 Investment Management Partnership (LP) are all the enterprises controlled by Zhang Guotao, DRCO's actual controller. Other than that, DRCO is not aware of any connected relationship among the aforesaid shareholders, nor is DRCO aware of any parties acting in concert.</p>		
<p>Whether the above-mentioned shareholders exercise voting rights via a proxy or as a proxy, or waive their voting rights</p>	<p>Not applicable。</p>		
<p>Whether top 10 shareholders have special accounts for share repurchase (if any) (see Note 10)</p>	<p>Not applicable。</p>		
<p>Shareholdings of the top 10 shareholders of unrestricted shares</p>			
<p>Name of</p>	<p>Number of unrestricted shares held at the end</p>	<p>Type of shares</p>	
		<p>Type of shares</p>	<p>Quantity</p>

shareholder	of the reporting period		
Zhuhai Runxin Zhirong No.1 Investment Partnership (LP)	2,566,735	RMB- denominated ordinary shares	2,566,735
Li Rongjun	637,500	RMB- denominated ordinary shares	637,500
The shares allotted to China Securities - CMB - China Securities DR No. 1 Strategic Placement Collective Asset Management Plan	594,544	RMB- denominated ordinary shares	594,544
Hong Kong Securities Clearing Company Ltd.	587,828	RMB- denominated ordinary shares	587,828
Bank of China – GF China Securities Pension Industry Index Initiated Securities Investment Fund	482,784	RMB- denominated ordinary shares	482,784
#Wang Hongming	428,255	RMB- denominated ordinary shares	428,255
Li Xiuzhi	405,400	RMB- denominated ordinary shares	405,400

#He Guixian	264,800	RMB-denominated ordinary shares	264,800
Ni Birong	231,199	RMB-denominated ordinary shares	231,199
ICBC — China Universal Private Enterprise Vitality Hybrid Securities Investment Fund	218,066	RMB-denominated ordinary shares	218,066
Relationship or acting in concert among the top 10 shareholders of unrestricted tradable shares, and between the top 10 shareholders of unrestricted tradable shares and the top 10 shareholders	DRCO is not aware of any connected relationship among the aforesaid top 10 shareholders of unrestricted shares, or between the top 10 shareholders of unrestricted shares and the top 10 shareholders, nor is DRCO aware of any parties acting in concert.		
Description of shareholders involved in margin financing and securities lending (if any) (see Note 5)	Among the top 10 shareholders without trading limited condition, Wang Hongming holds 4,700 shares through a general securities account and 423,555 shares through a customer credit transaction guarantee securities account with Huatai Securities, altogether 428,255 shares; He Guixian holds 0 shares through a general securities account and 264,800 shares through a customer credit transaction guarantee securities account with CITIC Securities, altogether 264,800 shares.		

Share lending through margin financing among the top 10 shareholders

Applicable Not applicable

Unit: share

Share lending through margin financing among the top 10 shareholders								
Shareholder (full name)	Beginning number of shares in general account and credit account		Beginning number of shares lent through margin financing and not returned		Ending number of shares in general account and credit account		Ending number of shares lent through margin financing and not returned	
	Total shares	% of total equity	Total shares	% of total equity	Total shares	% of total equity	Total shares	% of total equity
Zhuhai Runxin Zhirong No. 1 Investment Partnership (Limited Partnership)	2,401,735.00	0.60%	165,000.00	0.04%	2,566,735.00	0.64%	0.00	0.00%

Changes of the top 10 shareholders from the previous period

 Applicable Not applicable

Unit: share

Changes of the top 10 shareholders from the previous period					
Shareholder (full name)	New/exit in the reporting period	Ending number of shares lent through margin financing and not returned		Ending number of shares in general account and credit account, and shares lent through margin financing and not returned	
		Total shares	% of total equity	Total shares	% of total equity
Bank of China – Guotai Jiangyuan Advantage Choice Flexible Configuration Hybrid	Exit	0	0.00%	0 ¹	0.00%

Securities Investment Fund					
China Construction Bank — Hwabao Ecological China Hybrid Securities Investment Fund	Exit	0	0.00%	0 ²	0.00%
China AMC — National Social Security Fund Portfolio 422	Exit	0	0.00%	0 ³	0.00%
Aeon Life — Traditional Insurance Product	Exit	0	0.00%	0 ⁴	0.00%
Bank of China — Guotai Zhiyuan Advantage Hybrid Securities Investment Fund	Exit	0	0.00%	0 ⁵	0.00%
China Construction Bank — Hwabao Event Driven Hybrid Securities Investment Fund	Exit	0	0.00%	0 ⁶	0.00%
Cigna & CMB Life Insurance — Traditional	Exit	0	0.00%	0 ⁷	0.00%
Bank of	Exit	0	0.00%	0 ⁸	0.00%

Communications — Zhonghai Advantage Growth Securities Investment Fund					
Li Rongjun	New	0	0.00%	637,500	0.16%
Hong Kong Securities Clearing Company Ltd.	New	0	0.00%	587,828	0.15%
Bank of China — GF China Securities Pension Industry Index Initiated Securities Investment Fund	New	0	0.00%	482,784	0.12%
Wang Hongming	New	0	0.00%	428,255	0.11%
Li Xiuzhi	New	0	0.00%	405,400	0.10%
He Guixian	New	0	0.00%	264,800	0.07%
Ni Birong	New	0	0.00%	231,199	0.06%
ICBC — China Universal Private Enterprise Vitality Hybrid Securities Investment Fund	New	0	0.00%	218,066	0.05%

Note 1: DRCO does not have the data because the “Bank of China — Guotai Jianguyuan Advantage Choice Flexible Configuration Hybrid Securities Investment Fund” is not on the list of the top 200 shareholders as at the end of the reporting period issued by China Securities Depository and Clearing Corporation.

Note 2: DRCO does not have the data because the “China Construction Bank — Hwabao Ecological China

Hybrid Securities Investment Fund” is not on the list of the top 200 shareholders as at the end of the reporting period issued by China Securities Depository and Clearing Corporation.

Note 3: DRCO does not have the data because the “China AMC – National Social Security Fund Portfolio 422” is not on the list of the top 200 shareholders as at the end of the reporting period issued by China Securities Depository and Clearing Corporation.

Note 4: DRCO does not have the data because the “Aeon Life – Traditional Insurance Product” is not on the list of the top 200 shareholders as at the end of the reporting period issued by China Securities Depository and Clearing Corporation.

Note 5: DRCO does not have the data because the “Bank of China – Guotai Zhiyuan Advantage Hybrid Securities Investment Fund” is not on the list of the top 200 shareholders as at the end of the reporting period issued by China Securities Depository and Clearing Corporation.

Note 6: DRCO does not have the data because the “China Construction Bank – Hwabao Event Driven Hybrid Securities Investment Fund” is not on the list of the top 200 shareholders as at the end of the reporting period issued by China Securities Depository and Clearing Corporation.

Note 7: DRCO does not have the data because the “Cigna & CMB Life Insurance – Traditional” is not on the list of the top 200 shareholders as at the end of the reporting period issued by China Securities Depository and Clearing Corporation.

Note 8: DRCO does not have the data because the “Bank of Communications – Zhonghai Advantage Growth Securities Investment Fund” is not on the list of the top 200 shareholders as at the end of the reporting period issued by China Securities Depository and Clearing Corporation.

Does DRCO have weighted voting right arrangement

Applicable Not applicable

Whether DRCO's top 10 holders of ordinary shares and top 10 holders of unrestricted ordinary shares engaged in any repurchase agreement-based transaction during the reporting period.

Yes No

DRCO's top 10 holders of ordinary shares and top 10 holders of unrestricted ordinary shares did not engage in any repurchase agreement-based transaction during the reporting period.

2. Controlling shareholders of DRCO

Nature of controlling shareholder: natural person

Type of controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge of the	Date of establishment	Organization code	Main business

	entity			
DR Investment (Zhuhai) Co., Ltd.	Zhang Guotao	November 24, 2015	914403003587652274	General items: investment activities with own funds; business management consulting; information consulting services (excluding licensing information consulting services); marketing planning; corporate image planning; non-residential real estate leasing.
Shareholdings of other domestic and foreign listed companies controlled and participated in by the controlling shareholders during the reporting period	Not applicable.			

Changes in the controlling shareholder during the reporting period

Applicable Not applicable

here was no change in the controlling shareholder of DRCO during the reporting period.

3. DRCO's actual controller and its parties acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

Name of actual controller	Relationship with actual controller	Nationality	Whether possess the right of abode in other countries or regions

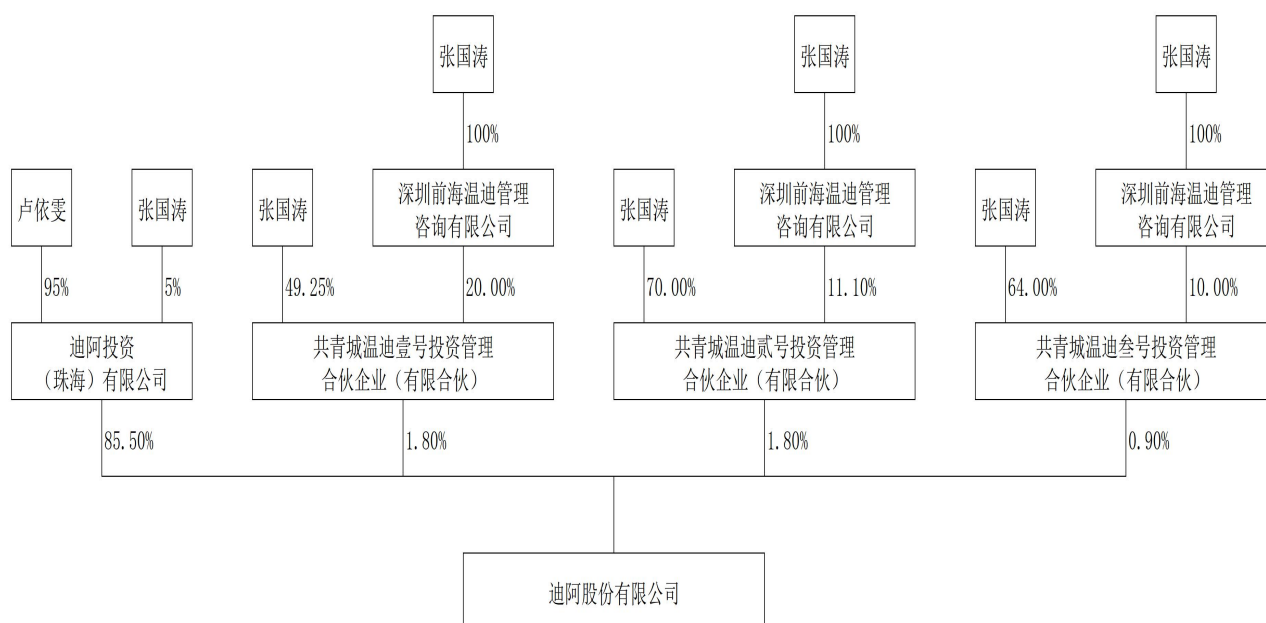
Zhang Guotao	Himself	China	No
Lu Yiwen	Herself	China	No
Main occupation and position	Zhang Guotao is the chairman of DRCO, and Lu Yiwen is a director and the general manager (president) of DRCO.		
Domestic and foreign listed companies held during the past 10 years	Not applicable.		

Change in actual controllers during the reporting period

Applicable Not applicable

There was no change in the actual controller of DRCO during the reporting period.

Ownership and controlling relationship between DRCO and controlling shareholder



注：上图为截至2023年12月31日的控制关系图

张国涛

Zhang Guotao

卢依雯

Lu Yiwen

深圳前海温迪管理咨询有限公司

Shenzhen Qianhai Wendi Management Consulting Co., Ltd.

迪阿投资(珠海)有限公司

DR Investment (Zhuhai) Co., Ltd.

共青城温迪壹号投资管理合伙企业(有限合伙)	Gongqingcheng Wendi No.1 Investment Management Partnership (LP)
共青城温迪贰号投资管理合伙企业(有限合伙)	Gongqingcheng Wendi No.2 Investment Management Partnership (LP)
共青城温迪叁号投资管理合伙企业(有限合伙)	Gongqingcheng Wendi No.3 Investment Management Partnership (LP)
迪阿股份有限公司	DR Corporation Limited

注：上图为截止 2023 年 12 月 31 日的控制关系图

Note: The controlling relationship as of December 31, 2023

The actual controller controls DRCO through trust or other asset management means

Applicable Not applicable

4. The cumulative shares pledged by the controlling shareholder or the largest shareholder of DRCO and its parties acting in concert accounts for 80% of the shareholdings they hold in DRCO

Applicable Not applicable

5. Other legal-person shareholders holding more than 10% of DRCO's shares

Applicable Not applicable

6. Reduction of restricted shares by controlling shareholders, actual controllers, restructuring parties and other commitment entities

Applicable Not applicable

IV. Implementation of Share Repurchase during Reporting Period

Progress of the share repurchases

Applicable Not applicable

Progress of the reduction of share repurchased shares by means of call auction trading

Applicable Not applicable

Part VIII. Information about Preferred Shares

Applicable Not applicable

There are no preferred shares during the reporting period.

Part X Financial Report

I. Auditor's report

Auditor's opinion	Unqualified opinion
Date of signing	April 25, 2024
Auditor	Ernst & Young Hua Ming LLP
Report document number	Ernst & Young Hua Ming (2024) Shen Zi No. 70031863_H01
Chinese Certified Public Accountant	Li Jianguang, Chen Huijin

Auditor's Report (Body)

To the board of directors of DR Corporation Limited

(I) Opinion

We have audited the financial statements of DR Corporation Limited (the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2023, and the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Company's financial position as at 31 December 2023, and the consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

(II) Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(III) Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of o

ur audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters:	How our audit addressed the matters:
<p data-bbox="205 730 456 763">Revenue recognition</p> <p data-bbox="205 763 810 887">For the year ended 31 December 2023, the consolidated revenue of DR Corporation Limited and its subsidiaries (hereinafter collectively referred to as the "Group") was RMB2.18 billion.</p> <p data-bbox="205 916 810 1099">The Group's current business model mainly includes: retail directly to the end consumers through offline direct-operated stores, e-commerce platforms and offline joint-operated stores. And the Group recognized revenue when the end customers received goods.</p> <p data-bbox="205 1128 810 1346">The total amount of revenue as a KPI is material to the financial statements as a whole and there is a huge volume of scattered revenue transactions. And there is an inherent risk that management may manipulate revenue to achieve specific purpose. Therefore, revenue recognition is identified as a key audit matter.</p> <p data-bbox="205 1375 810 1435">For further disclosure, refer to Note V.26 Revenue and Note VII.34 Revenue and costs of sales.</p>	<p data-bbox="834 763 1441 824">Our procedures in relation to revenue recognition mainly included:</p> <ol data-bbox="834 853 1441 1895" style="list-style-type: none"> <li data-bbox="834 853 1441 976">1) Obtaining an understanding of the accounting policies of revenue recognition and reviewing main sales contract terms to assess the appropriateness of revenue recognition policies; <li data-bbox="834 1005 1441 1128">2) Obtaining an understanding of and evaluating the internal control of transaction process of revenue recognition, and testing the operation effectiveness of relevant control within the reporting period; <li data-bbox="834 1158 1441 1258">3) Performing tests of details and reviewing customers' orders, receipt records, express delivery records, bank slips and invoices, etc.; <li data-bbox="834 1288 1441 1348">4) Performing confirmation procedures for receivables; <li data-bbox="834 1377 1441 1527">5) Obtaining an understanding of the settlement method between the Company and customers, inspecting the correspondence between cash receipts and accounts receivable or contract liabilities, and agreeing to the bank statements; <li data-bbox="834 1556 1441 1740">6) Performing revenue cut-off procedures, inspecting the outbound bills and express delivery records for one month before or after the balance sheet date and agreeing with the vouchers, and checking whether they belonged to the same accounting period; <li data-bbox="834 1769 1441 1895">7) Performing analytical review procedures for revenue, including analysis of monthly revenue trend and analysis of revenue trends for different types of products, etc.

Key audit matters:	How our audit addressed the matters:
Existence of inventory and valuation of net realizable value	
<p>As at 31 December 2023, the outstanding balance of the Group's inventory was RMB537 million (net of provision for decline in value of inventories of RMB10.24 million).</p> <p>At the balance sheet date, inventories are stated at the lower of cost and net realizable value. The inventories are written down below cost to net realizable value and the write-down is recognized in profit or loss if the cost is higher than the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes, which involves significant management estimation. Furthermore, the unit price of inventory is high and there is a higher inherent risk of easy theft and difficult to distinguish authenticity. Therefore, the existence of inventory and valuation of net realizable value is regarded as a key audit matter.</p> <p>Further disclosure refers to Note V.14 Inventories, Note V.30 Other significant accounting policies and accounting estimates and Note VII.6 Inventories.</p>	<p>Our procedures in relation to existence of inventory and valuation of net realizable value mainly included:</p> <ol style="list-style-type: none"> 1) Obtaining an understanding of and evaluating internal control relating to inventory procurement, stocktake and provision for decline in value of inventories, and testing the operation effectiveness of relevant control within the reporting period; 2) Attending the annual physical inventory count, inspecting the Company's physical inventory count plan and observing whether the plan was implemented properly; 3) Performing stocktaking procedures on a sample basis, checking the quantity and weight of the inventories, inspecting the certificates of the inventories and verifying the certificate number on the website of the appraisal organization; 4) Comparing the estimated selling price used in the net realizable value with the recent price in the market, comparing estimated selling expenses and related taxes with the actual selling expenses and taxes to assess the appropriateness; 5) Retrospectively comparing provision for write-down of inventories in prior year and its movements in current year, and obtaining the list of defective and obsolete products to evaluate the sufficiency of the provision.

Key audit matters:	How our audit addressed the matters:
Provision for impairment losses of stores' asset groups	
<p>The asset groups of the Group's stores mainly include long-term assets such as long-term prepaid expenses and right-of-use assets. As at 31 December 2023, the total carrying amount of the above assets was RMB239 million, including RMB89.90 million of provision for impairment made for stores' asset groups whose recoverable amount was lower than their carrying amount.</p> <p>As stores' asset groups are significant to these financial statements as a whole, and the provision for impairment of stores' asset groups involves significant management judgments and estimates, we consider the provision for impairment of stores' asset groups made by DR Corporation Limited as a key audit matter.</p> <p>For further disclosure, refer to Note V.20 Impairment of long-term assets, Note V.21 Long-term prepaid expenses, Note V.29 Leases, Note V.30 Other significant accounting policies and accounting estimates, Note VII.11 Right-of-use assets and Note VII.13 Long-term prepaid expenses.</p>	<p>Our procedures in relation to provision for impairment of stores' asset groups mainly included:</p> <ol style="list-style-type: none"> 1) Obtaining an understanding of and evaluating internal control relating to impairment testing of stores' asset groups; 2) Discussing with management the basis for determining indicators of impairment of stores' asset groups, and evaluating whether management's judgment on indicators of impairment of stores' asset groups was reasonable; 3) Communicating with management and internal valuation experts to evaluate key parameters of valuation; evaluating, with the assistance of internal valuation experts, the reasonableness of methods, assumptions and estimates used to discount expected future cash flows of the asset groups based on ASBE requirements; 4) Evaluating whether disclosures related to impairment of stores' asset groups in these financial statements met ASBE requirements.

(IV) Other information

The management of the Company is responsible for other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

(V) Responsibilities of the management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

(VI) Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an au

dit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Hua Ming LLP	Chinese Certified Public Accountant: Li Jianguang (Engagement Partner)
	Chinese Certified Public Accountant: Chen Huijin
Beijing, the People's Republic of China	25 April 2024

II. Financial statements

The notes to financial statements are expressed in Renminbi Yuan.

1. Consolidated balance sheet

Preparer: DR Corporation Limited

31 December 2023

Currency: Renminbi Yuan

Account	31 December 2023	31 December 2022
Current assets:		
Currency funds	227,854,223.17	521,904,818.30
Financial assets held for trading	4,841,946,705.07	5,609,891,931.68
Accounts receivable	83,147,399.06	84,478,911.52
Prepayments	34,724,152.09	74,226,434.15
Other receivables	5,614,656.53	8,184,551.61
Inventories	526,939,044.37	669,886,638.00
Current portion of non-current assets	446,602,964.10	106,967,867.16
Other current assets	131,984,050.79	73,454,925.61
Total current assets	6,298,813,195.18	7,148,996,078.03
Non-current assets:		
Debt investments	891,976,307.01	794,553,996.36
Fixed assets	12,617,322.42	14,068,805.09
Right-of-use assets	208,971,654.66	590,506,167.36
Intangible assets	6,608,420.04	4,262,597.76
Long-term prepaid expenses	50,207,871.43	169,750,383.92
Deferred tax assets	15,293,850.94	8,191,216.36
Other non-current assets	45,593,685.77	85,419,135.39
Total non-current assets	1,231,269,112.27	1,666,752,302.24
Total assets	7,530,082,307.45	8,815,748,380.27
Current liabilities:		
Short-term borrowings	389,995,277.14	433,993,449.44
Trading financial liabilities	62,813,557.52	-
Notes payable	47,986,785.70	466,527,730.97
Accounts payable	28,164,899.34	86,880,869.77
Contract liabilities	109,633,363.46	126,705,661.82
Employee benefits payable	52,933,070.66	68,736,988.33
Taxes payable	18,207,805.96	59,885,139.66
Other payables	44,381,542.05	102,563,944.81
Current portion of non-current liabilities	195,515,150.71	351,516,900.54
Other current liabilities	11,288,478.87	13,670,511.44
Total current liabilities	960,919,931.41	1,710,481,196.78

Non-current liabilities:		
Lease liabilities	67,781,149.67	276,542,164.23
Provisions	14,103,391.00	16,925,816.91
Deferred tax liabilities	14,639,993.41	8,752,998.39
Total non-current liabilities	96,524,534.08	302,220,979.53
Total liabilities	1,057,444,465.49	2,012,702,176.31
Equity:		
Share capital	400,010,000.00	400,010,000.00
Capital reserves	4,459,965,139.16	4,459,777,716.81
Accumulated other comprehensive income	4,449,901.25	3,993,254.00
Surplus reserves	200,005,000.00	200,005,000.00
Retained earnings	1,408,207,801.55	1,739,260,233.15
Total equity attributable to shareholders of the parent	6,472,637,841.96	6,803,046,203.96
Total shareholders' equity	6,472,637,841.96	6,803,046,203.96
Total liabilities and shareholders' equity	7,530,082,307.45	8,815,748,380.27

Legal representative: Zhang Guotao Financial controller: Huang Shuirong Accounting supervisor: Ou Zhipeng

2. Parent company's balance sheet

Currency: Renminbi Yuan

Account	31 December 2023	31 December 2022
Current assets:		
Currency funds	195,314,775.95	219,622,694.30
Financial assets held for trading	4,636,980,087.44	5,223,419,915.33
Accounts receivable	107,234,146.13	84,598,028.47
Prepayments	28,159,458.09	66,437,718.07
Other receivables	224,498,084.63	270,167,536.46
Including: Dividends receivable	96,000,000.00	131,000,000.00
Inventories	517,950,509.71	668,791,848.75
Current portion of non-current assets	347,035,401.68	105,561,584.41
Other current assets	68,496,153.02	47,317,542.08
Total current assets	6,125,668,616.65	6,685,916,867.87
Non-current assets:		
Debt investments	787,775,721.47	650,014,736.30
Long-term equity investments	201,935,477.77	207,935,477.77
Fixed assets	7,674,038.14	10,265,370.22
Right-of-use assets	176,707,741.44	535,960,869.57
Intangible assets	351,782.75	829,361.80
Long-term prepaid expenses	45,849,747.57	163,000,773.79
Deferred tax assets	12,146,753.43	5,365,472.60
Other non-current assets	42,891,321.87	81,537,896.29
Total non-current assets	1,275,332,584.44	1,654,909,958.34
Total assets	7,401,001,201.09	8,340,826,826.21
Current liabilities:		
Short-term borrowings	60,000,000.00	-
Trading financial liabilities	62,813,557.52	-
Notes payable	359,262,543.58	857,478,959.01
Accounts payable	106,655,119.15	273,460,934.14
Contract liabilities	100,572,333.72	122,481,130.76
Employee benefits payable	36,167,620.75	54,833,838.35
Taxes payable	14,344,956.11	18,231,870.82
Other payables	192,424,646.39	102,895,296.16
Current portion of non-current liabilities	173,309,407.81	311,609,516.04
Other current liabilities	10,288,264.17	13,211,410.16
Total current liabilities	1,115,838,449.20	1,754,202,955.44

