

Stock code: 301088

戎美
RUMERE

Rumere Co., Ltd.

Annual Report 2023

April 2023

Annual Report 2023

Section I Important Notice, Contents and Definitions

The Board of Directors and the Board of Supervisors of the Company and its director, supervisors and senior management warrant that the information contained in this annual report is true, accurate and complete without any false records, misleading statements or material omissions, and severally and jointly accept legal liability thereof.

Guo Jian, the person in charge of the Company, Yu Qingtao, the person in charge of accounting of the Company, and Wang Dongmei, the person in charge of the accounting department of the Company, have declared that they warrant the truthfulness, accuracy and completeness of the financial statements set out in this annual report.

All directors of the Company attended the Board meeting on which this report was reviewed.

The company elaborates in detail on the reasons and circumstances leading to a decline in the company's performance in the "IV: Analysis of Main Business" of "Section III: Discussion and Analysis of the Management" of this report. We kindly request investors to pay attention to the relevant content.

The forward-looking statements in this annual report, including development strategies and business plans, do not constitute substantive commitments of the Company to investors. Investors and related personnel should remain vigilant and understand the differences between plans, forecasts and commitments.

The Company has described potential risks it may face in the future in "Section

III Discussion and Analysis of the Management” and “Section XI Future Development Prospects of the Company”. Investors should be aware of the investment risks.

The Board meeting has deliberated and approved the following profit distribution proposal: Distribute a cash dividend of RMB 4.39 (tax inclusive) for every 10 shares to all shareholders based on a total share capital of 228,000,000; no bonus shares will be issued and no capital reserve will be converted into share capital.

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Documents Available for Inspection

- I. Financial statements affixed with official stamps and the signatures of the Company's responsible person, the person in charge of accounting and the charge of accounting department of the Company;
- II. Original of the audit report affixed with the stamp of the accounting firm as well as stamps and signatures of the certified public accountants;
- III. All original copies of the Company's documents and the original drafts of the Company's announcements as disclosed on websites designated by the CSRC during the reporting period;
- IV. Place for document inspection: Office of the Board of Directors, Room 2902, Floor Shimao Plaza, Minjiang Road, Changshu, Jiangsu Province, China.

Terms and Definitions

Term	refers to	Definition
The Company, we, Rumere Co., Ltd. or Rumere	refers to	Rumere Co., Ltd.
Meicang Fashion	refers to	Suzhou Meicang Fashion Co., Ltd, a wholly-owned subsidiary of the Company
Shanghai Rumere	refers to	Shanghai Rumere Brand Management Co., Ltd, a wholly owned subsidiary of the Company
Rumere International	refers to	Suzhou Rumere International Trade Co., Ltd, a wholly-owned subsidiary of the Company
Rumere High-end Ladies-wear	refers to	Rumere High-end Ladies-wear is a taobao store operated by the Company, with its domain name of https://rumere.taobao.com/
Rumere Flagship Store	refers to	Rumere Flagship Store is a Tmall store operated by the Company, with its domain name of https://rumere.tmall.com/
Rongmere Flagship Store	refers to	Rongmere Flagship Store is a Tmall store operated by the Company, with its domain name of https://rongmere.tmall.com/
General Meeting of Shareholders	refers to	General Meeting of Shareholders of Rumere Co., Ltd.
Board of Directors	refers to	Board of Directors of Rumere Co., Ltd.
Board of Supervisors	refers to	Board of Supervisors of Rumere Co., Ltd.
CSRC	refers to	China Securities Regulatory Commission
Company Law	refers to	Company Law of the People's Republic of China
Securities Law	refers to	Securities Law of the People's Republic of China
Articles of Association	refers to	Articles of Association of Rumere Co., Ltd.
Reporting Period	refers to	Year 2023, from 1 January 2023 to 31 December 2023
Same period of previous year	refers to	Year 2022, from 1 January 2022 to 31 December 2022
Beginning of the Reporting Period	refers to	1 January 2023
End of the Reporting Period	refers to	31 December 2023
Online Retailing	refers to	Merchandising through Internet
Third-party payment platform	refers to	An intermediary between the buyer and the seller in the payment process; after the buyer pays, the payment will enter the third-party payment platform, then the intermediary will notify the seller to deliver the goods; when the buyer receives the goods and clicks "confirm