Non-current liabilities:		
Lease liabilities	52,972,065.86	255,560,231.06
Provisions	13,919,541.00	16,816,666.91
Deferred tax liabilities	12,146,753.43	8,396,162.20
Total non-current liabilities	79,038,360.29	280,773,060.17
Total liabilities	1,194,876,809.49	2,034,976,015.61
Equity:		
Share capital	400,010,000.00	400,010,000.00
Capital reserves	4,459,965,366.83	4,459,777,944.48
Surplus reserves	200,005,000.00	200,005,000.00
Retained earnings	1,146,144,024.77	1,246,057,866.12
Total shareholders' equity	6,206,124,391.60	6,305,850,810.60
Total liabilities and shareholders' equity	7,401,001,201.09	8,340,826,826.21

3. Consolidated income statement

Currency: Renminbi Yuan

Account	2023	2022
I. Total Revenue	2,180,277,744.00	3,681,574,412.68
Including: Revenue	2,180,277,744.00	3,681,574,412.68
II. Total Costs	2,228,826,160.48	2,939,356,663.12
Including: Cost of sales	679,553,257.88	1,112,272,466.29
Taxes and surcharges	121,030,304.52	201,359,894.62
Selling expenses	1,228,761,165.59	1,422,037,537.50
Administrative expenses	151,996,111.88	164,205,877.87
Research and development expenses	21,715,215.75	17,944,132.37
Finance expenses	25,770,104.86	21,536,754.47
Including: Interest expenses	22,148,238.97	23,830,354.96
Interest income	8,288,198.44	21,912,750.27
Add: Other income	26,746,998.56	39,777,673.00
Investment income (loss is expressed with negative value)	201,459,628.10	89,003,045.62
Fair value gains (loss is expressed with negative value)	31,151,566.30	39,294,362.36
Credit impairment losses (loss is expressed with negative value)	(7,519,950.73)	1,793,479.08
Impairment losses of assets (loss is expressed with negative value)	(105,342,656.15)	(28,420,774.69)
Gains on disposal of assets (loss is expressed with negative value)	19,708,867.36	1,244,949.25
III. Operating profit (loss is expressed with negative value)	117,656,036.96	884,910,484.18
Add: Non-operating income	2,881,923.18	1,237,090.46
Less: Non-operating expenses	7,709,541.48	768,433.58
IV. Profit before tax (total loss is expressed with negative value)	112,828,418.66	885,379,141.06
Less: Income tax expenses	43,870,850.26	156,137,194.39
V. Profit (net loss is expressed with negative value)	68,957,568.40	729,241,946.67

1. Classified by continuity of operation		
(1) Profit from continuing operations (net loss is expressed with negative value)	68,957,568.40	729,241,946.67
(2) Profit from discontinued operations (net loss is expressed with negative value)	-	-
2. Classified by ownership		
(1) Profit attributable to shareholders of the parent company	68,957,568.40	729,241,946.67
(2) Loss attributable to non-controlling interests	-	-
VI. Other comprehensive income/(loss), net of tax	456,647.25	6,687,238.92
Other comprehensive income/(loss), net of tax attributable to owners of the parent	456,647.25	6,687,238.92
Other comprehensive income that may be reclassified to profit or loss	456,647.25	6,687,238.92
Exchange differences on translation of foreign currency financial statements	456,647.25	6,687,238.92
VII. Total comprehensive income	69,414,215.65	735,929,185.59
Total comprehensive income attributable to owners of the parent company	69,414,215.65	735,929,185.59
Total comprehensive income attributable to non-controlling interests	-	-
VIII. Earnings per share		
1. Basic earnings per share	0.17	1.82
2. Diluted earnings per share	0.17	1.82

Legal representative: Zhang Guotao Financial controller: Huang Shuirong Accounting supervisor: Ou Zhipei

4. Parent company's income statement

Currency: Renminbi Yuan

Account	2023	2022
I. Revenue	2,010,592,757.73	3,534,932,354.30
Less: Cost of sales	665,347,541.25	1,092,567,667.81
Taxes and surcharges	108,051,410.12	194,895,366.29
Selling expenses	1,131,004,661.01	1,515,688,864.56
Administrative expenses	390,460,699.86	624,911,561.61
Research and development expenses	0.00	71,920.44
Finance expenses	17,217,940.04	17,360,792.79
Including: Interest expenses	14,229,104.56	19,305,582.75
Interest income	6,827,374.58	19,773,708.70
Add: Other income	9,632,263.68	22,208,183.65
Investment income (loss is expressed with negative value)	653,594,748.45	560,828,577.30
Fair value gains (loss is expressed with negative value)	29,656,965.02	40,995,261.08
Credit impairment losses (loss is expressed with negative value)	(7,385,315.73)	1,836,341.83
Impairment losses of assets (loss is expressed with negative value)	(100,643,050.35)	(28,017,790.85)
Gains on disposal of assets (loss is expressed with negative value)	18,585,721.49	1,276,888.55
II. Operating profit (loss is expressed with negative value)	301,951,838.01	688,563,642.36
Add: Non-operating income	1,837,867.01	1,150,898.78
Less: Non-operating expenses	6,706,248.93	627,988.18
III. Profit before tax (total loss is expressed with negative value)	297,083,456.09	689,086,552.96
Less: Income tax expenses	(3,012,702.56)	54,932,406.16
IV. Profit (net loss is expressed with negative value)	300,096,158.65	634,154,146.80
Profit from continuing operations (net loss is expressed with negative value)	300,096,158.65	634,154,146.80
VI. Total comprehensive income	300,096,158.65	634,154,146.80

5. Consolidated statement of cash flows

Currency: Renminbi Yuan

Account	2023	2022
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from the sale of goods and the rendering of services	2,278,366,294.04	3,968,278,134.60
Receipts of taxes and surcharges refunds	31,218,358.13	16,421,754.59
Other cash receipts relating to operating activities	54,391,172.84	62,655,254.90
Total cash inflows from operating activities	2,363,975,825.01	4,047,355,144.09
Cash payments for goods and services	1,006,024,236.82	1,406,475,658.87
Cash payments to and on behalf of employees	558,894,605.16	573,104,253.10
Payments of all types of taxes and surcharges	350,767,441.44	621,952,499.15
Other cash payments relating to operating activities	411,324,033.78	627,811,620.73
Total cash outflows from operating activities	2,327,010,317.20	3,229,344,031.85
Net cash flows from operating activities	36,965,507.81	818,011,112.24
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from returns of investments	8,403,748,941.31	5,328,462,790.68
Cash receipts from returns on investments	171,066,968.49	83,386,608.45
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	120,350.52	282,732.40
Total cash inflows from investing activities	8,574,936,260.32	5,412,132,131.53
Cash payments to acquire fixed assets, intangible assets and other long-term assets	77,196,087.26	155,426,398.41
Cash payments for investments	8,043,851,820.32	9,569,751,822.21
Total cash outflows from investing activities	8,121,047,907.58	9,725,178,220.62
Net cash flows from investing activities	453,888,352.74	(4,313,046,089.09)
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash proceeds from investments by others	0.00	0.00
Cash receipts from borrowings	517,721,409.20	525,418,991.66
Other cash receipts relating to financing activities	15,612,044.41	10,700,723.00

Total cash inflows from financing activities	533,333,453.61	536,119,714.66
Cash repayments for debts	559,721,849.22	94,320,809.11
Cash payments for distribution of dividends or profit and interest expenses	408,807,640.15	800,397,477.89
Including: Payments for distribution of dividends or profits to non-controlling shareholders of subsidiaries		
Other cash payments relating to financing activities	350,995,774.08	371,403,624.18
Total cash outflows from financing activities	1,319,525,263.45	1,266,121,911.18
Net cash flows from financing activities	(786,191,809.84)	(730,002,196.52)
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	676,529.63	5,151,750.54
V. NET INCREASE IN CASH AND CASH EQUIVALENTS	(294,661,419.66)	(4,219,885,422.83)
Add: Cash and cash equivalents at beginning of period	521,625,030.62	4,741,510,453.45
VI. CASH AND CASH EQUIVALENTS AT END OF PERIOD	226,963,610.96	521,625,030.62

6. Parent company's statement of cash flows

Currency: Renminbi Yuan

Account	2023	2022
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from the sale of goods and the rendering of services	2,347,244,990.19	3,991,469,167.77
Receipts of taxes and surcharges refunds	22,840,647.61	56,556.06
Other cash receipts relating to operating activities	399,867,497.80	265,606,344.91
Total cash inflows from operating activities	2,769,953,135.60	4,257,132,068.74
Cash payments for goods and services	1,011,624,072.25	1,495,604,940.61
Cash payments to and on behalf of employees	459,678,315.90	484,718,641.12
Payments of all types of taxes and surcharges	222,211,813.20	474,368,886.96
Other cash payments relating to operating activities	1,323,785,442.55	1,405,354,651.27
Total cash outflows from operating activities	3,017,299,643.90	3,860,047,119.96
Net cash flows from operating activities	(247,346,508.30)	397,084,948.78
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from returns of investments	7,877,941,603.71	4,888,931,144.07
Cash receipts from returns on investments	665,199,284.52	622,149,442.68
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	120,350.52	282,732.40
Net cash receipts from disposal of subsidiaries and other business units	14,008,195.97	0.00
Other cash receipts relating to investing activities	0.00	0.00
Total cash inflows from investing activities	8,557,269,434.72	5,511,363,319.15
Cash payments to acquire fixed assets, intangible assets and other long-term assets	72,009,896.77	150,904,158.20
Cash payments for investments	7,631,186,071.23	9,041,789,749.98
Net cash payments for acquisition of subsidiaries and other business units	0.00	0.00
Other cash payments relating to investing activities	0.00	0.00
Total cash outflows from investing activities	7,703,195,968.00	9,192,693,908.18
Net cash flows from investing activities	854,073,466.72	(3,681,330,589.03)

vities		
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash proceeds from investments by others	0.00	0.00
Cash receipts from borrowings	60,000,000.00	0.00
Other cash receipts relating to financing activities	15,195,224.09	10,700,723.00
Total cash inflows from financing activities	75,195,224.09	10,700,723.00
Cash repayments for debts	0.00	0.00
Cash payments for distribution of dividends or profit and interest expenses	400,122,500.00	800,020,000.00
Other cash payments relating to financing activities	306,542,100.91	350,987,128.44
Total cash outflows from financing activities	706,664,600.91	1,151,007,128.44
Net cash flows from financing activities	(631,469,376.82)	(1,140,306,405.44)
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	0.00	0.00
V. NET INCREASE IN CASH AND CASH EQUIVALENTS	(24,742,418.40)	(4,424,552,045.69)
Add: Cash and cash equivalents at beginning of period	219,342,906.62	4,643,894,952.31
VI. CASH AND CASH EQUIVALENTS AT END OF PERIOD	194,600,488.22	219,342,906.62

7. Consolidated statement of changes in equity

For the current period

Currency: Renminbi Yuan

	Share capital	Attributable to shareholders of the Company			Retained earnings	Subtotal	Minority interests	Total shareholders' equity
		Capital reserves	Other comprehensive income	Surplus reserve				
I. Balance at the end of the prior year and the beginning of year	400,010,000.00	4,459,777,716.81	3,993,254.00	200,005,000.00	1,739,260,233.15	6,803,046,203.96	-	6,803,046,203.96
II. Changes for the year								
1. Total comprehensive income	-	-	456,647.25	-	68,957,568.40	69,414,215.65	-	69,414,215.65
2. Owners' contributions and reduction in capital Amount of share-based payments recognized in equity	-	187,422.35	-	-	-	187,422.35	-	187,422.35
3. Profit distribution								
Appropriation to surplus reserve	-	-	-	-	-	-	-	-
Distribution to shareholders	-	-	-	-	(400,010,000.00)	(400,010,000.00)	-	(400,010,000.00)
III. Balance at end of year	400,010,000.00	4,459,965,139.16	4,449,901.25	200,005,000.00	1,408,207,801.55	6,472,637,841.96	-	6,472,637,841.96

For the prior period

Currency: Renminbi Yuan

	Share capital	Attributable to shareholders of the Company			Retained earnings	Subtotal	Minority interests	Total shareholders' equity
		Capital reserves	Other comprehensive income	Surplus reserve				
I. Balance at the end of the prior year and the beginning of year	400,010,000.00	4,459,216,399.61	(2,693,984.92)	179,210,032.06	1,830,833,254.42	6,866,575,701.17		6,866,575,701.17
II. Changes for the year								
1. Total comprehensive income	-	-	6,687,238.92	-	729,241,946.67	735,929,185.59	-	735,929,185.59
2. Owners' contributions and reduction in capital								
Amount of share-based payments recognized in equity	-	561,317.20	-	-	-	561,317.20	-	561,317.20
3. Profit distribution								
Appropriation to surplus reserve	-	-	-	20,794,967.94	(20,794,967.94)	-	-	-
Distribution to shareholders	-	-	-	-	(800,020,000.00)	(800,020,000.00)	-	(800,020,000.00)
III. Balance at end of year	400,010,000.00	4,459,777,716.81	3,993,254.00	200,005,000.00	1,739,260,233.15	6,803,046,203.96	0.00	6,803,046,203.96

8. Parent company's statement of changes in equity

For the current period

Currency: Renminbi Yuan

	Share capital	Capital reserves	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the end of the prior year and the beginning of year	400,010,000.00	4,459,777,944.48	200,005,000.00	1,246,057,866.12	6,305,850,810.60
II. Changes for the year					
1. Total comprehensive income	-	-	-	300,096,158.65	300,096,158.65
2. Owners' contributions and reduction in capital					
Amount of share-based payments recognized in equity	-	187,422.35	-	-	187,422.35
3. Profit distribution					
Appropriation to surplus reserve	-	-	-	-	-
Distribution to shareholders	-	-	-	(400,010,000.00)	(400,010,000.00)
III. Balance at end of year	400,010,000.00	4,459,965,366.83	200,005,000.00	1,146,144,024.77	6,206,124,391.60

For the prior period

Currency: Renminbi Yuan

	Share capital	Capital reserves	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the end of the prior year and the beginning of year	<u>400,010,000.00</u>	<u>4,459,216,627.28</u>	<u>179,210,032.06</u>	<u>1,432,718,687.26</u>	<u>6,471,155,346.60</u>
II. Changes for the year					
1. Total comprehensive income	-	-	-	634,154,146.80	634,154,146.80
2. Owners' contributions and reduction in capital Amount of share-based payments recognized in equity	-	561,317.20	-	-	561,317.20
3. Profit distribution					
Appropriation to surplus reserve	-	-	20,794,967.94	(20,794,967.94)	0.00
Distribution to shareholders	-	-	-	(800,020,000.00)	(800,020,000.00)
III. Balance at end of year	<u>400,010,000.00</u>	<u>4,459,777,944.48</u>	<u>200,005,000.00</u>	<u>1,246,057,866.12</u>	<u>6,305,850,810.60</u>

III. General information

DR Corporation Limited (the “Company”) is a limited liability company registered in Shenzhen, Guangdong Province of the People’s Republic of China. The Company was established on 8 April 2010 with a term of perpetual operation. The Company is registered in Room 306, Wing Building of Luohu Investment Holding Building, No. 112 Qingshuihe 1st Road, Qingshuihe Community, Qingshuihe Street, Luohu District, Shenzhen.

The Company was established by Zhang Guotao and Jin Chong who contributed a capital of RMB15,300 and RMB14,700 with proportion of contribution of 51% and 49% respectively. The addition of capital has been verified by Shenzhen Zhengsheng Accounting Firm that issued a “Capital Verification Report” (Shenzhen Zhengsheng (Internal) Yan Zi [2010] No. 376). The legal representative is Zhang Guotao, and the business scope is marketing planning. The Company obtained the name pre-approval notice (No. 2583011 [2010]) from Shenzhen Administration For Market Regulation and the approved name was Shenzhen Yinsaiter Enterprise Management Consulting Co., Ltd.

According to the resolution of the shareholders’ meeting on 11 July 2011, Jin Chong transferred his 49% equity interest to Lu Yiwen. On 20 July 2011, the shareholders’ meeting of Shenzhen Yinsaiter Enterprise Management Consulting Co., Ltd. made a resolution to approve the change of the Company’s name to “Shenzhen Darry Jewelry Co., Ltd.” (“Darry Corporation”), and the business scope was changed to “purchase and sale of jewelry, diamonds, platinum, gold, silver and related accessories, cosmetics, perfumes, leather products, clothing, shoes and hats; domestic trade; import and export of goods and technology.” On 28 July 2011, the Company completed the corresponding industrial and commercial change registration process at Shenzhen Administration For Market Regulation for the equity transfer and the change of the Company’s name and business scope.

According to the resolution of the shareholders’ meeting on 5 September 2011, the Company applied to Shenzhen Administration For Market Regulation on 6 September 2011 for approval of increasing the registered capital from RMB30,000 to RMB1 million, and the new registered capital was RMB970,000, of which Zhang Guotao subscribed and paid RMB494,700, Lu Yiwen subscribed and paid RMB475,300. The proportion of contribution of Zhang Guotao and Lu Yiwen were 51% and 49% respectively. The addition of capital has been verified by Ernst & Young Hua Ming LLP that issued a “Capital Verification Report” (Ernst & Young Hua Ming (2020) Yan Zi No. 61403707_H01).

According to the resolution of the shareholders’ meeting on 1 December 2014, the Company applied to Shenzhen Administration For Market Regulation on 10 December 2014 for approval of increasing the registered capital from RMB1 million to RMB100 million, of which Zhang Guotao subscribed RMB50.49 million and Lu Yiwen subscribed RMB48.51 million. On 1 April 2015, 2 April 2015 and 8 June 2015, Zhang Guotao paid capital contributions of RMB5 million, RMB5 million and RMB20 million respectively, and the paid in capital of the Company after these series of capital contribution was RMB31 million, and the proportion of subscribed capital of Zhang Guotao and Lu Yiwen remained unchanged. Pursuant to the Company’s change decision on 18 December 2015, Zhang Guotao and Lu Yiwen transferred their 51% and 49% equity interest in the Company

to DR Investment (Zhuhai) Co., Ltd. (“DR Investment”), and on 29 January 2016 and 7 November 2016, DR Investment paid capital contributions of RMB18 million and RMB51 million, respectively, and the paid in capital of the Company after these series of capital contribution was RMB100 million. The addition of capital has been verified by Ernst & Young Hua Ming LLP that issued a “Capital Verification Report” (Ernst & Young Hua Ming (2020) Yan Zi No. 61403707_H02).

According to the resolution of the shareholders’ meeting on 22 November 2017, DR Investment transferred its 5% equity interest in the Company to Gongqingcheng Wendi No.1 Investment Management Partnership (LP) (“Wendi No. 1”), Gongqingcheng Wendi No.2 Investment Management Partnership (LP) (“Wendi No. 2”) and Gongqingcheng Wendi No.3 Investment Management Partnership (LP) (“Wendi No. 3”) respectively. On 24 November 2017, the above equity transfer was completed, and the three limited partnerships held 2%, 2% and 1% of the equity interests of the Company respectively.

According to the resolution of the shareholders’ meeting of the Company on 19 June 2019, the Company changed from a limited company to a corporation limited company based on the audited net assets. The Company’s name changed from Shenzhen Darry Jewelry Co., Ltd. to DR Corporation Limited and the shareholding ratio of each shareholder before and after the change remained unchanged. As of 28 February 2019, the adjusted net assets of the limited company were RMB396,540,157.74, of which RMB360,000,000.00 was converted into 360,000,000.00 ordinary shares of the corporation limited company. The registered share capital was changed to RMB360,000,000.00, with a par value of RMB1 per share. The portion of net assets exceeding the share capital of RMB36,540,157.74 was accounted as “capital reserve” and shared by all shareholders.

In accordance with the approval of the Listing Committee of the Growth Enterprise Market of the Shenzhen Stock Exchange and the CSRC’s “Approval on Agreeing the Registration of DR Corporation Limited for Initial Public Offering of Shares (Zheng Jian Xu Ke No. [2021] 3043)” on 16 September 2021, the Company conducted an initial public offering of 40,001,000 ordinary shares (A shares) with an issue price of RMB116.88 per share. The additional registered capital from the IPO has been verified by Ernst & Young Hua Ming LLP that issued a “Capital Verification Report” (Ernst & Young Hua Ming (2021) Yan Zi No. 61403707_H01). The Company was listed on the Shenzhen Stock Exchange on 15 December 2021.

The parent and ultimate parent company of the Group is DR Investment (Zhuhai) Co., Ltd., which is incorporated in the People’s Republic of China.

The financial statements were approved by board of directors on 25 April 2024.

IV. Basis of preparation of the financial statements

1. Basic of preparation

These financial statements have been prepared in accordance with Accounting Standards for Business Enterprises - Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (the “MOF”) (collectively referred to a

s “ASBEs”). In addition, the financial statements also disclosed relevant financial information in accordance with the Rules for the Preparation and Reporting of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports.

2. Going concern

The financial statements have been prepared on a going concern basis.

V. Significant accounting policies and accounting estimates

Tips of specific accounting policies and accounting estimates:

The Group has formulated specific accounting policies and accounting estimates based on the characteristics of actual production and operation, which are mainly reflected in impairment allowance for receivables, inventory valuation method, provision for decline in value of inventories, amortization of long-term prepaid expenses, depreciation of right-of-use assets, impairment of long-term assets, revenue recognition and measurement, etc.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial positions of the Group and the Company as at 31 December 2023, and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

The Group has adopted the calendar year as its accounting year, i.e., from 1 January to 31 December.

3. Operating cycle

The Group has adopted a normal operating cycle of 12 months as the criterion for classifying the liquidity of its assets and liabilities.

4. Functional currency

The Company’s functional and presentation currency is Renminbi Yuan (“RMB”). The currency unit is expressed in RMB unless otherwise stated.

Each subsidiary of the Group determines its own functional currency based on the primary economic environment in which it operates. In preparation of the financial statements, their functional currencies are translated into RMB.

5. Determination method and selection basis for criteria for significance

Applicable Not applicable

Items	Criteria for significance
Significant recovery or reversal of impairment allowance for receivables	The amount of the recovery or reversal accounts for more than 10% of the total impairment allowance for receivables and the amount is more than 5 million
Significant actual write-off of receivables	The amount of the write-off accounts for more than 10% of the total impairment allowance for receivables and the amount is more than RMB 5 million
Significant debt investments	The amount of the debt investment accounts for more than 10% of the total debt investment

Significant actual write-off of debt investments	The amount of the write-off accounts for more than 10% of the total of debt investments
Asset group with significant impairment amount for the current year	The impairment amount of a single store asset group is more than RMB 2 million
Significant prepayments and dividends receivable aged over one year	The amount of the prepayment and dividends receivable aged over one year accounts for more than 10% of the total of prepayments and dividends receivable and the amount is more than RMB 5 million
Significant contract liabilities aged over one year	The amount of the contract liability aged over one year accounts for more than 10% of the total of contract liabilities
Significant accounts payable and other payables overdue or aged over one year	The amount of the account payable and other payable overdue or aged over one year accounts for more than 10% of the total of accounts payable and other payables and the amount is more than RMB 5 million
Significant overdue short-term borrowings	The amount of the overdue short-term borrowing accounts for more than 10% of total of short-term borrowings
Significant cash receipts or payments relating to investing activities	The amount of the cash receipt or payment relating to investing activities accounts for more than 10% of total of cash receipts or payments relating to investing activities and is greater than RMB 5 million
Significant subsidiaries	The net profit of the subsidiary accounts for more than 10% of the consolidated net profit of the Group

6. Accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

(2) Business combination involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

The assets and liabilities (including goodwill arising from the ultimate controlling party's acquisition of the entity being absorbed) that are obtained by the absorbing entity in a business combination involving entities under common control shall be measured on the basis of their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face

value of shares issued as consideration) shall be adjusted to capital premium under capital reserves. If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

(3) **Business combination not involving entities under common control**

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of the combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of the combination. If after that reassessment, the cost of the combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

7. Determination criteria of control and preparation of consolidated financial statements

The scope of the consolidated financial statements, which include the financial statements of the Company and all of its subsidiaries, is determined on the basis of control. A subsidiary is an entity that is controlled by the Company (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Company). The control of an investor over an investee is achieved only when there are three elements: the investor has power over the investee; has rights to variable returns from its involvement with the investee; and has the ability to affect those returns through its power over the investee.

If the accounting policies or accounting periods adopted by the subsidiary are inconsistent with those of the Company, necessary adjustments shall be made to the financial statements of the subsidiary in accordance with the Company's accounting policies and accounting periods when preparing the consolidated financial statements. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders equity of the subsidiary, the excess amounts are still allocated against minority interests.

For subsidiaries acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group o

obtains control and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the financial performance and cash flows of the entity being absorbed shall be consolidated from the beginning of the period in which the combination occurs. While preparing the comparative financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained the control.

The Group reassesses whether or not it controls an investee if any change in facts and circumstances indicates that there are changes to one or more of the three elements of control.

8. Recognition criteria of cash and cash equivalents

Cash comprises the Group's cash on hand and bank deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

9. Foreign currency transactions and foreign currency translation

The Group translates foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded, on initial recognition in the functional currency using the spot exchange rates prevailing at the dates of transactions, but the funds invested by investors denominated in foreign currencies are translated at the spot exchange rates prevailing at the dates of transactions. Monetary items denominated in foreign currencies are translated at the spot exchange rates ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognized in profit or loss, with the exception of those relating to foreign currency borrowings specifically for the construction and acquisition of qualifying assets, which are capitalized in accordance with the guidance for capitalization of borrowing costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates upon initial recognition, and the amount denominated in the functional currency is not changed. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The resulting exchange differences are recognized in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

For foreign operations, the Group translates their functional currency amounts into RMB when preparing the financial statements as follows: as at the balance sheet date, the assets and liabilities are translated using the spot exchange rate at the balance sheet date; and equity items other than "unappropriated profit" are translated at the spot exchange rates at the dates of transactions; revenue and expense items in profit or loss are translated using the spot exchange rates prevailing at the dates of transactions. The resulting exchange differences are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss. If the

disposal only involves a portion of a particular foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss on a pro-rata basis.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the spot exchange rates prevailing on the dates of cash flows. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Recognition and derecognition

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated balance sheet) when:

- ① the rights to receive cash flows from the financial asset have expired; or
- ② the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either has transferred substantially all the risks and rewards of the financial asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Regular way purchases and sales of financial assets are recognized and derecognized using trade date accounting. Regular way purchases or sales of financial assets are purchases or sales of financial assets in accordance with the terms of contracts that require delivery within the period generally established by regulation or convention in the marketplace. The trade date is the date that the Group committed to purchase or sell a financial asset.

(2) Classification and measurement of financial liabilities

The Group's financial assets are classified at initial recognition into financial assets at fair value through profit or loss and financial assets at amortized cost, based on the Group's business model for managing financial assets by enterprises and the contractual cash flow characteristics of the financial assets.

Financial assets are measured at fair value on initial recognition but accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component due within one year, are initially measured at the transaction price.

For financial assets at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss, and transaction costs relating to other financial assets are included in the initial recognition amounts.

The subsequent measurement of financial assets depends on their classification as follows:

① Debt investments measured at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met: the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income of such financial assets is recognized using the effective interest method. Gains and losses are recognized in current profit or loss when the asset is derecognized, modified or impaired.

② Financial assets at fair value through profit or loss

The financial assets other than the above financial assets measured at amortized cost and financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value with net changes in fair value recognized in profit or loss.

(3) Classification and measurement of financial liabilities

Other than those arising from the gold leasing business, the Group's financial liabilities are, on initial recognition, classified into financial liabilities measured at amortized cost. Transaction costs relating to the financial liabilities measured at amortized cost are included in the initial recognition amounts.

The subsequent measurement of financial liabilities depends on their classification as follows:

① Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities designated at fair value through profit or loss are subsequently measured at fair value and gains or losses are recognized in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income. If gains or losses arising from the Group's own credit risk which are presented in other comprehensive income will lead to or expand accounting mismatch in profit or loss, the Group will include all the changes in fair value (including the amount affected by changes in the Group's own credit risk) of such financial liabilities in profit or loss.

Financial liabilities are designated as upon initial recognition at fair value through profit or loss only if one of the following conditions is met:

- (1) Such designation eliminates or significantly reduces accounting mismatches;
- (2) A combination of financial instruments is managed and evaluated on a fair value basis, in accordance with the documented risk management or investment strategy, and information about them is reported to key management personnel on that basis;
- (3) A hybrid instrument that contains one or more embedded derivatives, unless these embedded derivatives do not significantly change the cash flows of the hybrid instrument, or it is apparent that these embedded derivatives should not be separated from the related hybrid instrument;
- (4) A hybrid instrument that contains embedded derivatives that need to be separated but cannot be measured separately on acquisition or at the balance sheet date.

Financial liabilities designated as at fair value through profit or loss upon initial recognition cannot be reclassified as other categories of financial liabilities; other categories of financial liabilities cannot be re-designated as financial liabilities at fair value through profit or loss after initial recognition.

Based on the above conditions, such financial liabilities designated by the Group mainly include financial liabilities held for trading arising from the gold leasing business.

① Financial liabilities at amortized cost

After initial recognition, such financial liabilities are measured at amortized cost using the effective interest method.

(4) Impairment of financial assets

Based on expected credit losses, the Group undertakes impairment treatment and recognizes loss provisions for financial assets measured at amortized cost.

For the receivables that do not contain a significant financing component, the Group applies the simplified approach to recognize a loss allowance based on lifetime ECLs.

For financial assets other than above measured by the simplified approach, the Group evaluates at each balance sheet date whether the credit risk has significantly increased since initial recognition. If the credit risk has not significantly increased since initial recognition (stage 1), the Group shall measure loss provisions based on the amount of expected credit losses for the next 12 months and calculate interest income according to the outstanding balance and effective interest rate; if the credit risk has significantly increased since initial recognition but are not credit-impaired (stage 2), the Group shall measure loss provisions based on the amount of expected credit losses for the entire lifetime and calculate interest income according to the outstanding balance and effective interest rate; if the credit impairment has occurred after initial recognition (stage 3), the Group shall measure loss provisions based on the amount of expected credit losses for the entire lifetime and calculate interest income at the amortized cost and effective interest rate. At the balance sheet date, if the Group

p only has financial instruments with lower credit risk, the Group assumes that the credit risk of the financial instrument has not increased significantly since initial recognition.

The Group evaluates the expected credit losses of financial instruments on an individual and portfolio basis. The Group takes into account the credit risk characteristics of different customers and evaluates the expected credit losses of relevant financial instruments on the basis of their common risk characteristics and the aging portfolio. The Group determines the aging according to the billing date. The Group assesses ECLs individually, except for those of financial instruments evaluated based on the above portfolio.

For the Group's disclosure of the criteria for determining the significant increase in credit risk and the definition of assets that have incurred credit impairment, please refer to Note XII.

The Group measures expected credit losses on a financial instrument in a way that reflects: an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the balance sheet date about past events, current conditions and forecasts of future economic conditions.

When the Group no longer reasonably expects to collect all or part of the contractual cash flows of the financial asset, the Group directly writes down the outstanding balance of the financial asset.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(6) Transfers of financial assets

A financial asset is derecognized when the Group has transferred substantially all the risks and rewards of the asset to the transferee. A financial asset is not derecognized when the Group retains substantially all the risks and rewards of the financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either derecognizes the financial asset and recognizes the assets and liabilities created in the transfer when it has not retained control of the asset; or continues to recognize the transferred asset to the extent of the Group's continuing involvement, in which case, the Group also recognizes an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the carrying amount of the financial asset and the guarantee amount. The guarantee amount is the maximum amount of consideration that the Group could be required to repay.

The Company complies with the disclosure requirements of the "Jewellery Related Business" in the "Self-reg

ulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 3 - Disclosure of Industry Information”.

11. Accounts receivable

The method of determining expected credit losses on accounts receivable and related accounting treatment can be referred to the policies relating to financial instruments.

12. Other receivables

The method of determining expected credit losses on other receivables and the accounting treatment can be referred to the accounting policies regarding financial instruments.

13. Contract assets

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and payments from customers. The Group presents contract assets and contract liabilities under the same contract on a net basis after offsetting them against each other.

A contract asset is the right to consideration in exchange for goods or services that the Group has transferred to a customer, and that right is conditioned on something other than the passage of time.

For details of how the Group measures and accounts for the ECLs of a contract asset, refer to Note V.10.

14. Inventories

The Company is required to comply with the disclosure requirements for jewelry-related business specified in the Self-disciplinary Supervision Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange - Industry Information Disclosure.

Inventory includes raw materials, work in process, finished products, turnover materials, shipped commodities and commissioned processing materials.

Inventories are initially carried at cost. Cost of inventories comprises all costs of purchase, manufacture overhead and other cost. The actual cost of inventories upon delivery is calculated using the specific identification method. Turnover materials include low value consumables and packing materials, which are amortized using the immediate write-off method.

The perpetual inventory system is maintained for the stock system.

At the balance sheet date, inventories are stated at the lower of cost and net realizable value. The inventories are written down below cost to net realizable value and the write-down is recognized in profit or loss if the cost is higher than the net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Inventories are written down item by item.

The Company is required to comply with the disclosure requirements for retail industry specified in the Self-di

disciplinary Supervision Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange - Industry Information Disclosure.

15. Debt investments

For the determination method and accounting treatment method of expected credit loss of debt investments, refer to policies related to financial instruments.

16. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries.

The long-term equity investment that the Company can control the investee is accounted by cost method in individual financial statements of the Company. Control is the power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the number of the investor's returns.

Under the cost method, a long-term equity investment is measured at its initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Cash dividends or profit distributions declared by the investee are recognized as investment income in profit or loss.

On disposal of a long-term equity investment, the difference between the carrying amount and the actual acquisition price is recognized in profit or loss for the period.

17. Fixed assets

(1) Recognition criteria

A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditures are recognized in profit or loss as incurred.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each year end, and makes adjustments if necessary.

(2) Depreciation method

Category	Depreciation method	Depreciation period	Residual value rate (%)	Annual depreciation rate (%)
Transportation facilities	Straight-line method	4 years	5%	23.75%
Office equipment and other facilities	Straight-line method	3-5 years	5%	19.00%-31.67%

18. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognized as an expense in the period in which they are incurred.

Borrowing costs are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced gets ready for its intended use or sale. Any borrowing costs subsequently incurred are recognized in profit or loss.

During the capitalization period, the amount of interest eligible for capitalization for each accounting period shall be determined as follows:

(1) where funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalization is the actual interest costs incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds; or

(2) where funds are borrowed generally for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalization is determined by applying a weighted average interest rate on the general borrowings to the weighted average of the excess of the cumulative expenditures on the asset over the expenditures on the asset funded by the specific borrowings.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally by activities other than those necessary to get the asset ready for its intended use or sale, when the suspension is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognized as an expense in profit or loss until the acquisition, construction or production is resumed.

19. Intangible assets

(1) Useful life and its determination basis, estimation, amortization method or review procedures

An intangible asset shall be recognized only when it is probable that the economic benefits associated with the asset will flow to the Group probably and the cost of the asset can be measured reliably.

The useful life of an intangible asset is determined on the basis of the period for which it will provide economic benefits to the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

An intangible asset with a finite useful life is amortized using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at least at each year end and makes adjustment if necessary.

The intangible assets of the Group are mainly software products and trademarks, and they are amortized using the straight-line method over their useful lives. Their useful lives are as follows:

Category	Useful life
Software	1-5 years
Trademark	5 years

(2) The aggregate scope of research and development expenditure and relevant accounting treatment

The Group classifies the expenditures on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognized in profit or loss as incurred. Expenditure on the development phase is capitalized only when the Group can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable economic benefits (among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset); (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the ability to measure reliably the expenditure attributable to the intangible asset during the development phase. Expenditure on the development phase which does not meet these above criteria is recognized in profit or loss when incurred.

20. Impairment of long-term assets

The Group determines the impairment of assets, other than the impairment of inventories, deferred tax assets and financial assets, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis unless it is not possible to estimate the recoverable amount of the individual asset, in which case the recoverable amount is determined for the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Group. The reduction in the carrying amount is treated as an i

impairment loss and recognized in profit or loss. A provision for impairment loss of the asset is recognized accordingly.

Once the above impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

21. Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight-line method as follows:

Category	Amortization period
Leasehold improvements	1-5 years
Others	1-3 years

22. Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration or an amount of consideration is due from the customer, such as an amount of consideration that an entity has received before the transfer of the promised goods or services.

23. Employee benefits

(1) Accounting treatment of short-term employee benefits

During an accounting period when employees render services to the entity, the amount of short-term employee benefits actually incurred should be recognized as a liability and be recognized in profit or loss for the current period or in cost of related assets.

(2) Accounting treatment of post-employment benefits

The employees of the Group participate in a pension scheme and unemployment insurance managed by the local governments, and the corresponding expenses shall be included in the cost of related assets or profit or loss.

(3) Accounting treatment of termination benefits

The Group provides termination benefits to employees and recognizes an employee benefits liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Group recognizes costs involving the payment of termination benefits.

24. Provisions

An obligation related to a contingency shall be recognized by the Group as a provision when (i) the obligation is a present obligation of the Group, (ii) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation, and (iii) a reliable estimate can be made of the amount of the obligation, except for contingent considerations and contingent liabilities assumed in a business combination not involving entities under common control.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money as a whole. The carrying amount of provisions is reviewed at the balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

25. Share-based payments

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Group receives services and uses shares or other equity instruments as consideration for settlement.

An equity-settled share-based payment in exchange for services received from employees is measured at the fair value of the equity instruments granted to the employees. If such equity-settled share-based payment could vest immediately, related costs or expenses at an amount equal to the fair value on the grant date are recognized, with a corresponding increase in capital reserves; if such equity-settled share-based payment could not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group at each balance sheet date during the vesting period recognizes the services received for the current period as related costs and expenses, with a corresponding increase in capital reserves, at an amount equal to the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments expected to vest. The fair value of equity instruments is determined based on an assessment by a third-party independent asset appraiser, as described in Note XV.

Where the terms of an equity-settled share-based payment are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled share-based payment is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the payment is recognized immediately. If an employee or other parties can choose whether to meet a non-vesting condition, the Group treats the employee's or other parties' failure to meet that non-vesting condition during the vesting period as a cancellation. However, if a new award is substituted for the canceled award, and is designated as a replacement on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award. The cost of cash-settled transactions is measured at the fair value of the liability which is determined on the basis of shares or other equity instruments of the Group.

26. Revenue

Disclosure of accounting policies adopted for revenue recognition and measurement by type of business

The Group recognizes revenue when it has fulfilled its performance obligations under the contract, that is, when the customer obtains control of the relevant goods or services. The acquisition of control of the relevant goods or services is defined as the ability to dominate the use of the goods or the provision of the services and to derive substantially all the economic benefits therefrom.

Contracts for the sale of goods

A contract for the sale of goods between the Group and the customer usually includes commitments to transfer the goods, which vary depending on the agreement with the customer. The amount of consideration to which the Group expects to be entitled in exchange for transferring control of the goods to the customer is determined as the transaction price in accordance with the terms of the contract and in combination with past business practices.

The principal business of the Group is to retail goods to customers using the self-operated model through offline direct-operated stores, offline joint-operated stores and e-commerce platforms. The Group recognizes revenue at the point in the performance of each individual performance obligation taking into account a combination of the acquisition of the current right to receive the goods, the transfer of significant risks and rewards of ownership of goods, the transfer of legal title to goods, the transfer of physical possession of goods, and the customer's acceptance of goods.

For the Offline Joint-Operated business model, cooperative shopping malls provide stores or counters to the Group for the sale of goods, and the shopping malls receive a commission according to a certain percentage of the turnover. Having considered the legal form of the contract and relevant facts and circumstances (the primary responsibility for the transfer of goods to customers, the inventory risk bore before or after the transfer of goods, and whether the Group is entitled to determine the transaction price of the goods), the Group considers that the Group undertakes primary responsibility for the transfer of goods to customers, is entitled to determine the transaction price, and bears the inventory risk. Therefore, the Group is a principal and recognizes revenue based on the total consideration received or receivable when customers receive the goods.

For sales with a right of return, the Group recognizes the revenue in the amount of consideration to which the Group expects to be entitled in exchange for transferring control of the goods to the customer, and recognizes the amount expected to be refunded as a result of the sales return as a refund liability. At the same time, an asset recognized for an entity's right to recover goods from a customer on settling a refund liability is measured by reference to the carrying amount of the goods less any expected costs to recover the goods (including potential decreases in the value of the returned goods), that is, right-of-return assets, and recognized cost of sales based on the carrying amount of the transferred goods at the time of transfer of the goods less the net amount of the asset cost above. At each balance sheet date, the Group re-estimate the future sales return and remeasures the assets and liabilities above.

The Group provides a warranty in connection with the sale of a good in accordance with the contract and the relevant laws and regulations, etc. The Group accounts for assurance-type quality assurance in order to assure customers that the goods sold meet the established standards, in accordance with Note V.24 For service-type quality assurance that provides a separate service in addition to the established standards for assuring the customer that the goods sold meet the established standards, the Group apportions part of the transaction price to the service-type quality assurance in proportion to the relative proportion of the separate selling price for the provision of the quality assurance of goods and services, and recognizes revenue when the customer acquires control of the service. When assessing whether a service-type warranty provides a customer wi

th a separate service in addition to the assurance that the good complies with agreed-upon specifications, the Group considers whether the warranty is required by law, the length of the warranty coverage period and the nature of the tasks that the Group promises to perform, etc.

For contracts with additional customer purchase options, the Group evaluates the option to provide a material right to the customer when the customer acquires control of the relevant goods. Revenue is recognized on the basis of the amount of consideration expected to be entitled to be received as a result of the transfer of goods to the customer, and revenue is apportioned to each individual performance obligation based on the relative proportion to the individual selling prices of the goods committed to the individual performance obligations.

Different revenue recognition methods and measurement methods involved in different operating models adopted by similar businesses

The Company shall comply with the disclosure requirements of “retail industry” in Shenzhen Stock Exchange Guideline No.3 on Self-Monitoring for Listed Companies – Industry Information Disclosure.

The Company shall comply with the disclosure requirements of “jewelry-related business” in Shenzhen Stock Exchange Guideline No.3 on Self-Monitoring for Listed Companies – Industry Information Disclosure.

27. Government grants

Government grants are recognized when all attaching conditions will be complied with and the grants will be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount.

If government documents stipulate that it is used for the purchase, construction, or other forms of long-term assets, it shall be regarded as government grants related to assets; If the government documents are not clear, the judgment shall be based on the basic conditions that must be met to obtain the government grant. If the basic conditions are to form long-term assets through purchase, construction or other means, it shall be regarded as government grants related to assets, and otherwise it shall be regarded as government grants related to income.

A government grant related to income is accounted for as follows: (i) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and released in profit or loss or offset against related expenses over the periods in which the related costs are recognized; or (ii) if the grant is a compensation for related expenses or losses already incurred, it is recognized immediately in profit or loss or offset against relevant expenses.

A government grant relating to an asset shall be offset against the carrying amounts of relevant assets, or recognized as deferred income and amortized in profit or loss over the useful life of the related asset by annual

installments in a systematic and rational way (however, a government grant measured at a nominal amount is recognized directly in profit or loss). Where the assets are sold, transferred, retired or damaged before the end of their useful lives, the rest of the remaining deferred income is released to profit or loss for the period in which the relevant assets are disposed of.

28. Deferred tax assets/deferred tax liabilities

Deferred tax is provided using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the tax bases and the carrying amounts of the items, which have a tax base according to related tax laws but are not recognized as assets and liabilities.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (1) when the taxable temporary difference arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit or loss, and no equal taxable and deductible temporary differences arise on initial recognition of the asset and liability in such transaction;
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax losses and any unused tax credits. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilized, except:

- (1) when the deductible temporary difference arises from a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and no equal taxable and deductible temporary differences arise on initial recognition of the asset and liability in such transaction;
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the benefit of deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered.

29. Leases

(1) Accounting treatment for leases as lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. If a party of the contract conveys the right to control the use of an identified asset or identified assets for a period of time in exchange for consideration, the contract shall be a lease contract or contains lease.

As lessee

The Group recognizes right-of-use assets and lease liabilities for leases.

(1) Right-of-use assets

At the commencement date of the lease term, the Group recognizes its right to use the leased asset during the lease term as a right-of-use asset and is initially measured at cost. Right-of-use asset costs include: the initial measured amount of the lease liability; the amount of lease payments paid on or before the start date of the lease period (deduct the amount related to the lease incentive already enjoyed); initial direct costs incurred by the lessee; the costs expected of the lessee to incur to dismantle and remove the leased assets, restore the premises where the leased assets are located, or restore the leased assets to the state agreed in the terms of the lease. Where the Group remeasures a lease liability as a result of changes in lease payments, the carrying amount of the right-of-use asset is adjusted accordingly. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

(2) Lease liabilities

At the commencement date of the lease, the Group recognizes the present value of the unpaid lease payments as a lease liability. Lease payments include fixed and substantial fixed payments net of lease incentives,

variable lease payments depending on index or ratio, amounts expected to be payable based on the residual value of the guarantee, and the exercise price of the purchase option or the amount to be required to exercise the termination option, provided that the Group reasonably determines that the option or the term of the lease reflects the Group's exercise of the option to terminate the lease.

In calculating the present value of lease payments, the Group uses the implied interest rate of the lease as the discount rate; If the interest rate included in the lease cannot be determined, the interest rate of the lessee's incremental borrowing shall be used as the discount rate. The Group calculates the interest expense of the lease liability during each period of the lease term in accordance with the constant periodic rate of interest and recognizes it in profit and loss for the current period, except otherwise stipulated in the cost of related assets. Variable lease payments that are not included in the measurement of the lease liabilities are recognized in profit or loss as incurred, except those in the costs of the related asset as required.

After the commencement date of the lease, the Group increases the carrying amount of the lease liability when it recognizes interest and reduces the carrying amount of the lease liability when it pays the lease payment. After a lease term commences, when there is a change in the amount of in-substance fixed lease payments, a change in the amounts expected to be payable under a residual value guarantee, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, a change in assessment of an option to purchase the underlying asset, renew or terminate the lease, or change in the actual exercise of an option, the Group remeasures the carrying amount of the lease liability by discounting the revised lease payments.

(3) Short-term leases and leases of low-value assets

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease for which the value of the individual underlying asset is not more than RMB40,000 or USD5,000 when it is new as a lease of low-value assets. If the Group subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset. The Group has chosen to recognize right-of-use assets and lease liabilities for both short-term leases and low-value asset leases.

30. Other significant accounting policies and accounting estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements:

Business model

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. Factors considered by the Group in judging the business model include enterprise evaluation, the method of reporting the results of financial assets to key management members, the risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by the management personnel of the businesses concerned. In assessing whether the business model is aimed at receiving contractual cash flows, the Group is required to analyze and exercise judgment in respect of the reasons, timing, frequency and values of any disposals prior to maturity of the financial assets.

Whether a contract is, or contains, a lease

The Group entered into a service agreement under Offline Joint-Operated business model. The Group believes that, based on the agreement, there is an identified asset and the Group controls the right to use the asset during the lease period. Therefore, the service agreement contains a lease and the Group treats it as a lease.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgments and estimates and consideration of all reasonable and supportable information, including forward-looking information. When making such judgments and estimates, the Group infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. Different estimates may affect the impairment provision, and the amount of impairment provision made may not equal to the actual amount of impairment loss in the future.

Impairment of non-current assets other than financial assets

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash

h flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in Note VII.44.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that sufficient taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Inventory provision determined on net realizable value

In accordance with the inventory accounting policy, the Group measures the lower of cost and net realizable value, and makes provision for inventory price decline when the cost is higher than the net realizable value. The Group re-estimates at each balance sheet date whether the net realizable value of individual inventory items is lower than the cost of inventory.

Fair value of wealth management products and structured deposits

The fair value measurement of non-principal protected floating income wealth management products and structured deposits linked to the spot exchange rate of EUR to USD requires the Group to estimate projected future cash flows, credit risk volatility and discount rates, and is therefore uncertain.