		receipt” on the e-commerce platform, or the system automatically confirms receipt, the payment will be transferred to the seller’s account.
SPU	refers to	Standard Product Unit
GMV	refers to	Gross Merchandise Value
BEST Inc.	refers to	Best Logistics Technology (China) Co., Ltd.
SF Express	refers to	Suzhou Industrial Park SF Express Co., Ltd.

Section II Company Profile and Key Financial Indicators

I. Company information

Stock abbreviation	Rumere	Stock code	301088
Chinese name of the Company	日禾戎美股份有限公司		
Abbreviation of Chinese name of the Company	戎美股份		
English name of the Company (if any)	Rumere Co.,Ltd.		
Abbreviation of English name of the Company (if any)	RUMERE		
Legal Representative of the Company	Guo Jian		
Registered address	No.86, Shenzhen Road, Changfu Street, Changshu City, Jiangsu Province		
Postal code of registered address	215523		
Historical changes of the Company's registered address	Date of first registration: March 13, 2012; Registered address: No. 2 Jianye Road, High-tech Industrial Park, Changshu city, Jiangsu Province Date of registration change: December 24, 2022; Registered address: No.86, Shenzhen Road, Changfu Street, Changshu City, Jiangsu Province		
Office address	Room 2901, Shimao Plaza, Minjiang Road, Changshu, Jiangsu Province		
Postal code of office address	215500		
Official website	http://www.rumere.com		
E-mail	rumerebod@rumere.com		

II. Contact Persons and Contact Methods

	Sectary to the Board	Representative of securities affairs
Name	Yu Qingtao	Yu Dongxue
Address	Room 2901, Shimao Plaza, Minjiang Road, Changshu, Jiangsu Province	Room 2901, Shimao Plaza, Minjiang Road, Changshu, Jiangsu Province
Tel.	0512-52969003	0512-52969003
Fax	0512-52969003	0512-52969003
Email	rumerebod@rumere.com	rumerebod@rumere.com

III. Information Disclosure and Location for Inspection of Documents

Websites on which the annual report is published as required by the stock exchange	Shenzhen Stock Exchange (http://www.szse.cn)
Media on which the annual report is published	<i>Securities Times, Shanghai Securities News, China Securities Journal, Securities Daily</i> , and http://www.cninfo.com.cn
Location for inspection of the annual report	Office of the Board of Directors

IV. Other Relevant Information

Accounting firm engaged by the Company

Name	RSM China (Special General Partnership)
Office address	901-22 to 901-26, Block 1, Foreign Trade Building, No. 22 Fuchengmenwai Street, Xicheng District, Beijing
Name of signing accountants	Ye Chun, Xu Zongqing

Sponsor engaged by the Company to fulfill continuous supervision obligation during the reporting period.

Applicable Not applicable

Name of sponsor	Office address of sponsor	Name of sponsor representative	Period of continuous supervision
China International Capital Corporation	27/F and 28/F, Tower 2, China World Trade Center, No.1 Jianguomenwai Avenue, Chaoyang District, Beijing	Lai Tianxing, Deng Miaoqing	October 2021 to December 2024

Financial advisor engaged by the Company to fulfill continuous supervision obligation during the reporting period

Applicable Not applicable

V. Main Accounting Data and Financial Indicators

Whether the Company needs to perform retrospective adjustment or restatement of previous years