Provisions for store recovery

As the lessee, the Group undertakes the obligation to restore the leased assets to the state agreed in the lease terms in accordance the lease contract. The management estimates provisions arising from the fulfillment of recovery obligations based on industry conditions and historical experience. At the balance sheet date, management reviews the carrying amount of the provisions and makes appropriate adjustments to reflect the current best estimates.

Lessee's incremental borrowing rate

If the interest rate implicit in the lease cannot be readily determined, the Group measures the lease liability at the present value of the lease payments discounted using the lessee's incremental borrowing rate. According to the economic environment, the Group takes the observable interest rate as the reference basis for determining the incremental borrowing rate, then adjusts the observable interest rate based on its own circumstances, underlying assets, lease terms and amounts of lease liabilities to determine the applicable incremental borrowing rate.

31. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not applicable

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) Items related to adjustment of the financial statements as at the beginning of the current year since the initial application of the new accounting standard in 2023

Applicable Not applicable

VI. Taxes

1. Major categories of taxes and tax rates

Category	Basis	Tax rate
Value added tax	Difference between sales amount and output tax calculated at applicable tax rate after deducting input tax allowed to be deducted	3%, 6%, 13%, 20%
Excise tax	Sales of taxable consumer goods (ad valorem)	5%
Urban maintenance and construction tax	Value added taxes and excise taxes actually paid	5%, 7%
Corporate income tax	Taxable income	15%, 16.5%, 17%, 20%, 21%, 24%, 25%, 25.8%, 28%
Educational surcharge	Value added taxes and excise taxes actually paid	3%
Local education surcharge	Value added taxes and excise taxes actually paid	2%

Disclosure of information on taxpayers with different corporate income tax rates

Name of taxpayers	Income tax rate
DR Corporation Limited	25.00%
He'er Culture (Shenzhen) Co., Ltd	15.00%
Shenzhen Darry Commercial Management Services Co., Ltd	15.00%
Shenzhen Love Only AI Cloud Technology Co., Ltd	15.00%
DR Group Company Limited	16.50%
DARRY JEWELRY (HK) LIMITED	16.50%
Couple Only Jewelry HongKong Company Limited	16.50%
LOVEMONT HONG KONG LIMITED	16.50%
DR LUXURY (SG) PTE.LTD	17.00%
DR LUXURY USA INC	21.00%
LOVEMONT (MALAYSIA)SDN.BHD	24.00%
Shanghai Darry Diamond Co., Ltd	25.00%
Haoduo Diamond (Shenzhen) Co., Ltd	25.00%
DR Luxury NL Holding B.V.	25.80%
DR Jewelry	28.00%
Other subsidiaries of the Group incorporated in Chinese mainland	20.00%

2. Tax benefits

(1) Income tax benefits

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Extending the Preferential Policies for Enterprise Income Tax in the Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (Cai Shui [2021] No. 30), from 1 January 2021 to 31 December 2025, the enterprise income tax policy of the Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone will be continued, and eligible enterprises located in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone will be subject to enterprise income tax at a reduced rate of 15%. Shenzhen Darry Commercial Management Service Co., Ltd. and He'er Culture (Shenzhen) Co., Ltd., subsidiaries of the Company, are established in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, and will be subject to corporate income tax at a reduced rate of 15% in 2023.

According to the provisions of the Enterprise Income Tax Law of the People's Republic of China, Shenzhen Love Only AI Cloud Technology Co., Ltd. (hereinafter referred to as "Love Only AI"), a subsidiary of the Company, obtained the qualification of high-tech enterprise on 16 October 2023, which is valid for three years, and can enjoy a preferential income tax rate of 15% for high-tech enterprises from 2023 to 2025. In 2023, we will levy corporate income tax at a rate of 15%.

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Preferential Income Tax Policy for Small and Micro Enterprises and Individual Industrial and Commercial Enterprises (No. 6 of 2023), from 1 January 2023 to 31 December 2027, the annual taxable income of small and micro-profit enterprises does not exceed RMB1 million, on the basis of the preferential policies stipulated in Article 2 of the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of the Preferential Income Tax Policy for Small and Micro Enterprises (Cai Shui [2022] No. 13), corporate income tax will be reduced by half. Some subsidiaries of the Company will meet the conditions of small and micro-profit enterprises in 2023 and apply the corresponding preferential policies on their own.

(2) VAT tax benefits

According to the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Adjusting the Relevant Tax Policies of the Diamond and Shanghai Diamond Exchange (Cai Shui [2006] No. 65), polished diamonds imported through the customs declaration of the competent customs of the Diamond Exchange shall be levied and refunded immediately if the actual VAT burden exceeds 4% at the import stage. Shanghai Darry Diamond Co., Ltd. (hereinafter referred to as "Shanghai Darry"), a subsidiary of the Company, has the membership of the Shanghai Diamond Exchange and enjoys the tax treatment of immediate refund for the part of the actual VAT burden in the import process exceeding 4%.

According to the Announcement of the State Administration of Taxation on Tax Collection and Administration Matters Relating to VAT Relief and Other Policies for Small-scale VAT Taxpayers (SAT Announcement No. 1 [2023]), small-scale taxpayers who engage in VAT taxable sales and their total monthly sales do not exceed RMB100,000 (or RMB300,000 if one quarter is a tax period) are exempted from VAT. According to the Ann

ouncement of the State Administration of Taxation of the Ministry of Finance on VAT Relief Policies for Small-scale VAT Taxpayers (Announcement No. 19 of 2023 of the State Administration of Taxation of the Ministry of Finance), small-scale VAT taxpayers with monthly sales of less than RMB100,000 (inclusive) are exempted from VAT; for small-scale VAT taxpayers subject to taxable sales income at a levy rate of 3%, the VAT at a levy rate of 1% will be reduced; for items subject to a 3% pre-levy rate, the prepayment VAT at a pre-levy rate of 1% will be reduced. Some of the Company's branches are small-scale taxpayers and meet the above standards, and will be exempt from VAT in 2023.

(3) Additional tax incentives

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the "Six Taxes and Two Fees" Reduction and Reduction Policy for Small and Micro Enterprises (Announcement No. 10 of 2022 of the State Administration of Taxation of the Ministry of Finance), the people's governments of provinces, autonomous regions and municipalities directly under the Central Government can determine that small-scale tax taxpayers of value-added tax, small and micro-profit enterprises and individual industrial and commercial enterprises may reduce resource tax, urban maintenance and construction tax, real estate tax, urban land use tax, stamp tax (excluding securities transaction stamp tax), farmland occupation tax, education surcharge, and local education surcharge within a 50% tax amount range. In 2023, some of the Company's branches are small and micro-profit enterprises, and some of the Company's branches are small-scale taxpayers and meet the above standards, so corresponding preferential policies for reduction and exemption will be applied.

According to the Circular of the Ministry of Finance and the State Administration of Taxation on Expanding the Scope of Exemption for Relevant Government Funds (Cai Shui [2016] No. 12), the scope of education fee surcharge, local education surcharge and water conservancy construction fund will be exempted by the obligor whose monthly sales or turnover currently taxed monthly does not exceed RMB30,000 (quarterly sales or turnover that pays quarterly tax does not exceed RMB90,000). Extended to payers whose monthly sales or turnover for monthly tax does not exceed RMB100,000 (quarterly sales or turnover for quarterly tax does not exceed RMB300,000). Some branches of the Company meet the above standards and will be exempted from education surcharge, local education surcharge and water conservancy construction funds in 2023.

3. Others

VII. Notes to the consolidated financial statements

1. Currency funds

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Cash on hand	434,213.76	391,749.23
Cash at banks	224,395,861.65	513,078,584.94
Others	3,024,147.76	8,434,484.13
Total	227,854,223.17	521,904,818.30
Including: Total amounts deposited overseas	7,753,196.85	4,313,836.35

Other descriptions:

(1) The Group's other currency funds mainly included account balances on third-party payment platforms such as WeChat pay and Alipay.

(2) As at 31 December 2023, the Group's restricted currency funds totaled RMB 890,612.21 (31 December 2022: RMB279,787.68), which was mainly due to preservation of law issue (As at the reporting date, the payment has been made) or change of account types.

(3) The Group obtains interest income on its bank deposits at the interest rate for demand deposits.

2. Financial assets held for trading

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	4,841,946,705.07	5,609,891,931.68
Including:		
Structured deposits	445,437,534.25	330,189,591.78
Wealth management products	4,396,509,170.82	5,279,702,339.90
Including:		
Total	4,841,946,705.07	5,609,891,931.68

Other descriptions:

(1) The structured deposits are capital protected floating income bank structured deposit investments linked to the CSI 500 index, CSI 300 index and the spot exchange rate of the euro against the US dollar.

(2) The wealth management products are capital protected and non-capital protected floating income wealth management products.

3. Accounts receivable

(1) Disclosed by aging

Currency: Renminbi Yuan

Aging	Closing outstanding balance	Opening outstanding balance
Within 1 year, inclusive	85,531,799.66	87,167,396.78
1 to 2 years	659,976.99	2,359,626.25
Total	86,191,776.65	89,527,023.03

(2) Disclosed by method of determining provision for credit losses

Currency: Renminbi Yuan

Category	Closing balance					Opening balance				
	Outstanding balance		Provision for bad debts		Carrying amount	Outstanding balance		Provision for bad debts		Carrying amount
	Amount	Percentage	Amount	Provision ratio		Amount	Percentage	Amount	Provision ratio	
Accounts	0.00	0.00%	0.00	0.00%	0.00	1,476,	1.65%	1,476,	100.0	0.00

receivable for which provision for bad debts is individually assessed						671.46		671.46	0%	
Including:										
Mall A	0.00	0.00%	0.00	0.00%	0.00	1,476,671.46	1.65%	1,476,671.46	100.00%	0.00
Accounts receivable for which provision for bad debts is collectively assessed	86,191,776.65	100.00%	3,044,377.59	3.53%	83,147,399.06	88,050,351.57	98.35%	3,571,440.05	4.06%	84,478,911.52
Including:										
Accounts receivable from POS machines and e-commerce platforms	29,797,960.89	34.57%	0.00	0.00%	29,797,960.89	22,630,287.88	25.28%	0.00	0.00%	22,630,287.88
Accounts receivable from shopping malls	56,393,815.76	65.43%	3,044,377.59	5.40%	53,349,438.17	65,420,063.69	73.07%	3,571,440.05	5.46%	61,848,623.64
Total	86,191,776.65	100.00%	3,044,377.59	3.53%	83,147,399.06	89,527,023.03	100.00%	5,048,111.51	5.64%	84,478,911.52

Impairment allowance which is individually assessed: 0

Currency: Renminbi Yuan

Name	Opening balance		Closing balance			
	Outstanding balance	Impairment allowance	Outstanding balance	Impairment allowance	Percentage	Reasons for provision
Mall A	1,476,671.4 6	1,476,671.4 6	0.00	0.00	0.00%	
Total	1,476,671.4 6	1,476,671.4 6	0.00	0.00		

Impairment allowance which is collectively assessed: 3,044,377.59

Currency: Renminbi Yuan

Name	Closing balance		
	Outstanding balance	Impairment allowance	Percentage
Accounts receivable from POS machines and e-commerce platforms	29,797,960.89	0.00	0.00%
Accounts receivable from shopping malls	56,393,815.76	3,044,377.59	5.40%
Total	86,191,776.65	3,044,377.59	

Description of the basis for determining the combination:

Impairment allowance which is assessed by the combination of credit risk characteristics

If the Group recognizes impairment allowance based on the general model of ECLs:

Applicable Not applicable

(3) Impairment allowance recognized, recovered or reversed for the current period

Impairment allowance for the current period:

Currency: Renminbi Yuan

Category	Opening balance	Changes for the period				Closing balance
		Provision	Recovery or reversal	Write-offs	Others	
Accounts receivable from shopping malls	5,048,111.5 1	2,997,697.8 0	5,003,734.0 3	0.00	2,302.31	3,044,377.5 9
Total	5,048,111.5 1	2,997,697.8 0	5,003,734.0 3	0.00	2,302.31	3,044,377.5 9

Including: significant recovery or reversal of impairment allowance for the current period:

Currency: Renminbi Yuan

Name of entity	Amount recovered or reversed	Reasons for reversal	Methods for reversal	The basis and rationality of determining the ratio for original impairment allowance
Mall A	1,476,671.46	Not applicable	Currency recovery	It is not expected to be recovered because the mall has been in arrears for a long time.
Total	1,476,671.46			

(4) The top 5 largest accounts receivable and contract assets at end of year categorized by debtor

Currency: Renminbi Yuan

Name of entity	Closing balance of trade receivables	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion of total closing balance of accounts receivable and contract assets	Closing balance of impairment of accounts receivable and contract assets
No.1	12,540,139.89	0.00	12,540,139.89	14.55%	0.00
No.2	5,483,230.73	0.00	5,483,230.73	6.36%	0.00
No.3	4,261,580.43	0.00	4,261,580.43	4.94%	0.00
No.4	2,736,504.30	0.00	2,736,504.30	3.17%	147,728.12
No.5	2,469,627.90	0.00	2,469,627.90	2.87%	133,321.00
Total	27,491,083.25	0.00	27,491,083.25	31.89%	281,049.12

4. Other receivables

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Other receivables	5,614,656.53	8,184,551.61
Total	5,614,656.53	8,184,551.61

(1) Other receivables

1) Other receivables categorized by nature

Currency: Renminbi Yuan

Nature	Closing outstanding balance	Opening outstanding balance
Social insurances and housing fund borne by employees	4,485,068.29	5,805,962.39
Temporary loans for employees	327,705.15	1,365,064.13

Others	2,706,883.09	2,918,525.09
Total	7,519,656.53	10,089,551.61

2) Disclosed by aging

Currency: Renminbi Yuan

Aging	Closing outstanding balance	Opening outstanding balance
Within 1 year, inclusive	5,614,656.53	8,184,551.61
1 to 2 years		1,905,000.00
2 to 3 years	1,905,000.00	
Total	7,519,656.53	10,089,551.61

3) Disclosed by method of determining provision for credit lossesApplicable Not applicable

Currency: Renminbi Yuan

Category	Closing balance					Opening balance				
	Outstanding balance		Provision for bad debts		Carrying amount	Outstanding balance		Provision for bad debts		Carrying amount
	Amount	Percentage	Amount	Provision ratio		Amount	Percentage	Amount	Provision ratio	
Accounts receivable for which provision for bad debts is individually assessed	1,905,000.00	25.33%	1,905,000.00	100.00%	0.00	1,905,000.00	18.88%	1,905,000.00	100.00%	0.00
Including:										
Provision for bad debts which is assessed on a portfolio	5,614,656.53	74.67%	0.00	0.00%	5,614,656.53	8,184,551.61	81.12%	0.00	0.00%	8,184,551.61

o basis										
Including:										
Total	7,519,656.53	100.00%	1,905,000.00	25.33%	5,614,656.53	10,089,551.61	100.00%	1,905,000.00	18.88%	8,184,551.61

Impairment allowance which is individually assessed:

Currency: Renminbi Yuan

Name	Opening balance		Closing balance			
	Outstanding balance	Provision for bad debts	Outstanding balance	Provision for bad debts	Provision ratio	Reasons for provision
Company A	1,905,000.00	1,905,000.00	1,905,000.00	1,905,000.00	100.00%	It is not expected to be recovered due to deteriorating operation condition of the counter party.

If the Group recognizes bad debt provision based on general ECL model:

Currency: Renminbi Yuan

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	12-Month expected credit losses	Lifetime expected credit losses (Non-credit-impaired)	Lifetime expected credit losses (Credit-impaired)	
Balance at 1 January 2023			1,905,000.00	1,905,000.00
Balance at 1 January 2023 provided in the current period				
Balance at 31 December 2023			1,905,000.00	1,905,000.00

Basis for the division of each stage and provision ratio for impairment allowance

Changes in outstanding balance with significant changes in the amount of loss provision in the current period

Applicable Not applicable

4) Impairment allowance recognized, recovered or reversed for the current period

Impairment allowance for the current period:

Currency: Renminbi Yuan

Category	Opening balance	Changes for the period				Closing balance
		Provision	Recovery or reversal	Transfer or write-off	Others	
Impairment allowance for other receivables	1,905,000.00	0.00	0.00	0.00	0.00	1,905,000.00
Total	1,905,000.00	0.00	0.00	0.00	0.00	1,905,000.00

Including: significant reversal or recovery of impairment allowance for the current period:

Currency: Renminbi Yuan

Name of entity	Recovery or reversal	Reasons for reversal	Methods for recovery	The basis and rationality of determining the ratio for original impairment allowance

5) The top 5 largest other receivables at the end of the year categorized by debtor

Currency: Renminbi Yuan

Name of entity	Nature of other receivables	Closing balance	Aging	Proportion of total closing balance of other receivables	Closing balance of impairment allowance
No.1	Payments for fixed assets	1,905,000.00	Over 1 years	25.33%	1,905,000.00
No.2	Temporary loans for employees	200,000.00	Within 1 year	2.66%	0.00
No.3	Temporary loans for employees	33,002.50	Within 1 year	0.44%	0.00
No.4	Temporary loans for employees	22,854.58	Within 1 year	0.30%	0.00
No.5	Temporary loans for employees	20,000.00	Within 1 year	0.27%	0.00

Total		2,180,857.08		29.00%	1,905,000.00
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5. Prepayments

(1) Prepayments presented by aging

Currency: Renminbi Yuan

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	33,060,094.20	95.21%	74,104,582.84	99.84%
1 to 2 years	1,664,057.89	4.79%	121,851.31	0.16%
Total	34,724,152.09		74,226,434.15	

Description of the reason why significant prepayments aged over one year were not settled in time:

As at 31 December 2023, the Group had no significant prepayments aged over one year (31 December 2022: nil).

(2) The top 5 largest prepayments at end of year categorized by receivers

Name of entity	Closing balance	Proportion of total closing balance of prepayments	Remarks
No.1	1,856,560.99	5.35%	Consultancy fees
No.2	1,300,800.46	3.75%	Promotion fees
No.3	1,035,000.00	2.98%	Design fees
No.4	807,435.66	2.33%	Promotion fees
No.5	807,318.97	2.32%	Promotion fees
Total	5,807,116.08	16.73%	

6. Inventories

Whether the Company has followed the disclosure requirements to real estate industry

No

(1) Category of inventories

Currency: Renminbi Yuan

Item	Closing balance			Opening balance		
	Outstanding balance	Provision for decline in value of inventories or provision for impairment of contract performance costs	Carrying amount	Outstanding balance	Provision for decline in value of inventories or provision for impairment of contract performance costs	Carrying amount
Raw materials	126,507,534.93		126,507,534.93	134,671,437.41		134,671,437.41
Goods on hand	392,190,024.81	10,237,764.15	381,952,260.66	516,044,105.23	6,528,401.70	509,515,703.53

Turnover materials	2,713,164.17		2,713,164.17	5,183,351.50		5,183,351.50
Goods upon delivery	318,575.15		318,575.15	1,209,323.01		1,209,323.01
Semi-finished products	4,015,757.66		4,015,757.66	2,824,345.36		2,824,345.36
Outsourced processing materials	11,431,751.80		11,431,751.80	16,482,477.19		16,482,477.19
Total	537,176,808.52	10,237,764.15	526,939,044.37	676,415,039.70	6,528,401.70	669,886,638.00

The Company should comply with the disclosure requirements about “Jewelry related business” in the Shenzhen Stock Exchange for Self-regulation of Listed Companies No. 3—Industry-specific Information Disclosure

Distribution of inventories at the end of reporting period

Currency: RMB 10 thousand Yuan

Item	Closing outstanding balance of inventories						
	Semi-finished products	Goods on hand	Outsourced processing materials	Raw materials	Turnover materials	Goods upon delivery	Total
Karat gold jewelry	348.23	37,178.30	43.76	-	-	23.63	37,593.92
Platinum jewelry	44.18	946.15	3.81	-	-	8.01	1,002.15
Gold jewelry	-	986.01	0.27	-	-	0.22	986.50
Diamond	-	-	1,095.11	12,618.41	-	-	13,713.52
Turnover materials	-	-	-	-	271.32	-	271.32
Others	9.16	108.54	0.23	32.34	-	-	150.27
Total	401.57	39,219.00	1,143.18	12,650.75	271.32	31.86	53,717.68

(2) Provision for decline in value of inventories and impairment provision for contract performance costs

Currency: Renminbi Yuan

Item	Opening balance	Increase		Decrease		Closing balance
		Provision	Other	Reversal or write-off	Other	
Goods on hand	6,528,401.70	12,880,040.30		9,170,677.85		10,237,764.15
Total	6,528,401.70	12,880,040.30		9,170,677.85		10,237,764.15

Provision for decline in value of inventories which is assessed on a portfolio basis

Currency: Renminbi Yuan

Name	At end of period			At beginning of period		
	Closing balance	Provision for decline in value	Provision ratio for decline in value	Opening balance	Provision for decline in value	Provision ratio for decline in value
Goods on hand	392,190,024.81	10,237,764.15	2.61%	516,044,105.23	6,528,401.70	1.27%
Total	392,190,024.81	10,237,764.15	2.61%	516,044,105.23	6,528,401.70	1.27%

The standard of provision for decline in value of inventories which is assessed on a portfolio basis

Net realizable value of inventories is the estimated selling price of inventories less further processing costs, expected selling expenses and related taxes.

The reason for write-off of the provision for decline in value of goods on hand is that inventories have been sold or disposal of relevant write-off of the provision for decline in value of inventories.