Yes No

	2023	2022	Changes over last year	2021
Revenue (RMB)	767,316,817.65	948,811,767.71	-19.13%	872,310,059.47
Net profit attributable to ordinary shareholders (RMB)	84,719,397.91	167,040,817.13	-49.28%	162,674,559.03
Net profit attributable	48,448,846.15	125,662,452.72	-61.45%	150,289,718.68

to ordinary shareholders after extraordinary gains and losses (RMB)				
Net cash flows from operating activities (RMB)	-7,344,227.07	125,309,020.66	-105.86%	4,202,782.48
Basic earnings per share (RMB/share)	0.3716	0.7326	-49.28%	0.90
Diluted earnings per share (RMB/ share)	0.3716	0.7326	-49.28%	0.90
Weighted average return on net assets	3.29%	6.66%	-3.37%	17.74%
	End of 2023	End of 2022	Changes over end of last year	End of 2021
Total assets (RMB)	2,667,766,675.11	2,713,064,879.72	-1.67%	2,539,878,965.21
Net assets attributable to shareholders of the listed company (RMB)	2,569,730,653.19	2,568,459,255.28	0.05%	2,442,002,438.15

The lower of the net profits before and after deducting the non-recurring profit and loss in the most recent three accounting years is all negative, and the audit report of the most recent year shows that the Company's ability to continue operations is uncertain.

Yes No

The lower of the net profits before or after deducting non-recurring profit and loss is negative

Yes No

VI. Major Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Revenue	206,902,477.80	185,589,030.72	129,473,109.30	245,352,199.83
Net profit attributable to shareholders of the listed company	36,343,813.96	19,903,962.14	7,126,201.80	21,345,420.01
Net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss	25,821,813.45	9,290,452.46	-1,515,276.05	14,851,856.29
Net cash flow from operating activities	42,732,269.76	13,524,208.23	-74,075,743.96	10,475,038.90

Whether the above financial indicators or their sums are materially different from the relevant financial indicators in the disclosed quarterly and semi-annual reports of the Company

Yes No

VII. Difference in Accounting Data under Domestic and International Accounting Standards**1. Net profit and net asset differences under International Financial Reporting Standards (IFRS) and Chinese Accounting Standards (CAS)**

Applicable Not applicable

No such differences for the reporting period.

2. Net profit and net asset differences under foreign accounting standards and Chinese Accounting Standards (CAS)

Applicable Not applicable

No such differences for the reporting period.

VIII. Non-recurring Items and Amounts

Applicable Not applicable

Unit: RMB

Item	Amount in 2023	Amount in 2022	Amount in 2021	Description
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Gains or losses from disposal of non-current assets (including the write-off portion of provision for asset impairment)	30,655.86	-	157,707.84	
Government grants recognised in current profit or loss (except government grants that is closely related to operations and determined based on the established standard, and have a continuous impact on the company's profits and losses.)	1,866,161.60	6,358,231.30	7,165,956.84	
Gains /(losses) arising from changes in fair value of financial assets, derivative financial assets, other non-current financial assets, financial liabilities and derivative financial liabilities during the holding period of non-financial enterprises and investment income arising from disposal of financial assets, and derivative financial assets except effective hedging transactions related to the Company's principal activities	47,797,868.30	49,321,536.77	9,503,111.55	
Other non-operating income/expenses except for items mentioned above	-1,046,114.40	-392,412.06	-311,331.09	
Less: tax effect	12,378,019.60	13,908,991.60	4,130,604.79	
Total	36,270,551.76	41,378,364.41	12,384,840.35	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable Not applicable

The Company has no other profit and loss items that qualified the definition of non-recurring profit and loss.

Descriptions where the Company defines any non-recurring profit and loss items listed in the *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profit and Loss* as recurring profit and loss items during the reporting period

Applicable Not applicable

The Company did not define any non-recurring profit and loss items listed in the *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profit and Loss* as recurring profit and loss items during the reporting period.