7. Current portion of non-current assets

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Debt investments due within one year	390,061,500.32	66,085,379.00
Other debt investments due within one year	0.00	0.00
Deposits	63,410,461.50	41,240,679.30
Bad debt provision for current portion of non-current assets	-6,868,997.72	-358,191.14
Total	446,602,964.10	106,967,867.16

(1) Debt investments due within one year

☑Applicable ☐ Not applicable

1) Debt investments due within one year

Currency: Renminbi Yuan

Name	Closing balance			Opening balance		
	Outstanding balance	Provision for impairment	Carrying amount	Outstanding balance	Provision for impairment	Carrying amount
Certificate of deposit with a maturity of more than one year and due within one year	390,061,500.32	0.00	390,061,500.32	66,085,379.00	0.00	66,085,379.00
Total	390,061,500.32	0.00	390,061,500.32	66,085,379.00	0.00	66,085,379.00

Changes in impairment provision for the current period for debt investments due within one year

Currency: Renminbi Yuan

Item	Opening balance	Increase	Decrease	Closing balance
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2) Important debt investments due within one year at end of period

Currency: Renminbi Yuan

Item	Par value	Coupon rate	Maturity date	Effective interest rate		Overdue principal	
				Closing balance	Opening balance	Closing balance	Opening balance
Certificate of deposit of Bank of Ningbo	90,000,000.00	3.55%	3 December 2024	3.42%		0.00	0.00
Corporate certificate of deposit of China Minsheng Bank	50,000,000.00	3.65%	07 February 2024	3.65%		0.00	0.00
Corporate certificate of deposit of China Minsheng Bank	50,000,000.00	3.65%	19 February 2024	3.65%		0.00	0.00

ank							
Certificate of deposit of Ping An Bank	50,000,000.00	3.65%	20 February 2024	3.65%		0.00	0.00
Total	240,000,000.00						

8. Other current assets

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Return cost of receivable	151,973.99	272,853.07
Wealth management products	85,819,724.44	31,378,714.16
Prepaid income tax	7,032,156.60	23,359,776.18
Input VAT to be certified, deducted, and retained	31,107,132.76	15,125,504.86
Expenses to be amortized	7,873,063.00	3,318,077.34
Total	131,984,050.79	73,454,925.61

Other descriptions:

9. Debt investments**(1) Details of debt investments**

Currency: Renminbi Yuan

Item	Closing balance			Opening balance		
	Outstanding balance	Provision for impairment	Carrying amount	Outstanding balance	Provision for impairment	Carrying amount
Certificate of deposit with a maturity of more than one year	891,976,307.01	0.00	891,976,307.01 ¹	794,553,996.36		794,553,996.36
Total	891,976,307.01	0.00	891,976,307.01	794,553,996.36		794,553,996.36

As of December 31, 2023, the balance of book debts investments mainly consisted of large certificates of deposit with a maturity period of more than one year acquired by the Group, with maturity dates ranging from February 2025 to March 2026, and deposit interest rates ranging from 3.10% to 3.55% (December 31, 2022: maturity dates ranging from February 2024 to October 2027, and deposit interest rates ranging from 3.30% to 4.05%)

(2) Important debt investments at end of period

Currency: Renminbi Yuan

Item	Closing balance					Opening balance				
	Par value	Coupon rate	Effective interest rate	Maturity date	Overdue principal	Par value	Coupon rate	Effective interest rate	Maturity date	Overdue principal
Certificate of deposit of Bank of Dongguan	100,000,000.00	3.55%	3.55%	8 November 2025		100,000,000.00	3.55%	3.55%	8 November 2025	0.00
Certificate of deposit of China Minsheng Bank	100,000,000.00	3.30%	3.30%	06 February 2026						
Certificate of deposit of China CITIC Bank	200,000,000.00	3.30%	3.30%	1 March 2026						
Time deposits of China Everbright Bank	150,000,000.00	3.25%	3.25%	14 March 2026						
Total	550,000,000.00					100,000,000.00				0.00

10. Fixed assets

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Fixed assets	12,617,322.42	14,068,805.09
Total	12,617,322.42	14,068,805.09

(1) Fixed assets

Currency: Renminbi Yuan

Item	Transportation equipment	Office equipment and others	Total
I. Original book value:			
1. Opening balance	5,057,888.38	19,331,198.09	24,389,086.47
2. Increase	16,433.15	4,611,716.20	4,628,149.35
(1) Purchases	16,433.15	4,610,381.30	4,626,814.45
(2) Transfers from construction in progress			
(3) Increase from business combinations			
Exchange differences on translation of financial statements denominated in foreign currency		1,334.90	1,334.90
3. Decrease		359,869.85	359,869.85
(1) Disposal or retirement		359,869.85	359,869.85
4. Closing balance	5,074,321.53	23,583,044.44	28,657,365.97
II. Accumulated depreciation			
1. Opening balance	2,322,481.67	7,997,799.71	10,320,281.38
2. Increase	768,004.07	5,240,940.31	6,008,944.38
(1) Provision	768,004.07	5,239,926.63	6,007,930.70
Exchange differences on translation of financial statements denominated in foreign currency		1,013.68	1,013.68
3. Decrease		289,182.21	289,182.21
(1) Disposal or retirement		289,182.21	289,182.21
4. Closing balance	3,090,485.74	12,949,557.81	16,040,043.55
III. Provision for impairment			

1. Opening balance			
2. Increase			
(1) Provision			
3. Decrease			
(1) Disposal or retirement			
4. Closing balance			
IV. Carrying amount			
1. Closing carrying amount	1,983,835.79	10,633,486.63	12,617,322.42
2. Opening carrying amount	2,735,406.71	11,333,398.38	14,068,805.09

11. Right-of-use assets**(1) Right-of-use assets**

Currency: Renminbi Yuan

Item	Buildings	Total
I. Original book value:		
1. Opening balance	1,050,335,607.36	1,050,335,607.36
2. Increase	149,402,589.96	149,402,589.96
(1) Increase	148,955,722.58	148,955,722.58
(2) Exchange differences on translation of financial statements denominated in foreign currency	446,867.38	446,867.38
3. Decrease	452,819,130.17	452,819,130.17
(1) Disposal	452,819,130.17	452,819,130.17
4. Closing balance	746,919,067.15	746,919,067.15
II. Accumulated depreciation		
1. Opening balance	436,053,985.67	436,053,985.67
2. Increase	352,240,987.29	352,240,987.29
(1) Provision	351,904,368.67	351,904,368.67
(2) Exchange differences on translation of financial statements denominated in foreign currency	336,618.62	336,618.62
3. Decrease	310,828,690.17	310,828,690.17
(1) Disposal	310,828,690.17	310,828,690.17
4. Closing balance	477,466,282.79	477,466,282.79
III. Provision for impairment		

1. Opening balance	23,775,454.33	23,775,454.33
2. Increase	57,013,861.16	57,013,861.16
(1) Provision	56,741,019.03	56,741,019.03
(2) Exchange differences on translation of financial statements denominated in foreign currency	272,842.13	272,842.13
3. Decrease	20,308,185.79	20,308,185.79
(1) Disposal	20,308,185.79	20,308,185.79
4. Closing balance	60,481,129.70	60,481,129.70
IV. Carrying amount		
1. Closing carrying amount	208,971,654.66	208,971,654.66
2. Opening carrying amount	590,506,167.36	590,506,167.36

(2) Impairment testing of right-of-use assets

Applicable Not applicable

The net recoverable amount is determined by fair value less disposal expenses

Applicable Not applicable

The recoverable amount is determined according to the present value of the future cash flows

Applicable Not applicable

Currency: Renminbi Yuan

Item	Carrying amount	Recoverable amount	Impaired amount	Length of prediction period	Key parameters of prediction period	Key parameters of stable period	Basis for determining key parameters of prediction period
DR Guangzhou Tianhe City Plaza store	5,312,280.86	1,164,792.61	4,147,488.25	The earlier of the expiration date of the lease contract and the expected closing date of the store	(1) Operating income: forecasts are based on the company's strategic objectives, the external environment, consumer stimulus policies introduced by the state and the historical revenue growth of the shops; (2) Operating costs: calculated based on historical	N/A	N/A

					<p>I average gross margins; Operating expenses: calculated based on historical expenses as a percentage of operating income. Pre-tax discount rate: 14.48%</p>		
DR Beijing Zhongguancun Link Shopping Center store	4,631,335.21	811,267.32	3,820,067.89	The earlier of the expiration date of the lease contract and the expected closing date of the store	<p>(1) Operating income: forecasts are based on the company's strategic objectives, the external environment, consumer stimulus policies introduced by the state and the historical revenue growth of the shops; (2) Operating costs: calculated based on historical average gross margins; (3) Operating expenses: calculated based on historical expenses as a percentage of operating income. (4) Pre-tax discount rate: 14.48%</p>	N/A	N/A
DR Kunming PARK1903 store	2,812,014.82	0.00	2,812,014.82	The earlier of the expiration date of the lease contract and the expected closing date of the store	<p>(1) Operating income: forecasts are based on the company's strategic objectives, the external environment, consumer stimulus policies introduced by the state and the historical revenue growth of the shops; (2) Operating costs: calculated based on historical average gross margins;</p>	N/A	N/A

					(3)Operating expenses: calculated based on historical expenses as a percentage of operating income. (4)Pre-tax discount rate: 14.48%		
DR Shanghai Grand Gateway Store	3,075,018.16	685,741.35	2,389,276.81	The earlier of the expiration date of the lease contract and the expected closing date of the store	(1) Operating income: forecasts are based on the company's strategic objectives, the external environment, consumer stimulus policies introduced by the state and the historical revenue growth of the shops; (2) Operating costs: calculated based on historical average gross margins; (3)Operating expenses: calculated based on historical expenses as a percentage of operating income. (4) Pre-tax discount rate: 14.48%	N/A	N/A
Total	15,830,649.05	2,661,801.28	13,168,847.77				

Reasons for clearly differences between the foregoing information and information or external information used for impairment testing in prior year

Reasons for clearly differences between the information used for impairment testing in prior year by the Company and actual conditions in that year

Other descriptions:

The Group uses single stores as an asset group and performs impairment tests on each asset group with indicators of impairment. The recoverable value of an asset group is determined based on the present value of the estimated future cash flows of individual stores over the remaining lease term or the estimated operating period. The impairment is the amount of carrying value lessing recoverable value. The above shows the impairment test of the asset group for which the amount of impairment is significant in the current year, and the c

arrying value is the total amount of the asset group's right-of-use assets and long-term amortization expense s.

12. Intangible assets

(1) Intangible assets

Currency: Renminbi Yuan

Item	Land use rights	Patents	Non-patent technology	Software	Trademarks	Total
I. Original book value:						
1. Opening balance				13,580,747.83		13,580,747.83
2. Increase				168,322.76	5,212,440.40	5,380,763.16
(1) Purchases				168,322.76	5,212,440.40	5,380,763.16
(2) Internal R&D						
(3) Increase from business combinations						
3. Decrease				460,377.36		460,377.36
(1) Disposal				460,377.36		460,377.36
4. Closing balance				13,288,693.23	5,212,440.40	18,501,133.63
II. Accumulated amortization						
1. Opening balance				9,318,150.07		9,318,150.07
2. Increase				2,288,302.13	342,421.77	2,630,723.90
(1) Provision				2,288,302.13	342,421.77	2,630,723.90
3. Decrease						

(1) Disposal				56,160.38		56,160.38
4. Closing balance				11,550,291.82	342,421.77	11,892,713.59
III. Provision for impairment						
1. Opening balance						
2. Increase						
(1) Provision						
3. Decrease						
(1) Disposal						
4. Closing balance						
IV. Carrying amount						
1. Closing carrying amount				1,738,401.41	4,870,018.63	6,608,420.04
2. Opening carrying amount				4,262,597.76		4,262,597.76

Intangible assets arising from internal research and development at the end of the year account for 0.00% of the intangible assets balance.

13. Long-term prepaid expenses

Currency: Renminbi Yuan

Item	Opening balance	Increase	Amortization	Other decrease	Closing balance
Expenses on improvement of fixed assets under operating leases	169,750,383.92	13,195,249.21	97,016,164.88	35,721,596.82	50,207,871.43
Total	169,750,383.92	13,195,249.21	97,016,164.88	35,721,596.82	50,207,871.43

Other descriptions:

(1) The Group uses a single store as an asset group, and conducts an impairment test on the asset group of the store showing any indication of impairment. The recoverable amount of the asset group is determined according to the present value of the estimated future cash flow. The details are disclosed in notes VII.11 in the consolidated financial statements.

(2) According to the result of impairment test, the carrying amount of some store asset groups is lower than the recoverable amount, and the corresponding provision for impairment of long-term prepaid expenses is RMB35,721,596.82.

14. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting

Currency: Renminbi Yuan

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	111,821,826.34	26,138,406.75	40,067,827.14	10,003,234.08
Unrealized profit on inter-company transactions	3,658,302.65	914,575.66	7,326,359.23	1,831,589.81
Deductible losses	54,919,145.86	8,733,943.91	7,400,282.50	895,178.30
Provision for store restoration obligations	10,493,433.70	2,623,358.43	8,561,231.41	2,140,307.85
Difference between tax and accounting of lease liability	256,182,711.66	58,796,450.30	582,115,033.63	144,045,844.11
Total	437,075,420.21	97,206,735.05	645,470,733.91	158,916,154.15

(2) Deferred tax liabilities before offsetting

Currency: Renminbi Yuan

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of financial assets	94,022,539.08	23,211,068.90	62,891,931.68	15,568,533.63
Accrued interest on certificates of deposit	55,022,301.44	13,112,046.59	21,709,575.40	5,402,625.35
Difference between tax and accounting of right-of-use assets	269,452,784.36	60,229,762.03	560,020,830.90	138,506,777.20
Total	418,497,624.88	96,552,877.52	644,622,337.98	159,477,936.18

(3) Deferred tax assets or liabilities shown in the net amount after offsetting

Currency: Renminbi Yuan

Item	The offset amount of deferred tax assets and liabilities at end of period	Closing balance of deferred tax assets or liabilities after offsetting	The offset amount of deferred tax assets and liabilities at beginning of period	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	81,912,884.11	15,293,850.94	150,724,937.79	8,191,216.36
Deferred tax liabilities	81,912,884.11	14,639,993.41	150,724,937.79	8,752,998.39

(4) Details of the Group's unrecognized deferred tax assets

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Deductible losses	190,916,873.26	31,521,098.68
Unrecognized provision for impairment	134,635.01	10,423,943.75
Total	191,051,508.27	41,945,042.43

(5) Deductible losses on unrecognized deferred tax assets will become due in the following years

Currency: Renminbi Yuan

Year	Closing balance	Opening balance	Remarks
2023	0.00	0.00	
2024	0.00	100,839.02	
2025	1,207,915.36	1,930,613.69	
2026	2,014,907.27	2,500,649.53	
2027	1,479,152.70	2,508,965.13	
2028	159,995,313.06	0.00	
Infinity	26,219,584.86	24,480,031.31	
Total	190,916,873.26	31,521,098.68	

Other descriptions:

DR Jewelry, a subsidiary established in France, incurred a cumulative loss of RMB26,219,584.87 on 31 December 2023 (the cumulative loss incurred on 31 December 2022 was RMB24,480,031.31), which can be made up indefinitely in the future. As at 31 December 2023, the deductible tax losses that were not recognized by DR Corporation Limited as deferred tax assets were RMB154,330,960.63 (31 December 2022: Nil), which will expire in 2028.

The Group calculates and recognizes deferred tax assets arising from deductible temporary differences at the applicable tax rate for the period in which the asset is expected to be recovered or the liability is liquidated, up to the taxable income that is likely to be acquired in future periods to offset deductible temporary differences and deductible losses.

15. Other non-current assets

Currency: Renminbi Yuan

Item	Closing balance			Opening balance		
	Outstanding balance	Provision for impairment	Carrying amount	Outstanding balance	Provision for impairment	Carrying amount
Deposit	45,593,685.77		45,593,685.77	85,069,135.39		85,069,135.39
Employee borrowing				350,000.00		350,000.00
Total	45,593,685.77		45,593,685.77	85,419,135.39		85,419,135.39

Other descriptions:

As at 31 December 2023, the Group assessed the expected credit loss ratio as low based on historical loss rates and forward-looking macroeconomic data.

16. Assets with restricted ownership or right of use

Currency: Renminbi Yuan

Item	Closing balance				Opening balance			
	Outstandi ng balanc e	Carryin g amou nt	Restrict ed type	Restri ctions	Outstandin g balance	Carryin g amou nt	Restrict ed type	Restrictions
Curren cy fund s	890,612.2 1	890,61 2.21	frozen		279,787.68	279,78 7.68	frozen	No feedback on b ank reconciliation results, miscalcul ation of banks, et c.
Total	890,612.2 1	890,61 2.21			279,787.68	279,78 7.68		

Other descriptions:

As at 31 December 2023, the Group's restricted currency funds totaled RMB 890,612.21 (31 December 2022: RMB279,787.68), which was mainly due to preservation of law issue (As at the reporting date, the payment has been made) or change of account types.

17. Short-term borrowings**(1) Classification of short-term borrowings**

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Credit loans	60,000,000.00	
Discounted borrowing on bills	329,995,277.14	433,993,449.44
Total	389,995,277.14	433,993,449.44

Description of classification of short-term borrowings:

The discounted borrowing on bills refers to the amount of bank acceptance bills issued between affiliated companies within the scope of consolidation that have been discounted but not yet matured at the end of the year.

The credit loan is a short-term borrowing obtained by the Company from Shenzhen Hi-tech Zone Branch of Bank of China Limited. The borrowing period is from November 2023 to May 2024. The interest rate is a floating rate, which is re-priced every 6 months. The first installment is the one-year loan market quotation interest rate recently announced by the National Interbank Funding Center as of the working day before the actual withdrawal date minus 95 basis points (31 December 2023: 2.5%).

18. Trading financial liabilities

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Trading financial liabilities		
Including:		
Financial liabilities designated at fair value through profit or loss	62,813,557.52	0.00
Including:		
Gold leasing	62,813,557.52	0.00
Total	62,813,557.52	0.00

Other descriptions:

The Company borrowed gold from banks for production and operation. Before maturity date, the Company would return the gold to the banks with the same quantity and specification purchased through Shanghai Gold Exchange or borrowed from the banks, and pay the agreed lease interest. The lease term is within one year (one year inclusive). As at 31 December 2023, the cost of the financial liabilities was RMB59,044,746.72 and the change in fair value was RMB-3,768,810.80 (2022: Nil).

19. Notes payable

Currency: Renminbi Yuan

Category	Closing balance	Opening balance
Bank acceptance bills	47,986,785.70	466,527,730.97
Total	47,986,785.70	466,527,730.97

The total amount of notes payable due and unpaid at end of period was RMB0.00.

20. Accounts payable**(1) Accounts payable are listed as follows**

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Accounts payable	28,164,899.34	86,880,869.77
Total	28,164,899.34	86,880,869.77

(2) Significant accounts payable aged over 1 year or overdue

Currency: Renminbi Yuan

Item	Closing balance	Reason for not being paid or carried forward
Over 1 year	3,485,224.98	The supplier fails to reach the settlement conditions as agreed in the contract
Total	3,485,224.98	

Other descriptions:

21. Other payables

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Other payables	44,381,542.05	102,563,944.81
Total	44,381,542.05	102,563,944.81

(1) Other payables**1) Other payables categorized by nature**

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Rent and property management fees payable	13,469,448.60	11,248,679.47
Renovation expenses payable	15,322,612.68	63,140,256.23
Advertisement expenses payable	2,429,097.28	11,515,571.63
Other expenses accrued	7,390,825.59	9,961,766.20
Deposit	2,334,052.80	1,639,911.88
Others	3,435,505.10	5,057,759.40
Total	44,381,542.05	102,563,944.81

2) Significant other accounts payable older than 1 year or past due

Item	Closing balance	Reason for non-reimbursement or carry-over

3) The top 5 largest other payables at end of period categorized by counterparty

Other descriptions:

As at 31 December 2023, there were no significant other payables aged over 1 year or overdue (31 December 2022: Nil).

22. Contract liabilities

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Receipt in advance of order payment	109,633,363.46	126,705,661.82
Total	109,633,363.46	126,705,661.82

Note: 1 Contract liabilities mainly represent advance receipts collected from customers before the Group fulfills its performance obligations. Revenue relating to this contract will be recognized when the Group fulfills its performance obligations. Normally, when the Group receives advance payments from customers, it will normally fulfill its performance obligations and recognize revenue within 30 days.

Significant contract liabilities aged over 1 year

Currency: Renminbi Yuan

Item	Closing balance	Reasons for having not been paid or carried forward
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The amount and reason for significant changes in carrying amount within the reporting period.

Currency: Renminbi Yuan

Item	Changes	Reasons
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23. Employee benefits payable**(1) Employee benefits payable are listed as follows**

Currency: Renminbi Yuan

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term employee benefits	68,736,988.33	474,943,001.59	490,746,919.26	52,933,070.66
II. Post-employment benefits - defined contribution plan		57,135,027.29	57,135,027.29	
III. Termination benefits		11,012,658.61	11,012,658.61	
Total	68,736,988.33	543,090,687.49	558,894,605.16	52,933,070.66

(2) Short-term employee benefits are as follows:

Currency: Renminbi Yuan

Item	Opening balance	Increase	Decrease	Closing balance
1. Salaries, bonuses, allowances and subsidies	65,393,029.23	415,385,784.74	430,058,308.38	50,720,505.59
2. Staff welfare	3,154,849.89	8,732,618.74	10,728,427.93	1,159,040.70
3. Social security contributions		29,908,332.41	29,908,332.41	
Including: Medical insurance		28,004,917.61	28,004,917.61	
Work-related injury insurance		1,085,367.16	1,085,367.16	
Maternity insurance		818,047.64	818,047.64	
4. Housing funds		19,538,449.26	18,561,374.64	977,074.62
5. Union fund and Employee education fund	189,109.21	1,377,816.44	1,490,475.90	76,449.75
Total	68,736,988.33	474,943,001.59	490,746,919.26	52,933,070.66

(3) Defined contribution plan are as follows:

Currency: Renminbi Yuan

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension insurance		55,518,960.79	55,518,960.79	
2. Unemployment insurance premium		1,616,066.50	1,616,066.50	
Total		57,135,027.29	57,135,027.29	

Other descriptions:

As at 31 December 2023, the Group had no arrears in the nature of remuneration payable to employees.

24. Taxes payable

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Value added tax	5,728,457.95	8,465,825.13
Excise tax	9,698,112.45	14,173,620.72
Corporate income tax	301,256.61	34,164,857.66
Individual income tax withheld	869,148.96	780,127.00
Urban maintenance and construction tax	964,902.69	1,347,723.05
Education surcharge	375,449.44	549,380.64
Local education surcharge	250,299.91	362,786.55
Others	20,177.95	40,818.91
Total	18,207,805.96	59,885,139.66

Other descriptions:

25. Current portion of non-current liabilities

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Lease liabilities due within 1 year	195,515,150.71	351,516,900.54
Total	195,515,150.71	351,516,900.54

Other descriptions:

26. Other current liabilities

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Output VAT to be transferred	11,288,478.87	13,670,511.44
Total	11,288,478.87	13,670,511.44

Note 1: The Group has presented the output VAT portion of the advance receipts as the amount of VAT to be resold tax.

Changes in short-term bonds payable:

Currency: Renminbi Yuan

Name	Par value	Coupon rate	Issue date	Term	Issue amount	Opening balance	Bonds issued	Accrued interest at par value	Amortization of premium or depreciation	Repayment		Closing balance	Default or not
Total													

Other descriptions:

27. Lease liabilities

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
Lease payments payable	67,781,149.67	276,542,164.23
Total	67,781,149.67	276,542,164.23

Other descriptions:

28. Provisions

Currency: Renminbi Yuan

Item	Closing balance	Opening balance	Reasons
Provision for returns	487,409.00	921,567.41	Provision for returns is made for sales of goods with sales return conditions. The Group makes provision for returns based on historical experience data and sales.
Shop restoration obligations	13,615,982.00	16,004,249.50	Shop restoration obligations represent costs that the Group, as the lessee, expects to incur under the lease agreement to restore the leased assets to the condition agreed under the terms of the lease. The Group estimates restoration costs based on industry conditions and historical experience.
Total	14,103,391.00	16,925,816.91	

Other descriptions, including description of significant assumptions and estimates related to significant provisions:

29. Share capital

Currency: Renminbi Yuan

	Opening balance	Movements during the year					Closing balance
		New shares issued	Bonus issue	Housing fund transferred to shares	Others	Subtotal	
Total	400,010,000.00						400,010,000.00

Other descriptions:

30. Capital reserves

Currency: Renminbi Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Share premium	4,403,792,844.63			4,403,792,844.63
Other capital reserves	-227.67			-227.67
Share-based payments included in the capital reserve	26,344,118.97	187,422.35		26,531,541.32
Shareholding system transformation	29,640,980.88			29,640,980.88
Total	4,459,777,716.81	187,422.35		4,459,965,139.16

Other descriptions, including description of changes for the period and reasons:

31. Other comprehensive income

Currency: Renminbi Yuan

Item	Opening balance	Amount for the current period						Closing balance
		Amount incurred before income tax for the current period	Less: Reclassification from other comprehensive income to profit or loss	Less: Reclassification from other comprehensive income to retained earnings	Less: Income tax expenses	Profit attributable to shareholders of the parent company after tax	Attributable to non-controlling interests after tax	
II. Other comprehensive income that may be	3,993,254.00					456,647.25		4,449,901.25

reclassified to profit or loss								
Exchange differences on translation of foreign currency financial statements	3,993,254.00					456,647.25		4,449,901.25
Total other comprehensive income	3,993,254.00					456,647.25		4,449,901.25

Other descriptions, including adjustment to the transferred effective profit or loss arising from cash flow hedge to initially recognized amount of the hedged item:

32. Surplus reserves

Currency: Renminbi Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	200,005,000.00			200,005,000.00
Total	200,005,000.00			200,005,000.00

Description of surplus reserves, including description of changes for the period and reasons:

According to the provisions of the Company Law and the Company's Articles of Association, the Company appropriates 10% of the profit to the statutory surplus reserves. Where the accumulated amount of the surplus reserves reaches 50% or more of the Company's registered capital, further appropriation is not required.

33. Retained earnings

Currency: Renminbi Yuan

Item	For the current period	For the prior period
Balance at beginning of current period after adjustment	1,739,260,233.15	1,830,833,254.42
Add: Net profit attributable to shareholders of the parent company for the current period	68,957,568.40	729,241,946.67
Less: Appropriation to statutory surplus reserves	0.00	20,794,967.94
Declaration of dividends on o	400,010,000.00	800,020,000.00

rdinary shares		
Balance at end of current period	1,408,207,801.55	1,739,260,233.15

Details of adjustment to balance at beginning of current period:

- 1) No balance adjustment of retained earnings at beginning of current period was made in related to the application of Accounting Standard for Business Enterprises and other new regulations.
- 2) No balance adjustment of retained earnings at beginning of current period was made in related to changes in accounting policies.
- 3) No balance adjustment of retained earnings at beginning of current period was made in related to significant accounting error correction.
- 4) No balance adjustment of retained earnings at beginning of current period was made in related to changes in scope of business combination under the same control.
- 5) No balance adjustment of retained earnings at beginning of current period was made in related to other adjustments.