Section III Discussion and Analysis of the Management

I. Status of the Industry in Which the Company Is Located during the Reporting Period

(I) Basic information, development stage, cyclical characteristics of the involved industry and our position in the industry

According to the CSRC's Guidelines for the Industry Classification of Listed Companies (2012 Revision), the Company is a member of retail industry (classification code: F52). The Company is engaged in planning, design, supply chain management, and sales of clothing and accessories. Online retailing refers to the activities of retailers selling products through e-commerce platforms. The Company sells clothing, jewellery accessories and aquatic products directly to end consumers through Alibaba's e-commerce platforms (Taobao and Tmall).

According to data from the National Bureau of Statistics, China's retail sales of consumables in 2023 was RMB 47.1 trillion in total, and the online retail sales was RMB 15.4 trillion, an increase of 11.0% from the previous year. Among them, the online retail sales of physical goods was RMB 13.0 trillion, an increase of 8.4%, accounting for 27.6% of the total retail sales of consumer goods; among the online retail sales of physical goods, the sales of food, clothing, and daily-use articles increased by 11.2%, 10.8%, and 7.1%, respectively. In terms of channels, the online retail sales growth is higher than overall retail growth. The internet retail industry is burgeoning..

Within two decades of development, online retailing, driven by the continuous improvement of residents' consumption levels and the continuous upgrading of Internet infrastructure, has achieved growth rates that surpass traditional offline retail channels, significantly altering the way consumers buy. For consumers, compared to traditional stores, online retailing has lifted the limitations of time and space limitations, providing consumers with more product information in terms of quantity and variety, significantly reducing information costs and speeding up decision-making process. The continuous technological upgrading of Internet infrastructure optimizes shopping experience through textual information to images, short videos, live streaming, and even virtual reality technology for some products; the rapid development of the logistics and express delivery industry provides necessary logistical support for online retailing; mobile payment technology and third-party payments enable consumers to complete transactions without worries, make payments, refunds, and returns more convenient, achieving convenience and satisfaction for consumers. The explosive application of Artificial Intelligence technology (AI) enables internet retail enterprises to continually benefit in areas

such as big data analysis in production and operation, marketing communication, and visual content creation, which can help enhance market share and reduce operational cost.

For enterprises, online retailing can simplify the distribution of goods and help them reduce the costs for intermediate circulation; additionally, it enables digitalizing and visualizing consumer behaviors through information technology, so as to help enterprises to better meet consumer needs through analysis of consumer behavior and big data, and to reduce excess inventory through agile supply chain management, resulting in better ecological benefits. The structural shift of the value chain reflects the long-term trend of efficiency, and the application of new technologies and models continuously optimizes the integration of information flow, logistics, and capital flow. While obtaining goods in a more convenient, swift, and cost-effective way, consumers are also forming their own shopping habits and make it a ratchet effect. That is to say, once they shop in a faster, better, and more cost-effective way, it is difficult for them to return to the opposite way, in which they have to spend more (including information costs and economic expenditures). Therefore, for both enterprises and consumers, online retailing has significantly increased the supply and demand of goods, improved overall social welfare, and made more people feel a stronger sense of gain. This is the basic logic behind our long-term optimism for this business model.

As a well-known Internet retailer of fashion clothing, the Company provides consumers with high-quality and cost-effective clothing through Internet channels. With many years of efforts in talent, technology, and supply chain management, our online store “Rumere” has advantages in terms of creditworthiness, fan base, and customer reputation. For a long time, the Company has been committed to providing consumers with high-value and cost-effective quality products, and its clothing and apparel products are made from globally selected raw materials and fashionable designs, and through data-driven marketing and lean supply chain management technology, the Company reduces inventory redundancy, increasing inventory turnover rates and customers’ repurchase rates, exceeding the performance of conventional competitors within the clothing sector. The advantages of the business model and its operating efficiency are reflected in the level of profitability. In the “2022 Top 100 Profitable Enterprises in the Clothing Industry” officially released by the China National Garment Association, the Company ranked in the top three.

As of the end of 2023, as a “Outstanding Seller” and “Must-Visit Store” and five-golden-crown store on Taobao, “Rumere” has received more than 17 million positive comments from buyers; the store ratings in terms of product conformity, service attitude, and logistics service were all near perfect, and our fan base had more than 6.66 million followers, and positive comments accounted for over 99.9%

of the total. The Company has teamed up a professional, efficient, and experienced livestream sales business, and our Taobao livestream account with the name of “Rumere” has been followed by over 6.66 million fans. The Company sells clothing and jewellery accessories by taking advantage of frequent launch of new products and fragment orders based on data analysis to offer consumers a more immersive shopping experience through more dressing looks and professional recommends. Gradually, a perception of "high quality and cost-effectiveness" has been formed among both new and existing fans of Rumere. During the Reporting Period, the Company sold more than 4,000 SPUs on a yearly basis and has served more than 2.89 million consumers.

(II) Applicable industry policies

In recent years, the government has issued a series of industry policies to promote the development of the e-commerce industry, which plays a positive role in promoting the development of online retailers. In the clothing industry, the promotion of brand building and the expansion of the supply of mid-to-high-end clothing products proposed in the national industry policies play an important role in promoting and guiding the development of the clothing industry and independent brands. See the following for details:

1. Policies and regulations for e-commerce industry (including livestream sales)

The formulation and implementation of laws and regulations for online retailing are conducive to long-term standardized and orderly development of the industry, as well as creating a fair competition environment. Relevant policies and opinions have injected long-term driving force into the industry for its long-term development. From these perspectives, as a market entity which has strict internal control systems and complies with applicable laws and regulations with respect to financial management and operating activities, the Company faces positive factors in market competition and industry development.

Regulations	Issued by	Issued on
Measures to Restore and Expand Consumption	National Development and Reform Commission	July 2023
Notice on the Issuance of the Code of Conduct for Live Streamers	National Radio and Television Administration	June 2022
Opinions on Further Regulating the Profit-seeking Behavior in Online Live-streaming and Promoting the Healthy Development of the Industry.	Cyberspace Administration of China	March 2022
Planning for the Development of E-commerce in the 14th Five-Year Plan	Ministry of Commerce, Cyberspace Administration of China, National Development and Reform Commission	October 2021
Regulations on the Management of Online Live Marketing	Cyberspace Administration of China, Ministry of Public Security, Ministry of Commerce, Ministry of Culture and Tourism, State Taxation Administration, State Administration for Market Regulation, National Radio and Television Administration	April 2021
Regulations on the Supervision and Management of Online Transactions	State Administration for Market Regulation	March 2021
Provisional Regulations on the Standardization of Promotional Activities	State Administration for Market Regulation	December 2020
Notice of the National Radio and Television Administration on Strengthening the Management of Online Showroom Live Streaming and E-commerce Live Streaming	National Radio and Television Administration	November 2020
Guiding Opinions of the State Administration for Market Regulation on Strengthening the Supervision of Online Live Marketing Activities	State Administration for Market Regulation	November 2020
Opinions on Accelerating the Development of New Types of Consumption Driven by New Business Forms and Patterns.	General Office of the State Council	September 2020
Regulations on Online Live Marketing Behaviors	China Advertising Association	June 2020
Regulations on the Management of Internet Live Streaming Services	Cyberspace Administration of China	November 2016

2. Policies and regulations applicable to the clothing industry

The Company focused on selling clothing products during the Reporting Period, and a series of positive policies issued by regulatory authorities are conducive to our innovations in fashion brand building,

application of green and eco-friendly fibers, and use of technological elements to maintain its competitiveness.

Regulations	Issued by	Issued on
Action for Building a Modern Textile Industry system (2022-2035)	China National Textile and Apparel Council	August 2023
Implementation Plan on Promoting Green Consumption	National Development and Reform Commission	January 2022
Guiding Opinions on the 14th Five-Year Plan for the Development of China's Clothing Industry and Visions and Goals for 2035	China National Garment Association	October 2021
Guiding Opinions on Fashion Development during the 14th Five-Year Plan Period for the Textile Industry	China National Textile and Apparel Council	June 2021

3. Policies and regulations applicable to the retail industry

The Company has always abode by relevant laws and regulations on the protection of consumer rights and interests, as well as institutional regulations of administrations for market regulation and relevant rules of Internet platforms, to provide timely and accurate return and exchange services for customers and maintain customer satisfaction at the industry-leading level.