34. Revenue and cost of sales

Currency: Renminbi Yuan

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost	Revenue	Cost
Principal business	2,173,757,035.39	675,742,928.54	3,650,181,354.03	1,082,800,171.20
Other business	6,520,708.61	3,810,329.34	31,393,058.65	29,472,295.09
Total	2,180,277,744.00	679,553,257.88	3,681,574,412.68	1,112,272,466.29

Whether the lower of the audited net profit before and after deducting non-recurring profit or loss is negative

Yes No

Currency: Renminbi Yuan

Item	Current year	Details of deductions	Prior year	Details of deductions
Revenue amount	2,180,277,744.00	/	3,681,574,412.68	/
Total amount of revenue deduction items	6,520,708.61	It is mainly the revenue from wedding planning businesses, sales of products to be disposed, packaging materials and other revenues.	31,393,058.65	It is mainly the revenue from wedding planning businesses, sales of products to be disposed, packaging materials and other revenues.
Proportion of total amount of revenue deduction items in revenue	0.30%		0.85%	
I. Revenue unrelated to the principal				

business				
1. Revenue from other business other than normal operating business. For example, the revenue from leasing fixed assets, intangible assets and packaging materials, selling materials, exchanging non-monetary assets with materials, and operating entrusted management business. And the revenue included in the revenue from principal business but outside the normal business operation of listed companies.	6,520,708.61	It is mainly the revenue from wedding planning businesses, sales of products to be disposed, packaging materials and other revenues.	31,393,058.65	It is mainly the revenue from wedding planning businesses, sales of products to be disposed, packaging materials and other revenues.
Subtotal of revenue unrelated to principal business	6,520,708.61	It is mainly the revenue from wedding planning businesses, sales of products to be disposed, packaging materials and other revenues.	31,393,058.65	It is mainly the revenue from wedding planning businesses, sales of products to be disposed, packaging materials and other revenues.
II. Revenue without commercial substance				
Subtotal of revenue without commercial substance	0.00	N/A	0.00	N/A
Amount of revenue after deduction	2,173,757,035.39	/	3,650,181,354.03	/

Disaggregation of revenue and cost of sales:

Currency: Renminbi Yuan

Category of contracts	Segment 1		Segment 2				Total	
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
Type of business	2,180,277,744.00	679,553,257.88					2,180,277,744.00	679,553,257.88
Including:								
Engagement diamond rings	1,699,139,354.11	506,538,634.64					1,699,139,354.11	506,538,634.64
Wedding diamond rings	449,380,892.69	158,007,633.73					449,380,892.69	158,007,633.73
Other accessories	25,236,788.59	11,196,660.17					25,236,788.59	11,196,660.17
Other businesses	6,520,708.61	3,810,329.34					6,520,708.61	3,810,329.34
Classified by region of operation	2,180,277,744.00	679,553,257.88					2,180,277,744.00	679,553,257.88
Including:								
Mainland	2,168,177,280.71	675,403,337.10					2,168,177,280.71	675,403,337.10
Overseas	12,100,463.29	4,149,920.78					12,100,463.29	4,149,920.78
Market or customer type								
Including:								
Type of contract								
Including:								

Classified by time of goods transfer	2,180,277,744.00	679,553,257.88					2,180,277,744.00	679,553,257.88
Including:								
Income recognized at a point in time	2,180,277,744.00	679,553,257.88					2,180,277,744.00	679,553,257.88
Classified by contract period								
Including:								
Classified by sales channel	2,180,277,744.00	679,553,257.88					2,180,277,744.00	679,553,257.88
Including:								
Self-employment income	2,180,277,744.00	679,553,257.88					2,180,277,744.00	679,553,257.88
Total	2,180,277,744.00	679,553,257.88					2,180,277,744.00	679,553,257.88

Information about the performance obligations:

Item	Time for fulfillment of performance obligations	Significant payment terms	Nature of the goods the Company commits to transfer	Whether it is the principal	Amount assumed by the Company that is expected to be refunded to the customer	Type of quality assurance provided by the Company and related obligations
Sales of goods	when goods are delivered	Under normal circumstances, the Company delivers	Jewelry	Yes	The customer has the right to return the product within	Generally, guarantee quality assurance is provided

		ers the goods within 15-60 days after the consumer has paid in advance for the order.			within 15 days after receiving it, so it is necessary to estimate the return rate based on the historical sales situation and calculate the provision for return, which is detailed in Note VII.28.	ed to the customer. Refer to Note V.26 for details of accounting assets
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Other descriptions

Under the self-operated business, the customer completes the performance obligations when receiving the goods. Under normal circumstances, for stores directly operated, the goods are delivered within 30 days after receiving the contract price; for mall associates and e-commerce, the contract price is usually received within 15-60 days after delivery. The customer has the right to return the product within 15 days after receiving it, so it is necessary to estimate the return rate based on the historical sales situation and calculate the provision for return, which is detailed in Note VII.28.

Information relating to the transaction price allocated to the remaining performance obligations:

At the end of the reporting period, the amount of revenue corresponding to the performance obligations that have been signed but have not yet been fulfilled or completed was RMB109,633,363.46. Among them, RMB is expected to be recognized in, RMB is expected to be recognized in, and RMB is expected to be recognized in.

Information about variable consideration in the contract:

Significant changes in the contract or significant transaction price adjustments

Currency: Renminbi Yuan

Item	Accounting treatment	Amount affected on revenue
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Other descriptions:

35. Taxes and surcharges

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Excise tax	94,846,226.96	161,139,856.39
Urban maintenance and construction tax	14,685,678.85	21,999,220.70
Education surcharge	6,012,263.70	9,396,015.92
Resource tax	0.00	0.00

Property tax	0.00	0.00
Land use tax	0.00	0.00
Vehicle use tax	4,620.00	4,300.00
Stamp tax	1,469,675.40	2,556,251.77
Local education surcharge	4,011,599.61	6,264,009.84
Others	240.00	240.00
Total	121,030,304.52	201,359,894.62

Other descriptions:

36. Administrative expenses

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Wages or salaries	76,131,686.65	79,373,604.27
Input tax not deductible for intra-group transactions	24,529,983.06	34,246,969.57
Depreciation and amortization	20,230,746.21	20,269,089.25
Professional agency service expenses	15,193,056.82	12,916,862.65
Office expenses	4,384,275.67	5,786,187.86
Property management and utility expenses	3,898,623.79	4,008,808.69
Traveling expenses	1,356,038.53	2,344,355.77
Share-based payment expenses	187,422.35	561,317.20
Others	6,084,278.80	4,698,682.61
Total	151,996,111.88	164,205,877.87

Other descriptions:

37. Selling expenses

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Wages or salaries	447,166,997.01	474,286,451.10
Marketing expenses	207,691,788.25	339,084,488.01
Depreciation and amortization	435,539,360.20	433,607,701.53
Property management and utility expenses	73,305,894.36	57,143,404.37
Platform service fees	11,837,832.98	19,859,964.05
Office expenses	13,981,781.58	26,456,827.29
Traveling expenses	8,109,667.15	9,990,373.37
Professional agency service expenses	5,205,649.32	3,107,987.63
Rents excluded in the lease liabilities	6,427,115.11	37,374,018.79

Courier expenses	2,383,810.20	3,204,581.15
Packaging expenses	1,043,861.83	3,421,251.49
Others	16,067,407.60	14,500,488.72
Total	1,228,761,165.59	1,422,037,537.50

Other descriptions:

38. Research and development expenses

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Wages or salaries	18,580,887.31	14,846,366.43
Commissioned development service expenses	2,596,996.98	2,294,282.27
Depreciation and amortization	536,909.46	544,874.10
Others	422.00	258,609.57
Total	21,715,215.75	17,944,132.37

Other descriptions:

39. Finance expenses

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Interest expenses	22,148,238.97	23,830,354.96
Less: Interest income	8,288,198.44	21,912,750.27
Foreign exchange differences	1,377,037.20	1,548,872.47
Bank charges	10,533,027.13	18,070,277.31
Total	25,770,104.86	21,536,754.47

Other descriptions:

40. Other income

Currency: Renminbi Yuan

Source of other income	Amount for the current period	Amount for the prior period
Government grants related to routine activities	17,239,801.74	23,433,558.47
VAT levied and refunded ¹	8,266,133.90	15,833,085.31
Tax benefits ²	1,118,925.88	162,770.75
Others	122,137.04	348,258.47

Note1 : According to the Notice of the General Administration of Customs of the Ministry of Finance and the State Administration of Taxation on Adjusting the Relevant Tax Policies of the Diamond and Shanghai Diamond Exchange (Cai Shui [2006] No. 65), polished diamonds imported through the customs declaration of the competent customs of the Diamond Exchange shall be levied and refunded immediately if the actual VAT burden exceeds 4% at the import stage. Shanghai Darry, a subsidiary of the Company, has the membership of the Shanghai Diamond Exchange and enjoys the tax treatment of immediate refund for the part of the actual VAT burden in the import process exceeding 4%.

Note 2: According to the Announcement of the State Administration of Taxation on the Exemption of Small-scale Taxpayers from VAT Collection and Administration (SAT Announcement No. 19 [2023]), small-scale taxpayers who engage in VAT taxable sales and their total monthly sales do not exceed RMB100,000 (or RMB300,000 if one quarter is a tax period). Some of the Company's branches are small-scale taxpayers and meet the above standards, and will be exempt from VAT in 2023.

41. Fair value gains

Currency: Renminbi Yuan

Source of fair value gains	Amount for the current period	Amount for the prior period
Financial assets held for trading	34,920,377.10	39,294,362.36
Financial liabilities held for trading	-3,768,810.80	0.00
Total	31,151,566.30	39,294,362.36

Other descriptions:

42. Investment income

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Investment income of financial assets held-for-trading during the holding period	158,725,753.87	71,309,897.15
Interest income earned during the holding period of debt investment	43,188,743.26	17,693,148.47
Investment income received from disposal of financial liabilities designated at fair value through profit or loss	-454,869.03	0.00
Total	201,459,628.10	89,003,045.62

Other descriptions:

43. Credit impairment losses

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Impairment loss for accounts receivable	2,006,036.23	3,698,479.08
Impairment loss for other receivables	0.00	-1,905,000.00
Impairment loss for non-current assets due within one year	-9,525,986.96	0.00
Total	-7,519,950.73	1,793,479.08

Other descriptions:

44. Impairment losses of assets

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
I. Losses from decline in value of inventories and losses from impairment of contract performance cost	-12,880,040.30	-4,237,633.79
XII. Others	-92,462,615.85	-24,183,140.90
Total	-105,342,656.15	-28,420,774.69

Other descriptions:

Others:

The amount for 2023, RMB-92,462,615.85, includes impairment loss of long-term prepaid expenses (RMB-35,721,596.82) and impairment loss of right-of-use assets (RMB-56,741,019.03);

The amount for 2022, RMB-24,183,140.90, includes impairment loss of long-term prepaid expenses (RMB-5,680,172.80) and impairment loss of right-of-use assets (RMB-18,502,968.10).

45. Gains on disposal of assets

Currency: Renminbi Yuan

Source of gains on disposal of assets	Amount for the current period	Amount for the prior period
Gain or loss on disposal of long-term assets	19,708,867.36	1,244,949.25

46. Non-operating income

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the current period
Compensation	2,632,045.72	1,166,242.21	2,632,045.72
Others	249,877.46	70,848.25	249,877.46
Total	2,881,923.18	1,237,090.46	2,881,923.18

Other descriptions:

47. Non-operating expenses

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the current period
Liquidated damages and late fees	7,042,543.67	582,566.17	7,042,543.67
Others	666,997.81	185,867.41	666,997.81
Total	7,709,541.48	768,433.58	7,709,541.48

Other descriptions:

The liquidated damages and late fees in 2023 were mainly the liquidated damages arising from the early closure of stores.

48. Income tax expenses

(1) Statement of income tax expenses

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Current tax	45,086,187.04	155,414,780.78
Deferred tax	-1,215,336.78	722,413.61
Total	43,870,850.26	156,137,194.39

(2) Reconciliation of income tax expenses to the accounting profit

Currency: Renminbi Yuan

Item	Amount for the current period
Profit before tax	112,828,418.66
Tax at the statutory/applicable tax rate	28,207,104.66
Effect of different tax rates for some subsidiaries	-25,567,086.24
Effect of adjustments to income tax in respect of prior periods	1,605,343.32
Effect of cost, expense and loss not deductible for tax	1,653,345.92
Effect of utilizing deductible loss not recognized for deferred tax assets for the prior period	-111,694.40
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	40,333,986.11
R&D expenses are super-deducted	-2,250,149.11
Income tax expenses	43,870,850.26

Other descriptions:

The income tax of the Group has been provided at the applicable rate on the estimated assessable taxable profits arising in Mainland China. Income taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, in accordance with existing laws, interpretations and practices.

49. Other comprehensive income

Refer to Note VII. 31 for details.

50. Items in the cash flow statement

(1) Cash relating to operating activities

Other cash receipts relating to operating activities

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Recover store renovations and other deposits	7,460,972.41	8,835,864.26

Receipt of platform rebates	242,142.62	4,325,330.25
Bank interest income	8,288,198.44	20,667,425.02
Government grants	17,239,801.74	23,433,558.47
Others	21,160,057.63	5,393,076.90
Total	54,391,172.84	62,655,254.90

Description of other cash receipts relating to operating activities:

Other cash payments relating to operating activities

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Payment of rent commission, property management and utility expenses	76,949,766.73	82,717,265.80
Payment of marketing expenses	217,121,618.34	352,347,629.80
Payment of office and travel expenses	28,540,022.33	44,110,164.16
Payment of courier expenses	6,627,529.76	10,942,674.44
Payment of packaging expenses	12,469,544.20	37,612,628.87
Payment of card fee	10,986,186.41	18,070,277.46
Payment of renovation and other deposits	3,638,793.10	10,025,830.66
Payment of consultation and testing	34,787,513.75	44,946,232.79
Payment of e-commerce platform service fee	11,643,632.23	21,387,218.80
Others	8,559,426.93	5,651,697.95
Total	411,324,033.78	627,811,620.73

Other cash payments relating to operating activities

(2) Cash relating to investing activities

Other cash receipts relating to investing activities

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
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Other significant cash receipts relating to investing activities

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Receipt of investments in bank financial products	1,700,000,000.00	770,000,000.00
Receipt of investments in structured deposits	6,703,748,941.31	4,558,462,790.68
Total	8,403,748,941.31	5,328,462,790.68

Description of other cash receipts relating to investing activities:

Other cash payments relating to investing activities

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
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Significant cash payments relating to investing activities

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Payment of bank financial products investment	1,610,000,000.00	1,385,000,000.00
Payment of structured deposit investments	6,433,851,820.32	8,184,751,822.21
Total	8,043,851,820.32	9,569,751,822.21

Description of other cash payments relating to investing activities

(3) Cash relating to financing activities

Other cash receipts relating to financing activities

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Receipts of returned rental deposit	12,925,343.87	5,435,963.01
Receipts of withholding dividend tax	2,686,700.54	5,264,759.99
Total	15,612,044.41	10,700,723.00

Description of other cash receipts relating to financing activities:

Other cash payments relating to financing activities

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Payment of fixed rent	343,219,838.63	335,781,536.76
Payment of rental deposit	5,089,234.91	30,357,327.43
Payment of withholding dividend bonus tax	2,686,700.54	5,264,759.99
Total	350,995,774.08	371,403,624.18

Description of other cash payments relating to financing activities

Changes in liabilities arising from financing activities

Applicable Not applicable

Item	Opening balance	Increase		Decrease		Closing balance
		cash movements	Non-cash movements	cash movements	Non-cash movements	
Short-term borrowings	433,993,449.44	517,721,40		561,719,581.		389,995,27

		9.20		50		7.14
Other payables	102,563,944.81	15,612,044.41	406,809,907.87	414,585,843.32	66,018,511.72	44,381,542.05
Lease liabilities (Including lease liabilities due within one year)	628,059,064.77			343,219,838.63	21,542,925.76	263,296,300.38
Total	1,164,616,459.02	533,333,453.61	406,809,907.87	1,319,525,263.45	87,561,437.48	697,673,119.57

51. Supplement to cash flow statement**(1) Supplement to cash flow statement**

Currency: Renminbi Yuan

Supplementary information	Amount for the current period	Amount for the prior period
1. Reconciliation of profit/(loss) to cash flows from operating activities		
Profit	68,957,568.40	729,241,946.67
Add: Provision for impairment of assets	105,342,656.15	28,420,774.69
Depreciation of fixed assets, depletion of oil and natural gas assets and depreciation of bearer biological assets	6,007,930.70	3,974,151.64
Depreciation of right-of-use assets	351,904,368.67	355,607,929.93
Amortization of intangible asset	2,630,723.90	2,940,850.52
Amortization of long-term prepaid expenses	97,016,164.88	91,898,732.79
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains are expressed with negative value)	-19,708,867.36	-1,244,949.25
Loss of retirement of fixed assets (gains are expressed with negative value)		
Loss on fair value changes (gains are expressed with negative value)	-31,151,566.30	-39,294,362.36

ve value)		
Financial expenses (gains are expressed with negative value)	23,070,045.62	24,133,902.03
Investment losses (gains are expressed with negative value)	-201,459,628.10	-89,003,045.62
Decrease in deferred tax assets (increase is expressed with negative value)	-7,102,331.80	-3,425,426.97
Increase in deferred tax liabilities (decrease is expressed with negative value)	5,886,995.02	4,146,880.41
Decrease in inventories (increase is expressed with negative value)	189,112,300.03	-229,917,478.98
Decrease in operating receivables (increase is expressed with negative value)	19,295,931.37	861,877.87
Increase in operating payables (decrease is expressed with negative value)	-577,721,730.54	-63,635,737.18
Others	4,884,947.17	3,305,066.05
Net cash flows from operating activities	36,965,507.81	818,011,112.24
2. Significant investment and financing activities not involving cash receipts and payments		
Debts transferred to capital		
Convertible corporate bonds due within one year		
Fixed assets under finance leases		
3. Net changes in cash and cash equivalents:		
Cash at end of period	226,963,610.96	521,625,030.62
Less: Cash at beginning of period	521,625,030.62	4,741,510,453.45
Add: Cash equivalents at end of period		
Less: Cash equivalents at beginning of period		

ending of period		
Net increase in cash and cash equivalents	-294,661,419.66	-4,219,885,422.83

(2) Composition of cash and cash equivalents

Currency: Renminbi Yuan

Item	Closing balance	Opening balance
I. Cash	226,963,610.96	521,625,030.62
Including: Cash on hand	434,213.76	391,749.23
Bank deposits on demand	223,505,249.44	512,798,797.26
Other currency funds on demand	3,024,147.76	8,434,484.13
III. Cash and cash equivalents at end of period	226,963,610.96	521,625,030.62

52. Foreign currency monetary items**(1) Foreign currency monetary items**

Currency: Renminbi Yuan

Item	Closing balance denominated in foreign currencies	Exchange rate	Closing balance in RMB
Cash and bank balances			
Including: USD	841,955.84	7.0827	5,963,320.63
EUR	47,495.39	7.8592	373,275.77
HKD	1,563,197.08	0.9062	1,416,600.46
Accounts payable			
Including: USD	30,245.26	7.0827	214,218.10
HKD	17,201.72	0.9062	15,588.54
Other payables			
Including: HKD	127,913.12	0.9062	115,917.43
EUR	7,467.81	7.8592	58,691.01
USD	10,032.97	7.0827	71,060.52
SGD	1,993.20	5.3772	10,717.84
Accounts receivable			
Including: USD	69,652.10	7.0827	493,324.93
EUR			
HKD	470,945.35	0.9062	426,780.10

Long-term borrowings			
Including: USD			
EUR			
HKD			

Other descriptions:

Foreign currency monetary items refer to non-RMB monetary items.

(2) Description of overseas operating entities. For key overseas operating entities, their major overseas operating place, functional currencies and selection basis shall be disclosed. In case of any changes in functional currencies, the reasons for such changes shall also be disclosed.

Applicable Not applicable

53. Leases

(1) The Company as a lessee

Applicable Not applicable

Variable lease payments not included in the measurement of lease liabilities (if applicable)

Applicable Not applicable

As a lessee

	2023	2022
Interest expenses on lease liabilities	14,955,205.03	21,536,754.47
Variable lease payments not included in the measurement of lease liabilities (if applicable)	6,427,115.11	37,374,018.79
Cash outflows for fixed lease payments	343,219,838.63	335,781,536.76
Total cash outflow for leases	364,602,158.77	394,692,310.02

The Group has lease contracts for various items of buildings, used in its operations, and leases are usually for 1 to 5 years. Lease contracts usually stipulate that the Group cannot sublease the leased assets, and some lease contracts require the Group's financial indicators to be maintained at a certain level. There are several lease contracts that include extension and termination options and variable lease payments. Refer to "Potential future cash outflows not included in the measurement of lease liabilities" for the impact of clauses relating to variable lease payments on future potential cash outflows.

Potential future cash outflows not included in the measurement of lease liabilities

The Group's potential future cash outflows not included in the measurement of lease liabilities are mainly derived from variable lease payments, exposure to leases that have been committed but not yet commenced.

Variable lease payments

Some of the property leases within the Company contain variable lease payment clauses that are linked to sales generated from the underlying store. These clauses are used, when possible, in order to match lease payments with stores generating higher cash flows.

As at 31 December 2023, the leasing status of the Group's premises and buildings was as follows:

	Number of shops and offices (pcs)	Fixed payments	Variable payments	Total payments
Fixed payments only	284	180,191,040.24		180,191,040.24
Variable payments	266	163,028,798.39	6,427,115.11	169,455,913.50
Total	550	343,219,838.63	6,427,115.11	349,646,953.74

If the sales of all the Group's stores increase by 5%, the total lease payments are expected to increase by 0.13%; If the sales of all the Group's stores decrease by 5%, the total lease payment is expected to decrease by 0.11%

Leases that have been promised but not yet commenced

The Group's expected future cash outflows for of leases that have been promised but not yet commenced are as follows:

	2023	2022
Within 1 year, inclusive	384,600.00	7,807,604.75
1 to 2 years, inclusive	1,056,600.00	11,664,137.21
2 to 3 years, inclusive	842,250.00	9,947,015.73
Over 3 years	540,000.00	3,088,983.25
Total	2,823,450.00	32,507,740.94

Other information relating to leases

For right-of-use assets, refer to Note VII.11.