Regulations	Issued by	Issued on
Guidance on Speeding up the Digital Empowerment of Life Services	12 Departments including the Ministry of Commerce	December 2023
Interim Measures for the Return without Reasons of Commodities Purchased Online within Seven Days (2020 Revision)	State Administration for Market Regulation	October 2020

II. Main business during the Reporting Period

(I) Business and product overview and business model

1. Business and product overview

The Company with the "RUMERE" brand operates the business of designing, merchandising, and sales of clothing and apparel products through supply chain management. The products include women's wear, men's wear and jewellery accessories in both professional and casual styles, as well as home textiles, etc. We kept following global fashion trends with our own style. With the support of Internet platforms and the management information system, the Company builds up a flexible supply chain system and forms a unique model featuring fragment orders and fast reactions. Our core competitiveness lies in quick-response designing, merchandising and supply chain management.



2. Business model

The Company focuses on clothing designing and merchandising, Internet retail operation, and supply chain management, outsourcing warehousing, logistics and clothing production to well-known qualified suppliers in the industry. The business models and processes of the Company are described as follows:



1) Merchandising and designing

The annual design and merchandising is broken down into a 52-week rolling plan under the annual development plan, and product-based elements such as design elements, style, launching time, fabrics and auxiliary materials, costs, and prices will be confirmed and adjusted.

2) Supply chain management

Our supply chain management follows three models: (1) Partially outsourced processing model: the Company directly purchases fabrics, auxiliary materials, and yarns and sends them to qualified suppliers for processing and production. This model is used for the production of outerwear, pants, dresses and skirts, and some tops; (2) Fully outsourced processing model: the supplier purchases fabrics, auxiliary materials, and yarns and completes the processing and production. This model is used for production of fur, some tops, and accessories; (3) Self-production model: the Company purchases fabrics and auxiliary materials and uses its own production capacity for production. This model is used for the production of some tops and outerwear.

3) Sales and marketing online

The Company operates online and adopts a vertical sales model without intermediate steps, greatly reducing the distribution cost, physical rentals and staff cost of shopping stores etc, enabling consumers to have the products at relatively low prices. Moreover, relying on Internet platforms and information

management systems, we can obtain instant feedback from consumers and make timely adjustments to justify our product combinations and action plan, to improve the sales efficiency. In addition, the Company has gradually formed a qualified live streaming team. Through the Taobao account “Rumere”, we perform livestream sales every week and make nearly half of the GMV by this way. The livestream account has been followed by more than 6.6 million fans for the time being.

4) Warehousing and logistics model

The Company has a raw material warehouse and uses a self-developed WMS to store and manage fabrics, auxiliary materials and yarns. The Company has built an intelligent warehousing and distribution base that can meet the needs for warehousing and distributing over 12 million pieces of clothing and accessory products. We outsource the warehousing of garments to BEST Inc. The Company has realized real-time data interchange among OMS, BEST’s WMS system and SF Express’ OMS system, thus respond to new orders by sorting out goods and delivering them to end consumers through SF Express in a timely manner.

(II) Market position of our products and key performance drivers during the Reporting Period

1. Market position of our products

Our main products are RUMERE branded clothing and apparel, in which women’s wear accounting for 95% of income in 2023. We deem our products as mid-to-high-end. Firstly, we procure high-end natural raw materials across the globe, including fine cotton, cashmere silk and high-end flax. Fine-spun composite fabrics with frontier high-tech are also widely used in our products’ design and production, while most brand retailers using similar materials in the clothing sector put themselves on high-end and high-priced market segments, such as Erdos, Shanghai Silk in China and Loro Piana, Maxmara globally. Secondly, we have a professional design and merchandising team with rich experience in high-end clothing design and business knowhow, making our products hybrid RUMERE style consistency and the fresh ideas in fashion world. In addition, we work with first tier processing manufactories in China, which have been for long the key suppliers of some globe high-end brands. Furthermore, the Company globally sources scarce pearls and other materials from renowned origins, designs and produces jewellery products that rival the quality of leading international brands. Relying on e-commerce platforms (ALIBABA) and with the support of information management systems, the Company enjoys benefit of significant advantages in creditworthiness, fan base, and customer reputation.

2. Key performance drivers

The revenue is the operating result comprehensively impacted by customer's pageviews, conversion rate, average spend per customer, return rate, repeat purchase rate and other factors, while its profitability also depends on such factors as gross margin (pricing multiplier), expense ratio, and sell-through rate.

Customer's pageviews is composed of natural consumer flow (arising from customers' spontaneous access to product information due to public praise, repeat purchases and other factors) and paid flow. The methods to increase natural flow include impressing customers with product quality to encourage repeat purchases or using brand promotion through other media to attract customers to access product information spontaneously. To obtain consumer flow, the Company relies on accumulated promotional experience to comprehensively design and execute promotional plans based on commodity attributes, regions, time intervals and other factors, striving to achieve optimal ROI. Our experience of online promotion enables us to continuously acquire and increase consumer flow at a reasonable cost.

In online retailing, a conversion rate depends on various factors such as visual presentation, product description, and customer service. Visual design and live streaming presentation are important competitive advantages for the Company in online retailing. We always keep an eye on new technologies, platforms, and product presentation methods to increase conversion rate, which means turn the consumer flow into a real shopping actions as many as possible.

Average spend per customer is related to product price and the number of items purchased per order. The Company adheres to the principle of selecting global materials for product planning, strives to differentiate products for strengthening our pricing ability, and also increases the gross profit rate appropriately on the premise that customers can accept. The number of items purchased per order depends on whether customers are willing to purchase our products. We showcase more product combination schemes through livestream demonstrations and comprehensive visual displays to increase the number of items purchased per order and improve the shopping experience.

Return rate and repeat purchase rate are directly related to product quality. The Company has always regarded product quality as its lifeblood from designing and merchandising, material selecting, factory screening, and quality control, resulting in relatively low return rate and high repeat purchase rate.

Our operating costs include sales, management, and research and development expenses, with sales expenses consisting of promotion, storage and transportation costs. The promotion expense ratio continued to increase in the past few years, which is consistent with the industry trend and reflects the increasing competition in online retailing, and all competitors have to face this reality and trend, so we must gain a competitive advantage by optimizing our promotion efficiency. Generally, storage and

transportation costs are linearly related to delivering volume, but like the upward trend in labor costs across all industries, these costs have also seen an upward trend in the long run. Unlike traditional think, we believe that the rise in labor costs is beneficial for the long-term development of the consumer retail industry because the increase in such cost represents improved consumers' income level. The rise in costs requires competitors to improve their operating efficiency, thereby contributing to the progress and efficiency improvement of the entire industry.

Sell-through rate is a key indicator affecting the profitability of every retailer. A higher sell-through rate means better cash flow, lower inventory redundancy costs, and stronger pricing ability. The Company has always been committed to improving sell-through rates by combining in-stock and pre-sale modes without affecting the customer shopping experience. We use a quick-response order response mechanism and data-driven promotion methods to increase sell-through rate, reduce inventory redundancy and pass on these cost savings to our customers, providing them with high-quality and cost-effective products and achieving a virtuous cycle featuring high repeat purchase rate and high sell-through rate.

The Company needs to comply with the disclosure requirements for “e-commerce business” as stated in the “No. 4 Self-Discipline Supervision Guidelines of the Shenzhen Stock Exchange for Listed Companies - GEM Industry Information Disclosure”:

Since its establishment, the Company has been deeply involved in the Taobao platform for many years and sold the products under its self-owned women's clothing brand “RUMERE” through three online stores on Taobao and Tmall (“Rumere High-end Women's Clothing - High-Quality & Cost-effective”, “Rongmere Flagship Store”, and “Rumere Flagship Store”).