Simplification of rental expenses for short-term leases and low-value asset leases (if applicable)

Applicable Not applicable

Situations involving sale and leaseback transactions

(2) The Group as a lessor

Operating lease as a lessor

Applicable Not applicable

Operating lease as a lessor

Applicable Not applicable

Annual undiscounted lease receipts for the next five years

Applicable Not applicable

Reconciliation of undiscounted lease receipts to net lease investments

(3) Recognize profit or loss on sales of finance leases as a manufacturer or dealer

Applicable Not applicable

VIII. Research and development expenditure

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Wages and salaries	18,580,887.31	14,846,366.43
Commissioned development service expenses	2,596,996.98	2,294,282.27
Depreciation and amortization	536,909.46	544,874.10
Others	422.00	258,609.57
Total	21,715,215.75	17,944,132.37
Including: research and development expenses	21,715,215.75	17,944,132.37

IX. Changes in scope of consolidation**1. Changes in scope of consolidation caused by other reasons**

Description of changes in scope of consolidation caused by other reasons (e.g., establishment and liquidation of subsidiaries) and other relevant conditions:

Name of entity	Purpose for the establishment/cancellation	The way of changes in scope of consolidation	Impact on overall performance
He'er Culture (Hainan) Co., Ltd	Business needs	New in 2023	Not significant
Shenyang DR Jewelry Sales Co., Ltd	Business needs	New in 2023	Not significant
Lifetime Love Wedding Planning (Shenzhen) Co., Ltd	Business needs	New in 2023	Not significant
Happy Love Psychology Research Center (Shenzhen) Co., Ltd	Business needs	New in 2023	Not significant
Lifetime Love Wedding Planning (Sanya) Co., Ltd	Business needs	New in 2023	Not significant
DR LUXURY (SINGAPORE) PTE. LTD.	Business needs	New in 2023	Not significant
DR Luxury Netherlands Holding B.V.	Business needs	New in 2023	Not significant
LOVEMONT (MALAYSIA) SDN.BHD.	Business needs	New in 2023	Not significant
DR LUXURY USA INC	Business needs	New in 2023	Not significant
LOVEMONT HONG KONG LIMITED	Business needs	New in 2023	Not significant
Shangqiu DR Jewelry Co., Ltd	Business adjustments	Canceled in 2023	Not significant
Wuhan DR Jewelry Co., Ltd	Business adjustments	Canceled in 2023	Not significant
Nanchang DR Jewelry Co., Ltd	Business adjustments	Canceled in 2023	Not significant
Handan DR Jewelry Co., Ltd	Business adjustments	Canceled in 2023	Not significant
Guangzhou DR Jewelry Co., Ltd	Business adjustments	Canceled in 2023	Not significant
Langfang DR Jewelry Co., Ltd	Business adjustments	Canceled in 2023	Not significant

Foshan DR Jewelry Co., Ltd	Business adjustments	Canceled in 2023	Not significant
Urumqi DR Jewelry Co., Ltd	Business adjustments	Canceled in 2023	Not significant

X. Equity in other entities

1. Equity in subsidiaries

(1) Composition of enterprise group

Currency: Renminbi Yuan

Name of the subsidiary	Registered capital	Principal operation place	Place of incorporation	Nature of business	Ownership interest (%)		Mode of acquisition
					Direct	Indirect	
DR Group Company Limited	30,000,000.00 ¹	Hong Kong, China	Hong Kong, China	Store sales in Hong Kong and overseas loose stone procurement		100.00%	Set up
Shanghai Darry Diamond Co., Ltd	5,000,000.00	Shanghai	Shanghai	Member of Shanghai Diamond Exchange, responsible for the procurement and customs declaration of overseas loose stone	100.00%		Set up
Chongqing Darry Jewelry Co., Ltd	4,000,000.00	Chongqing	Chongqing	Store sales in Chongqing	100.00%		Set up
Shenzhen Love Only AI Cloud Technology Co., Ltd.	25,000,000.00	Shenzhen	Shenzhen	Information Technology Services	100.00%		Set up
Couple Only (Shenzhen)	5,000,000.00	Shenzhen	Shenzhen	Sub-brand cultivation	100.00%		Set up

en) Jewelry Co., Ltd.							
Shenzhen Darry Commercial Management Service Co., Ltd	10,000,000.00	Shenzhen	Shenzhen	Supply chain management, R&D design, customized product services and related supporting services	100.00%		Set up
DARRY JEWELRY (HK) LIMITED	1,289,000.00 ²	Hong Kong, China	Hong Kong, China	Sub-brand cultivation		100.00%	Set up
Couple Only Jewelry HongKong Company Limited	10,000,000.00 ³	Hong Kong, China	Hong Kong, China	Sub-brand cultivation		100.00%	Set up
DR Jewelry	1,000,000.00 ⁴	France	France	Regional sales in France		100.00%	Set up
He'er Culture (Shenzhen) Co., Ltd	10,000,000.00	Shenzhen	Shenzhen	Creative planning services	100.00%		Set up
Haoduo Diamond (Shenzhen) Co., Ltd	60,000,000.00	Shenzhen	Shenzhen	Responsible for domestic bare stone procurement	100.00%		Set up
Xiamen DR Jewelry Co., Ltd	1,000,000.00	Xiamen	Xiamen	Store sales in Xiamen	100.00%		Set up
Shenyang DR Jewelry Co., Ltd	1,000,000.00	Shenyang	Shenyang	Store sales in Shenyang	100.00%		Set up
Tianjin DR	5,000,000.00	Tianjin	Tianjin	Store sale	100.00%		Set up

Jewelry Co., Ltd	00			s in Tianjin			
Chengdu DR Jewelry Co., Ltd	5,000,000.00	Chengdu	Chengdu	Store sales in Chengdu	100.00%		Set up
Kunming DR Jewelry Co., Ltd	5,000,000.00	Kunming	Kunming	Store sales in Kunming	100.00%		Set up
Shanghai DR Jewelry Co., Ltd	3,000,000.00	Shanghai	Shanghai	Store sales in Shanghai	100.00%		Set up
Suzhou Zhongzuan DR Jewelry Co., Ltd.	3,000,000.00	Suzhou	Suzhou	Store sales in Suzhou	100.00%		Set up
Jinan DR Jewelry Co., Ltd	4,000,000.00	Jinan	Jinan	Store sales in Jinan	100.00%		Set up
Shenzhen DR Jewelry Co., Ltd	1,000,000.00	Shenzhen	Shenzhen	Store sales in Shenzhen	100.00%		Set up
Beijing Zhongzuan DR Jewelry Co., Ltd	1,000,000.00	Beijing	Beijing	Store sales in Beijing	100.00%		Set up
Suzhou DR Jewelry Co., Ltd.	1,000,000.00	Suzhou	Suzhou	Store sales in Suzhou	100.00%		Set up
Shenyang DR Jewelry Accessories Co., Ltd.	3,000,000.00	Shenyang	Shenyang	Store sales in Shenyang	100.00%		Set up
Hangzhou DR Jewelry Co., Ltd.	5,000,000.00	Hangzhou	Hangzhou	Store sales in Hangzhou	100.00%		Set up
Beijing DR Jewelry Co., Ltd	1,000,000.00	Beijing	Beijing	Store sales in Beijing	100.00%		Set up
Wuhan Zh	1,000,000.00	Wuhan	Wuhan	Store sale	100.00%		Set up

ongzuan DR Jewelry Co., Ltd	00			s in Wuhan			
Xi'an DR Jewelry Co., Ltd	1,000,000.00	Xi'an	Xi'an	Store sales in Xi'an	100.00%		Set up
Chengdu DR True Love Jewelry Co., Ltd	1,000,000.00	Chengdu	Chengdu	Store sales in Chengdu	100.00%		Set up
Ningbo DR Jewelry Co., Ltd	5,000,000.00	Ningbo	Ningbo	Store sales in Ningbo	100.00%		Set up
Beijing Huazuan DR Jewelry Co., Ltd	1,000,000.00	Beijing	Beijing	Store sales in Beijing	100.00%		Set up
Chongqing DR Jewelry Co., Ltd	4,000,000.00	Chongqing	Chongqing	Store sales in Chongqing	100.00%		Set up
Hangzhou DR True Love Jewelry Co., Ltd	5,000,000.00	Hangzhou	Hangzhou	Store sales in Hangzhou	100.00%		Set up
Henan DR Jewelry Co., Ltd	1,000,000.00	Henan	Henan	Store sales in Henan	100.00%		Set up
Xi'an Zhongzuan DR Jewelry Co., Ltd	3,000,000.00	Xi'an	Xi'an	Store sales in Xi'an	100.00%		Set up
Zhengzhou DR Jewelry Co., Ltd.	3,000,000.00	Zhengzhou	Zhengzhou	Store sales in Zhengzhou	100.00%		Set up
Shenzhen DR Jewelry Co., Ltd	1,000,000.00	Shenzhen	Shenzhen	Store sales in Shenzhen	100.00%		Set up
Shenzhen DR Jewelry	1,000,000.00	Shenzhen	Shenzhen	Store sales in Shenzhen	100.00%		Set up

y Ornament Co., Ltd				hen			
Changsha DR Jewelry Co., Ltd.	5,000,000.00	Changsha	Changsha	Store sales in Changsha	100.00%		Set up
Shanghai DR Jewelry Ornament Co., Ltd	1,000,000.00	Shanghai	Shanghai	Store sales in Shanghai	100.00%		Set up
Shanghai DR Jewelry Sales Co., Ltd	1,000,000.00	Shanghai	Shanghai	Store sales in Shanghai	100.00%		Set up
Zhoukou DR Jewelry Co., Ltd.	1,000,000.00	Zhoukou	Zhoukou	Store sales in Zhoukou	100.00%		Set up
Yiwu DR Jewelry Co., Ltd.	1,000,000.00	Yiwu	Yiwu	Store sales in Yiwu	100.00%		Set up
Heze DR Jewelry Co., Ltd.	1,000,000.00	Heze	Heze	Store sales in Heze	100.00%		Set up
Dongguan DR Jewelry Co., Ltd.	1,000,000.00	Dongguan	Dongguan	Store sales in Dongguan	100.00%		Set up
Xining DR Jewelry Co., Ltd	1,000,000.00	Xining	Xining	Store sales in Xining	100.00%		Set up
Linyi DR Jewelry Co., Ltd	1,000,000.00	Linyi	Linyi	Store sales in Linyi	100.00%		Set up
Yinchuan DR Jewelry Co., Ltd	1,000,000.00	Yinchuan	Yinchuan	Store sales in Yinchuan	100.00%		Set up
Weifang DR Jewelry Co., Ltd	1,000,000.00	Weifang	Weifang	Store sales in Weifang	100.00%		Set up
Jining DR Jewelry Co., Ltd	1,000,000.00	Jining	Jining	Store sales in Jining	100.00%		Set up

Mianyang DR Jewelry Co., Ltd	1,000,000.00	Mianyang	Mianyang	Store sales in Mianyang	100.00%		Set up
Fuyang DR Jewelry Co., Ltd	1,000,000.00	Fuyang	Fuyang	Store sales in Fuyang	100.00%		Set up
Baoding DR Jewelry Sales Co., Ltd	1,000,000.00	Baoding	Baoding	Store sales in Baoding	100.00%		Set up
Guiyang DR Jewelry Co., Ltd	1,000,000.00	Guiyang	Guiyang	Store sales in Guiyang	100.00%		Set up
Haoduo Diamond Zhi zao (Shenzhen) Co., Ltd	10,000,000.00	Shenzhen	Shenzhen	Rough diamond cut production		100.00%	Set up
Jiaxing DR Jewelry Co., Ltd	1,000,000.00	Jiaxing	Jiaxing	Store sales in Jiaxing	100.00%		Set up
He'er Culture (Hainan) Co., Ltd	10,000,000.00	Sanya	Sanya	Cultural and creative services	100.00%		Newly set up in the current year
Shenyang DR Jewelry Sales Co., Ltd	10,000,000.00	Shenzhen	Shenzhen	Jewelry retail businesses	100.00%		Newly set up in the current year
Lifetime Love Wedding Planning (Shenzhen) Co., Ltd	10,000,000.00	Shenzhen	Shenzhen	Wedding planning services	100.00%		Newly set up in the current year
Happy Love Psychology Research Center (Shenzhen) Co., Ltd	5,000,000.00	Shenzhen	Shenzhen	Happiness and love related research and consulting	100.00%		Newly set up in the current year
DR LUXU	10,000,000.00	Singapore	Singapore	Responsib		100.00%	Newly set

RY (SINGAPORE) PRIVATE. LTD.	0.00 ⁵			le for overseas investment and sales in Singapore			up in the current year
DR Luxury Netherlands Holding B.V.	100,000.00 ⁶	The Netherlands	The Netherlands	Investment Management		100.00%	Newly set up in the current year
LOVEMONT (MALAYSIA) SDN.BHD.	1.00 ⁷	Malaysia	Malaysia	Regional sales in Malaysia		100.00%	Newly set up in the current year
DR LUXURY USA INC	75,000.00 ⁸	United State of America	United State of America	Regional sales in the United State of America		100.00%	Newly set up in the current year
Lifetime Love Wedding Planning (Sanya) Co., Ltd	5,000,000.00	Sanya	Sanya	Wedding planning services	100.00%		Newly set up in the current year
LOVEMONT HONG KONG LIMITED	100,000.00 ⁹	Hong Kong, China	Hong Kong, China	Overseas loose diamond procurement		100.00%	Newly set up in the current year

Note: 1. It is denominated in HKD.

2. It is denominated in USD.

3. It is denominated in HKD.

4. It is denominated in EUR.

5. It is denominated in SGD.

6. It is denominated in EUR.

7. It is denominated in MYR.

8. It is denominated in USD.

9. It is denominated in USD.

Description of the reason why the shareholding proportion held in subsidiary is different from the voting right proportion:

Not applicable.

The grounds for controlling the investees of which the Group is holding half or less than half of the voting rights, and the grounds for not controlling the investees of which the Group is holding more than half of the voting rights:

Not applicable.

For significant structured entities included into the scope of consolidation, the basis for control:

Not applicable.

Basis for determining whether the Company is an agent or a principal:

Not applicable.

Other descriptions:

Not applicable.

XI. Government grants

1. Government grants recognized at amounts receivable at the end of the reporting period

Applicable Not applicable

Reasons for failing to receive the estimated amount of government grants at the estimated time point

Applicable Not applicable

2. Liability items relating to government grants

Applicable Not applicable

3. Government grants included in current profit or loss

Applicable Not applicable

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Recognized in other income	17,239,801.74	23,433,558.47

Other descriptions

XII. Financial instruments and related risks

1. Risks arising from financial instruments

(1) Financial instruments by category

Carrying amounts of various financial instruments at the balance sheet date are as follows:

As at 31 December 2023, financial assets at fair value through profit or loss were RMB4,841,946,705.07 (31 December 2022: RMB5,609,891,931.68), mainly listed in financial assets held for trading; financial assets at amortized cost were RMB1,782,123,891.79 (31 December 2022: RMB1,627,082,032.11), mainly listed in currency funds, accounts receivable, other receivables, other current assets, debt investments, current portion of non-current assets, and other non-current assets; financial liabilities at fair value through profit or loss were RMB62,813,557.52 (31 December 2022: nil), mainly listed in financial liabilities held for trading; financial liabilities at amortized cost were RMB510,528,504.23 (31 December 2022: RMB1,089,965,994.99), mainly listed in short-term borrowings, notes payable, accounts payable, other payables.

(2) Risks of financial instruments

The Group is exposed to various financial instrument risks in its day-to-day activities, mainly including credit risk, liquidity risk and market risk (including exchange rate risk). The Group's risk management policies are outlined below.

The Group diversifies the risk of financial instruments through appropriate diversification of investment and business portfolio, and reduces the risk of concentration on specific counterparties by formulating appropriate risk management policies.

Credit risk

The Group trades only with recognized and creditworthy third parties. According to the Group's policy, a credit review is required for all customers who require credit transactions. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group does not face significant bad debt risks.

These financial instruments have low credit risk because the counterparties of currency funds and financial assets held for trading are reputable banks with high credit ratings.

Other financial assets of the Group include accounts receivable, other receivables and other non-current assets whose credit risk derives from counterparty defaults and whose maximum exposure is equal to the carrying amount of these instruments.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Credit risk is centrally managed by industry. As at 31 December 2023, the Group had a specific credit risk concentration and 66.76% of the Group's accounts receivable (31 December 2022: 73.07%) were shopping malls that collected orders on their behalf.

Determination of significant increase in credit risk

At each balance sheet date, the Group assesses whether the credit risk on the relevant financial instruments has increased significantly since initial recognition.

Definition of credit-impaired financial assets

The Group's main criterion for determining that credit impairment has occurred is that the number of days past due exceeds 90 days. However, in some cases, if internal or external information indicates that the contract amount may not be recovered in full before considering any credit enhancements held, the Group will also consider it as credit impairment.

The impairment of financial assets may not be necessarily due to a single discrete event, the combined effects of multiple events may result in financial assets being credit-impaired.

Liquidity risk

The Group's objective is to use a variety of financing instruments to maintain a balance between the continuity and flexibility of financing. The Group finances its operations through funds from operations and borrowings.

As at 31 December 2023, the Group had no debt maturing for more than 1 year (31 December 2022: nil).

The tables below summarize the maturity profile of the Company's financial liabilities and lease liabilities based on undiscounted contractual cash flows:

Financial liabilities and lease liabilities

2023

	Within 1 year	1-3 years	3-5 years	Over 5 years	Total
Short-term borrowings	390,632,777.14	-	-	-	390,632,777.14
Notes payable	47,986,785.70	-	-	-	47,986,785.70
Accounts payable	28,164,899.34	-	-	-	28,164,899.34
Other payables	44,381,542.05	-	-	-	44,381,542.05
Provisions	10,178,765.00	3,056,709.00	380,508.00		13,615,982.00
Current portion of non-current liabilities	201,537,017.35	-	-	-	201,537,017.35
Lease liabilities	-	56,118,094.107	13,994,560.27		70,112,654.37
Total	722,881,786.58	59,174,803.10	14,375,068.27		796,431,657.95

2022

	Within 1 year	1-3 years	3-5 years	Over 5 years	Total
Short-term borrowings	433,993,449.44	-	-	-	433,993,449.44
Notes payable	466,527,730.97	-	-	-	466,527,730.97

Accounts payable	86,880,869.77	-	-	-	86,880,869.77
Other payables	102,563,944.81	-	-	-	102,563,944.81
Provisions	7,025,902.00	5,636,047.50	2,263,200.00	1,079,100.00	16,004,249.50
Current portion of non-current liabilities	351,516,900.54	-	-	-	351,516,900.54
Lease liabilities	-	256,890,726.07	17,947,797.81	1,703,640.35	276,542,164.23
Total	1,448,508,797.53	262,526,773.57	20,210,997.81	2,782,740.35	1,734,029,309.26

Currency risk

The Group is exposed to transactional exchange rate risk resulting from sales or purchases made by business units in currencies other than their functional currency. In FY2023, approximately 0.55% (2022: 0.18%) of the Group's sales were denominated in currencies other than the functional currency of business units in which the sales occurred, while approximately 0.61% (2022: 0.22%) of the cost was denominated in currencies other than the functional currency of business units. The Group does not engage in foreign exchange hedging.

The table below provides a sensitivity analysis of exchange rate risk and reflects the impact of potential reasonable changes in USD, EUR and HKD exchange rates on net profit or loss (due to changes in the fair value of monetary assets and monetary liabilities) and other comprehensive income/(loss), net of tax, under the assumption that all other variables remain unchanged.

2023

	Change in USD rate	Net profit/loss	Net other comprehensive income after tax	Total shareholders' equity
	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
If RMB weakens against USD	3%	185,141.01	-	185,141.01
If RMB strengthens against USD	(3%)	(185,141.01)	-	(185,141.01)

2022

	Change in USD rate	Net profit/loss	Net other comprehensive income after tax	Total shareholders' equity
	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
If RMB weakens against USD	3%	1,233,808.76	-	1,233,808.76
If RMB strengthens against USD	(3%)	(1,233,808.76)	-	(1,233,808.76)

1. Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages and adjusts its capital structure in response to changes in the economic situation and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is not bound by any externally imposed capital requirements. In 2023 and 2022, the capital management objectives, policies or procedures remain unchanged.

The Group monitors capital using the debt-to-asset ratio, which is total liabilities divided by total assets. It is the Group's policy to maintain a reasonable debt-to-asset ratio. The Group's debt-to-asset ratio at the balance sheet date is as follows:

	2023	2022
Total assets	7,530,082,307.45	8,815,748,380.27
Total liabilities	1,057,444,465.49	2,012,702,176.31
Debt-to-asset ratio	14.04%	22.83%

XIII. Disclosure of fair value**1. Closing balance of assets and liabilities measured at fair value**

Currency: Renminbi Yuan

Items	Closing balance			
	Fair value measurements within Level 1	Fair value measurements within Level 2	Fair value measurements within Level 3	Total
I. Recurring fair value measurements	--	--	--	--
(I) Financial assets held for trading		4,841,946,705.07		4,841,946,705.07
1. Financial assets at fair value through profit or loss		4,841,946,705.07		4,841,946,705.07
Total assets measured at fair value on a recurring basis		4,841,946,705.07		4,841,946,705.07
(VII) Financial liabilities designated as being measured at fair value and subject to current gains and losses	62,813,557.52			62,813,557.52
Total liabilities measured at fair value on a recurring basis	62,813,557.52			62,813,557.52
II. Non-recurring fair value measurements	--	--	--	--

2. Basis of determining the market prices of recurring and non-recurring measurements within Level 1

The financial liabilities at fair value through profit or loss refer to the physical gold leased by the Company from banks, and there is an active market for gold (i.e., Shanghai Gold Exchange), and the Shanghai Gold Exchange publishes the closing price of gold contract transactions on each trading day. At the end of the reporti

ng period, the Company determines the market price based on the closing price of gold contract transactions published by Shanghai Gold Exchange on the same day or the latest previous trading day.

3. Qualitative and quantitative information on the valuation techniques used and significant parameters in recurring and non-recurring measurements within Level 2

Financial assets at fair value through profit or loss are bank financial products with fair value determined using expected future cash flows expected to be available in the market and discounted at an interest rate determined based on the best estimate of the expected level of risk.

4. Qualitative and quantitative information on the valuation techniques used and significant parameters in recurring and non-recurring measurements within Level 3

No recurring and non-recurring measurements within Level 3 at the end of the reporting period.

5. Reconciliation information between opening and closing carrying amounts and sensitivity analysis of unobservable parameters in recurring measurements within Level 3

Not applicable

6. For items measured at fair value on a recurring basis, disclose the amounts of any transfers between different levels of the fair value hierarchy, the reasons for those transfers and the policy for determining when transfers between levels are deemed to have occurred.

No transfers between different levels occurred during the reporting period.

7. Changes in valuation techniques that occurred during the period and the reasons for the changes

No valuation techniques occurred during the reporting period.

8. Fair value of financial assets and financial liabilities that are not measured at fair value

The Company has assessed its currency funds, accounts receivable, other receivables, other current assets, notes payable, accounts payable and other payables and the fair value is in line with the carrying amount due to the short remaining period.

9. Others

XIV. Related party relationships and transactions

1. Parent

Name of the parent	Place of incorporation	Nature of business	Registered capital	Proportion of ownership interest in the Company (%)	Proportion of voting power in the Company (%)
DR Investment (Zhuhai) Co., Ltd.	Zhuhai	Business management consulting, business information consulting, investment management, etc.	RMB50,000,000.00	85.50%	85.50%

Information about the parent

The parent "Shenzhen DR Investment Co., Ltd." changed its name to the current "DR Investment (Zhuhai) Co., Ltd." in January 2022.

The ultimate controlling party of the Company is Mr. Zhang Guotao and Mrs. Lu Yiwen.

Other descriptions:

2. Subsidiary

Information about the subsidiaries of the Company is disclosed in Note X.1.

3. Other related parties

Name	Related party relationships
Lu Yiwen	The actual controller of the Company
Zhang Guotao	The actual controller of the Company
Shenzhen Every Year Travel Photography Culture Co., Ltd.	A wholly-owned subsidiary of DR Investment, the Company's controlling shareholder; An enterprise indirectly controlled by the actual controllers Zhang Guotao and Lu Yiwen
Director, general manager and other senior management of the Company	Key management personnel of the Company

Other descriptions:

4. Related party transactions

(1) Leases by related parties

The Company as a lessor:

Currency: Renminbi Yuan

Name of lessee	Type of leased assets	Rental income recognized for the current period	Rental income recognized for the prior period

The Company as a lessee:

Currency: Renminbi Yuan

Name of lessor	Type of leased assets	Simplification of rental expenses for short-term leases and low-value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rental payment		Interest expense on lease liabilities incurred		Increase in right-of-use asset	
		Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period
DR Investment (Z)	Operating leases						84,046.00		2,070.30		

huhai) Co., Ltd.											
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Note:

In December 2019, Shenzhen Darry Commercial Management Services Co., Ltd. entered into an operating lease agreement with DR Investment (Zhuhai) Co., Ltd. (formerly known as Shenzhen DR Investment Co., Ltd.) at the market price, with a total lease cost of RMB1,539,077.98, the original lease period was from 13 December 2019 to 31 December 2022. Early termination of the leased asset on 28 February 2022 by making scheduled rental payments.

(2) Compensation of key management personnel

Currency: Renminbi Yuan

Items	Amount for the current period	Amount for the prior period
Compensation of key management personnel	12,556,600.01	13,606,393.29
Including: share-based payment expenses	367,807.31	356,652.33

XV. Share-based payment

1. Summary

Applicable Not applicable

Currency: Renminbi Yuan

Category of recipient	Equity instruments granted in current period		Equity instruments exercised in current period		Equity instruments unlocked in current period		Equity instruments which became invalid in current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Management personnel	0	0.00	0	0.00	0	0.00	288,000.00	516,361.18
Total							288,000.00	516,361.18

Stock options or other equity instruments issued and outstanding by the Company at end of period

Applicable Not applicable

Category of recipient	Stock options issued and outstanding by the Company at end of period		Other equity instruments issued and outstanding by the Company at end of period	
	Range of exercise prices	Remaining term of the contract	Range of exercise prices	Remaining term of the contract
Sales, Management and R&D personnel	RMB1.67	0-0.89 years		

Other descriptions:

(1) First equity incentive scheme

On 18 January 2017, the Company approved the “Shenzhen Darry Jewelry Co., Ltd. Equity Incentive scheme” (the “Incentive scheme”) through a resolution of the shareholders’ meeting, and the Company’s first equity incentive scheme granted the Company the number of restricted shares to 15 incentive recipients through the Gongqingcheng Wendy No.1 Investment Management Partnership (Limited Partnership), the Gongqingcheng Wendy No.2 Investment Management Partnership (Limited Partnership) and the Gongqingcheng Wendy No.3 Investment Management Partnership (Limited Partnership) 1,150,000 shares (after the Company’s conversion into a joint stock company, the number of restricted shares became 4,140,000 shares). Subsequently, the Company signed an equity grant notice with the incentive recipients on 20 November 2017, and the terms and conditions of the agreement between the enterprise and the employees on the share payment have been agreed, so the grant price is RMB 1.67 per share (which has been adjusted in proportion to the number of shares after the Company’s conversion into a joint stock company) with 20 November 2017 as the grant date. Gongqingcheng Wendy No.1 Investment Management Partnership (Limited Partnership), Gongqingcheng Wendy No.2 Investment Management Partnership (Limited Partnership) and Gongqingcheng Wendy No.3 Investment Management Partnership (Limited Partnership) set restrictive conditions, that is, on the listed date of the Company, the incentive share held by the incentive recipients can meet the feasible rights conditions stipulated in the incentive scheme, and the Company’s shares held by the incentive recipients shall not be transferred within one year from the date of listing on the Shenzhen Stock Exchange. Share-based payment expenses for restricted stock granted under the first equity incentive scheme were fully recognized in 2021.

(2) Second equity incentive scheme

On 20 November 2019, the Company approved the “DR Corporation Limited Equity Incentive scheme” through the resolution of the second extraordinary general meeting of shareholders in 2019, and the Company’s second equity incentive scheme granted 2,412,000 restricted shares of the Company to 12 incentive recipients through the Gongqingcheng Wendy No.1 Investment Management Partnership (Limited Partnership) and the Gongqingcheng Wendy No.2 Investment Management Partnership (Limited Partnership), with 20 November 2019 as the grant date. The grant price is RMB1.67 per share. Gongqingcheng Wendy No.1 Investment Management Partnership (Limited Partnership) and Komsomolsk Wendy No.2 Investment Management Partnership (Limited Partnership) set restrictive conditions, that is, after 5 years from the grant date, the incentive share held by the incentive recipients can meet the feasible right conditions stipulated in the incentive scheme, and the Company’s shares held by the incentive recipients cannot be transferred within three years from the date of listing on the Shenzhen Stock Exchange.

The second equity incentive scheme on 20 November 2019 also stipulates that this incentive scheme is applicable to the recipients of the first equity incentive scheme. This change extends the service period of the first equity incentive recipients, which is not conducive to the change of incentive recipients, so the Company still recognizes share-based payment expenses for the first equity incentive scheme in accordance with the feasible conditions before the amendment.

(3) Modification of the second equity incentive scheme and newly granted restricted stock

On 11 March 2020, the Company passed the resolution of the second extraordinary general meeting of shareholders in 2020, approving the amendment of the second equity incentive scheme “DR Corporation Limited Equity Incentive Scheme”, which added that in the case of the incentive recipients leaving the Company within 5 years and the Company has been listed, the incentive share held by the incentive recipients vesting after 5 years of service since the grant date meets the feasible right conditions. Subject to the fact that the conditions for listing within 5 years of the Company can be met, the amendment acts as a number of separate share-based payment schemes, recognizing share-based payment expenses during their respective vesting periods. At the same time, pursuant to the revised second equity incentive scheme, the Group granted 810,000 new restricted shares to two incentive recipients through Gongqingcheng Wendy No. 1 Investment Management Partnership (Limited Partnership) on 11 March 2020 at a grant price of RMB1.67 per share.

On 14 June 2023 and 26 July 2023, two incentive recipients of the original second equity incentive scheme left the Company, and the recognized share-based payment expense of RMB516,361.18 was reversed in 2023.

Based on the fair value of restricted stock at the time of grant and the estimated exercise date and turnover rate assessed by the valuation firm engaged by the Company according to the income method, the total share-based payment expenses recognized for the second equity incentive scheme in 2023 and the newly granted restricted stock are RMB187,422.35 (2022: RMB561,317.20).

2. Equity-settled share-based payments

Applicable Not applicable

Currency: Renminbi Yuan

Methodology for determining the fair value of equity instruments at the grant date	Income method
Significant parameters for determining the fair value of equity instruments at the grant date	Expected income growth rate, perpetual growth rate and discount rate
Basis for determining the number of exercisable equity instruments	Best estimate of the number of equity instruments expected to vest
Reasons for material differences between the current and prior period estimates	Nil
Accumulated amount charged to capital reserve for equity-settled share-based payments	26,531,541.32
Total expenses recognized for equity-settled share-based payments during the current period	187,422.35

Other descriptions:

3. Cash-settled share-based payments

Applicable Not applicable

4. Share-based payment expenses

Applicable Not applicable

Currency: Renminbi Yuan

Category of recipient	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Management personnel	187,422.35	
Total	187,422.35	

Other descriptions:

5. Modification and termination of share-based payments

None

XVI. Commitments and contingencies**1. Significant commitments**

Significant commitments existing as at the balance sheet date

As at the date of approval of these financial statements, the Group had no commitments required to be disclosed.

2. Contingencies**(1) Material contingencies existing as at the balance sheet date**

As at the date of approval of these financial statements, the Group had no contingencies required to be disclosed.

(2) To state that the Company has no material contingencies required to be disclosed

The Group had no material contingencies required to be disclosed.

3. Others**XVII. Other significant events****1. Segment information****(1) Determination basis and accounting policies of reporting segments****(2) Summarized financial information of reporting segment**

Currency: Renminbi Yuan

Item		Elimination among segments	Total

(3) Reasons should be provided where a company has no reporting segments or is unable to disclose the total assets and total liabilities of each reporting segment

The management of the Group considers the internal organizational structure, management requirements and internal reporting system and other aspects to believe that the businesses of the companies in the Group have obvious similarities, all of which are in the jewelry retail industry. Management regularly reviews the Group's overall financial statements for resource allocation and performance evaluation, and as a result, according to Accounting Standard for Business Enterprises No. 35 - Segment Reporting, the Group's operations constitute a single operating segment and no segment reporting information is prepared.

(4) Other descriptions

Information on products and services

Income from external transactions

Currency: Renminbi Yuan

	2023	2022
Engagement diamond rings	1,699,139,354.11	2,902,464,272.49
Wedding diamond rings	449,380,892.69	713,611,440.73
Other accessories	25,236,788.59	34,105,640.81
Other business	6,520,708.61	31,393,058.65
Total	2,180,277,744.00	3,681,574,412.68

Geographic information

The Group's geographical division is relatively concentrated, and 99.64% of the external transaction income was attributable to the Chinese mainland region in 2023 (2022: 99.80%); As at 31 December 2023, 99.85% of non-current assets were attributable to the Chinese mainland region (31 December 2022: 99.83%).

Information about major customers

The Group's customers are relatively fragmented and there is no single customer with more than 10% of the Group's transaction volume.

XVIII. Notes to key items of the Company's financial statements**1. Accounts receivable****(1) Disclosed by aging**

Currency: Renminbi Yuan

Aging	Closing outstanding balance	Opening outstanding balance
Within 1 year, inclusive	109,571,866.94	87,242,136.25
1 to 2 years	659,976.99	2,359,626.25
Total	110,231,843.93	89,601,762.50

(2) Disclosed by method of determining provision for credit losses

Currency: Renminbi Yuan

Category	Closing balance					Opening balance				
	Outstanding balance		Impairment allowance		Carrying amount	Outstanding balance		Impairment allowance		Carrying amount
	Amount	Percentage	Amount	Provision ratio (%)		Amount	Percentage	Amount	Provision ratio (%)	
Accounts receivable for which impairment allowance is individually assessed	0.00	0.00%	0.00	0.00%	0.00	1,476,671.46	1.65%	1,476,671.46	100.00%	0.00
Including:										
Mall A	0.00	0.00%	0.00	0.00%	0.00	1,476,671.46	1.65%	1,476,671.46	100.00%	0.00
Accounts receivable for which impairment allowance is collectively assessed	110,231,843.93	100.00%	2,997,697.80	2.72%	107,234,146.13	88,125,091.04	98.35%	3,527,062.57	4.00%	84,598,028.47
Including:										
Amounts due from subsidiaries	31,063,668.50	28.18%	0.00	0.00%	31,063,668.50	2,071,189.38	2.31%	0.00	0.00%	2,071,189.38
Accounts receivable from POS machines and e-commerce platforms	28,153,043.64	25.54%	0.00	0.00%	28,153,043.64	21,471,639.56	23.96%	0.00	0.00%	21,471,639.56
Accounts receivable from the mall	51,015,131.79	46.28%	2,997,697.80	5.88%	48,017,433.99	64,582,262.10	72.08%	3,527,062.57	5.46%	61,055,199.53
Total	110,231,843.93	100.00%	2,997,697.80	2.72%	107,234,146.13	89,601,762.50	100.00%	5,003,734.03	5.58%	84,598,028.47

Impairment allowance which is individually assessed: 0

Currency: Renminbi Yuan

Name	Opening balance		Closing balance			
	Outstanding balance	Impairment allowance	Outstanding balance	Impairment allowance	Provision ratio (%)	Reasons for provision
Mall A	1,476,671.46	1,476,671.46	0.00	0.00	0.00%	
Total	1,476,671.46	1,476,671.46	0.00	0.00		

Impairment allowance which is collectively assessed: 2,997,697.80

Currency: Renminbi Yuan

Name	Closing balance		
	Outstanding balance	Impairment allowance	Provision ratio (%)
Accounts receivable from the mall	51,015,131.79	2,997,697.80	5.88%
Total	51,015,131.79	2,997,697.80	

Description of the basis for determining the collective assessment:

Impairment allowance based on credit risk characteristics

If the Group recognizes impairment allowance based on the general model of ECLs:

Applicable Not applicable

(3) Impairment allowance recognized, recovered or reversed for the current period

Impairment allowance for the current period:

Currency: Renminbi Yuan

Category	Opening balance	Changes for the period				Closing balance
		Provision	Recovery or reversal	Write-offs	Others	
Accounts receivable from the mall	5,003,734.03	2,997,697.80	5,003,734.03	0.00	0.00	2,997,697.80
Total	5,003,734.03	2,997,697.80	5,003,734.03	0.00	0.00	2,997,697.80

Including: significant recovery or reversal of impairment allowance for the current period:

Currency: Renminbi Yuan

Name of entity	Amount recovered or reversed	Reason for reversal	Methods for reversal	The basis and rationality of determining the ratio for original impairment allowance
Mall A	1,476,671.46	Not applicable	Recovery in currency	It is not expected to be recovered because the mall has been in arrears for a long time.
Total	1,476,671.46			

(4) The top 5 largest accounts receivable and contract assets at end of period categorized by debtor

Currency: Renminbi Yuan

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion of total closing balance of accounts receivable and contract assets	Closing balance of impairment of accounts receivable and contract assets
No.1	12,459,151.76	0.00	12,459,151.76	11.30%	0.00
No.2	6,279,055.21	0.00	6,279,055.21	5.70%	0.00
No.3	5,451,977.15	0.00	5,451,977.15	4.95%	0.00
NO.4	4,261,580.43	0.00	4,261,580.43	3.87%	0.00
No.5	2,736,504.30	0.00	2,736,504.30	2.48%	147,728.12
Total	31,188,268.85	0.00	31,188,268.85	28.30%	147,728.12

2. Other receivables

Currency: Renminbi Yuan

Item	Closing outstanding balance	Opening outstanding balance
Dividends receivable	96,000,000.00	131,000,000.00
Other receivables	128,498,084.63	139,167,536.46
Total	224,498,084.63	270,167,536.46

(1) Dividends receivable**1) Category of dividends receivable**

Currency: Renminbi Yuan

Item (or investee)	Closing balance	Opening balance
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Shenzhen Love Only AI Cloud Technology Co., Ltd.	81,000,000.00	0.00
Shenzhen Darry Commercial Management Service Co., Ltd	15,000,000.00	31,000,000.00
He'er Culture (Shenzhen) Co., Ltd	0.00	100,000,000.00
Total	96,000,000.00	131,000,000.00

2) Significant dividends receivable aged over 1 year

Currency: Renminbi Yuan

Item (or investee)	Closing balance	Aging	Reasons for not being recovered	Impairment or not and basis for judgment

3) Disclosed by method of determining provision for credit lossesApplicable Not applicable**(2) Other receivables****1) Other receivables categorized by nature**

Currency: Renminbi Yuan

Nature	Closing balance	Opening balance
Amounts due from subsidiaries	124,899,102.54	132,210,236.41
Social insurances and housing fund borne by employees	2,671,188.70	4,697,357.08
Temporary loans for employees	295,945.15	1,337,667.07
Others	2,536,848.24	2,827,275.90
Total	130,403,084.63	141,072,536.46

2) Disclosed by aging

Currency: Renminbi Yuan

Aging	Closing outstanding balance	Opening outstanding balance
Within 1 year, inclusive	128,498,084.63	139,167,536.46
1 to 2 years	0.00	1,905,000.00
2 to 3 years	1,905,000.00	0.00
Total	130,403,084.63	141,072,536.46

3) Disclosed by method of determining provision for credit losses

Currency: Renminbi Yuan

Category	Closing balance					Opening balance				
	Outstanding balance		Impairment allowance		Carrying amount	Outstanding balance		Impairment allowance		Carrying amount
	Amount	Percentage	Amount	Provision ratio (%)		Amount	Percentage	Amount	Provision ratio (%)	
Impairment allowance which is individually assessed	1,905,000.00	100.00%	1,905,000.00	100.00%	0.00	1,905,000.00	100.00%	1,905,000.00	100.00%	0.00
Including:										
Impairment allowance which is collectively assessed	128,498,084.63	100.00%	0.00	0.00%	128,498,084.63	139,167,536.46	100.00%	0.00	0.00%	139,167,536.46
Including:										
Total	130,403,084.63	100.00%	1,905,000.00	1.46%	128,498,084.63	141,072,536.46	100.00%	1,905,000.00	1.35%	139,167,536.46

Impairment allowance which is individually assessed:

Currency: Renminbi Yuan

Name	Opening balance		Closing balance			
	Outstanding balance	Impairment allowance	Outstanding balance	Impairment allowance	Provision ratio (%)	Reasons for provision
Company A	1,905,000.00	1,905,000.00	1,905,000.00	1,905,000.00	100.00%	It is not expected to be recovered due to deterioration

						ing operation condition of the counter party.
Total	1,905,000.00	1,905,000.00	1,905,000.00	1,905,000.00		

If the Group recognizes impairment allowance based on the general model of ECLs:

Currency: Renminbi Yuan

Impairment allowance	Stage 1	Stage 2	Stage 3	Total
	12-month ECLs	Lifetime ECLs (Not credit-impaired)	Lifetime ECLs (Credit-impaired)	
Balance at 31 December 2023			1,905,000.00	1,905,000.00
Balance at 1 January 2023 provided in the current period				
Balance at 31 December 2023			1,905,000.00	1,905,000.00

Basis for the division of each stage and provision ratio for impairment allowance

Changes in outstanding balance with significant changes in the amount of loss provision in the current period

Applicable Not applicable

4) Impairment allowance recognized, recovered or reversed for the current period

Impairment allowance for the current period:

Currency: Renminbi Yuan

Category	Opening balance	Changes for the period				Closing balance
		Provision	Recovery or reversal	Reversal or write-off	Others	
Impairment allowance for other receivables	1,905,000.00	0.00	0.00	0.00	0.00	1,905,000.00
Total	1,905,000.00	0.00	0.00	0.00	0.00	1,905,000.00

Including: significant reversal or recovery of impairment allowance for the current period:

Currency: Renminbi Yuan

Name of entity	Amount recovered or reversed	Reason for reversal	Methods for reversal	The basis and rationality of determining the original ratio for impairment allowance
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5) The top 5 largest other receivables at end of period categorized by debtor

Currency: Renminbi Yuan

Name of entity	Nature	Closing balance	Aging	Proportion of total closing balance of other receivables	Closing balance of impairment allowance
No.1	Amounts due from subsidiaries	88,165,382.48	Within 1 year	67.61%	0.00
No.2	Amounts due from subsidiaries	22,275,150.38	Within 1 year	17.08%	0.00
No.3	Amounts due from subsidiaries	7,015,514.31	Within 1 year	5.38%	0.00
No.4	Amounts due from subsidiaries	4,158,763.69	Within 1 year	3.19%	0.00
No.5	Amounts due from subsidiaries	1,750,180.83	Within 1 year	1.34%	0.00
Total		123,364,991.69		94.60%	0.00

3. Long-term equity investments

Currency: Renminbi Yuan

Item	Closing balance			Opening balance		
	Outstanding balance	Provision for impairment	Carrying amount	Outstanding balance	Provision for impairment	Carrying amount
Investments in subsidiaries	201,935,477.77		201,935,477.77	207,935,477.77		207,935,477.77
Total	201,935,477.77		201,935,477.77	207,935,477.77		207,935,477.77

(1) Investments in subsidiaries

Currency: Renminbi Yuan

Investee	Opening balance (carrying amount)	Opening balance of provision for impairment	Changes for the current period				Closing balance (carrying amount)	Closing balance of provision for impairment
			Additions	Reductions	Provision for impairment	Others		
Shanghai Darry Diamond Co., Ltd	5,000,000.00						5,000,000.00	
Chongqing Darry Jewelry Co., Ltd	4,000,000.00						4,000,000.00	
Shenzhen Love Only AI Cloud Technology Co., Ltd.	25,000,000.00						25,000,000.00	
Couple Only (Shenzhen) Jewelry Co., Ltd.	5,000,000.00						5,000,000.00	
Shenzhen Darry Commercial Management Service Co., Ltd	10,000,000.00						10,000,000.00	
He'er Culture (Shenzhen) Co., Ltd	9,935,477.77						9,935,477.77	
Haoduo Diamond	60,000,000.00						60,000,000.00	

(Shenzhen) Co., Ltd								
Other subsidiaries	89,000,000.00		8,000,000.00	14,000,000.00			83,000,000.00	
Total	207,935,477.77		8,000,000.00	14,000,000.00			201,935,477.77	

4. Revenue and cost of sales

Currency: Renminbi Yuan

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost	Revenue	Cost
Primary business	2,005,711,510.45	662,886,503.09	3,504,011,054.08	1,059,821,992.30
Other business	4,881,247.28	2,461,038.16	30,921,300.22	32,745,675.51
Total	2,010,592,757.73	665,347,541.25	3,534,932,354.30	1,092,567,667.81

Disaggregation of revenue and cost of sales:

Currency: Renminbi Yuan

Category of contracts	Segment 1		Segment 2				Total	
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
Type of business								
Including:								
Classified by geographical region								
Including:								
Market or type of customer								
Including:								
Type of contract								
Including:								
Classified by timing of transfer of goods or services								
Including:								

Classified by contract duration								
Including:								
Classified by sales channel								
Including:								
Total								

Information about its performance obligations:

Item	Timing of satisfaction of performance obligation	Significant payment terms	The nature of the goods that the entity has promised to transfer	Whether it is a principal	Amounts expected to be refunded to a customer	Types of warranties and related obligations
Sales of goods	when goods are delivered	Normally, when the Company receives an advance payment from a customer, it will deliver the product within 15-60 days.	Jewelry and ornaments	Yes	Customers are entitled to return merchandise within 15 days of receipt and therefore a return rate is estimated and a provision for returns is required based on historical sales. Provision for returns made at the end of the year is detailed in Note VII.28.	Generally, guarantee quality assurance is provided to the customer. Refer to Note V.26 for details of accounting assets

Other descriptions

Under the self-operated model, the performance obligation is completed when the customer receives the goods. Typically for direct store operations, goods are delivered within 30 days of receipt of the contract price; for associated stores in cooperation with shopping malls and e-commerce platforms, the contract price is typically received within 15-60 days of delivery of the goods. The customer has the right to return the product within 15 days after receiving it, so it is necessary to estimate the return rate based on the historical sales situation and calculate the provision for return, which is detailed in Note VII.28.

Information related to transaction price allocated to the remaining performance obligation:

At the end of the reporting period, the amount of revenue corresponding to the performance obligations that have been contracted but have not yet been fulfilled or completely fulfilled is RMB100,572,333.72 yuan, of which, revenue is expected to be recognized for RMB in the year Y, revenue is expected to be recognized for RMB in the year Y, revenue is expected to be recognized for RMB in the year Y.

Significant variations in contract or material adjustment to transaction price

Currency: Renminbi Yuan

Item	Accounting treatment	Effect of income
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Other descriptions:

5. Investment income

Currency: Renminbi Yuan

Item	Amount for the current period	Amount for the prior period
Dividend income of a subsidiary	470,008,243.54	480,000,000.00
Investment income received from disposal of held-for-trading financial assets	149,403,162.82	65,266,805.97
Investment income earned during the holding period of debt investment	34,638,211.12	15,561,771.33
Investment income received from disposal of financial liabilities at fair value through profit or loss	-454,869.03	0.00
Total	653,594,748.45	560,828,577.30

XIX. Supplementary information

1. Breakdown of non-recurring profit or loss for the current period

Applicable Not applicable

Currency: Renminbi Yuan

Item	Amount	Description
Gains or losses on disposal of non-current assets	1,483,669.10	
Government grants (except for government grants which are closely related to normal business oper	17,239,801.74	

ations of the Company, are in compliance with national policies and regulations, are available at determined standards and have continuous impact on the gains or losses of the Company) charged to gains or losses for the period		
Gains or losses on changes in fair value of financial assets and financial liabilities held and gains or losses on disposal of financial assets and financial liabilities by non-financial enterprises, other than those used in the effective hedging activities relating to normal operating business	232,611,194.40	Gains or losses arising on changes in fair value of financial assets held for trading and investment in come arising on wealth management products during the reporting period.
Reversal of provision for accounts receivable that are tested for impairment losses individually	1,476,671.46	During the reporting period, the long-term overdue payment was recovered from the shopping mall.
Other non-operating income and expenses other than the above	-4,827,618.30	Mainly due to the increase in liquidated damages arising from the early closure of stores during the reporting period.
Less: income tax effects	58,543,156.86	
Total	189,440,561.54	--

Details of other profit and loss items that meet the definition of non-recurring income and loss:

Applicable Not applicable

The Company had no other specific circumstances that meet the definition of non-recurring profit and loss items.

The non-recurring profit and loss items listed in Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-Recurring Profit or Loss are defined as regular profit and loss items:

Applicable Not applicable

Item	Amount (RMB)	Reason
VAT refund upon collection for the actual tax burden on diamond imports exceeding 4%	8,266,133.90	Government grants which are closely related to normal business operations of the Company, are in

VAT exemption for small-scale taxpayers with monthly sales not exceeding 100,000 yuan (or 300,000 yuan for quarterly sales if a quarter is a tax period)	1,118,925.88	compliance with national policies and regulations, are available at determined standards and have continuous impact on the gains or losses of the Company
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2. Return on net assets and earnings per share

Profit for the reporting period	Weighted average of return on net assets	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	1.04%	0.17	0.17
Net profit after non-recurring profit or loss attributable to ordinary shareholders of the Company	-1.82%	-0.30	-0.30

3. Differences in accounting data under domestic and overseas accounting standards

(1) Differences in net profit and net assets between financial reports under the international accounting standards and the Chinese accounting standards.

Applicable Not applicable

(2) Differences in net profit and net assets between financial reports under the foreign accounting standards and the Chinese accounting standards.

Applicable Not applicable

(3) Reasons for differences in accounting data under domestic and foreign accounting standards. Where adjustments are made for the difference in the data audited by an overseas audit institution, the name of the overseas institution shall be indicated.

Applicable Not applicable