Our core operating data is recorded and kept by orders placed on Taobao, including the number of buyers, total order amount, and the number of sub-orders; we rely on the information provided by Internet platforms through their business insight software to obtain the data related to customers' consumption behaviors, including pageviews, the number of visitors and new visitors. According to the backend data provided by business insight software, our operating data for the Reporting Period and for the same period of previous year are shown in the table below: The data shows that the Company was under stable operation, and all core data show an overall upward trend.

Indicator	Amount in 2023	Amount in 2022
Annual pageviews (in 10,000)	171,669.02	172,775.89
Annual visitors (in 10,000)	26,014.24	17,454.26
Annual new visitors (in 10,000)	16,597.74	9,593.86

Annual buyers (in 10,000)	289.40	329.36
Annual total order amount (in RMB 10,000)	262,921.05	317,671.66
Sub-orders (in 10,000)	575.92	653.61
Per capita consumption frequency	1.99	1.98

Note 1: The above data only involves our online store “Rumere High-end Women’s Clothing”, because the sales revenue of this store accounts for 99.6% during the Reporting Period.

Note 2: The annual visitors and annual new visitors are calculated by summing up the daily data provided by the business insight software.

Note 3: The difference between annual gross merchandise value (GMV) and main business revenue is caused due to the following three reasons: 1) Customers fail to complete their payment on time after placing an order on the platform, and these transactions will be automatically closed; 2) Customers cancel the order through the platform before the product is shipped; 3) Customers apply for and complete a return before confirming receipt of and payment for the product.

III. Analysis of core competitiveness

1. Online retailing

With the development of the Internet in China and changes in consumers’ shopping habits, China has seen an increasing proportion of online shopping in the retail industry. The advantages of no time and space limitations and lower channel costs allow those retailers that use e-commerce platforms as their main sales channels to have a wider development space. The Company relies on online channels and adopts a vertical sales model without intermediate steps, greatly reducing the commodity circulation cost and information communication cost, and enabling customers to purchase high-quality products at relatively low prices. Moreover, relying on Internet platforms and information management systems, the Company can obtain complete feedback information from consumers and make timely adjustments to its own business strategies and product combinations. Since its establishment, the Company has based itself on online retailing, and after many years of efforts, it has set up an online retailing team with high-level business capabilities. The team has rich experience in online store operations, customer service, marketing and promotion, and other important aspects of online retailing, ensuring that the Company can flexibly adapt to changing trends in the online clothing retail industry and maintain its online channel advantage. The Company has already established an influential brand image on Taobao and formed a stable customer base over time, attracting great attention.

2. Design and merchandising

The Company has established a professional product design and merchandising team. Based on the brand style and concept, the team closely follows current trends and strives to innovate and create new

product styles, and makes continuous efforts in optimizing our brand image and vitality. Planning is the starting point for product development and design, promotion, and sales. We will analyze and investigate the high-end clothing market and fashion trend in the planning stage to ensure that our designs reflect the brand style and keep up with market trends. Additionally, our design and merchandising team continues to conduct market research based on the development plan to determine the design and merchandising direction of newly developed products. In addition to obtaining market information, our planning department also analyzes global popular styles and colors, popularity of sub-categories, sales status, and transaction data on online retailing platforms from different perspectives to timely and accurately obtain consumer preferences and customer feedback. This helps to fully utilize the rapid response capability of our supply chain and make timely adjustments to consumer needs and keep optimizing the design and merchandising of new products. The Company is used to formulating an annual development plan for its clothing brands, comprehensively considering overall strategic planning, brand and product style positioning, annual business goals, market feedback and other factors in the plan.

3. Information system

The Company operates business based on Internet platforms and attaches great importance to the establishment and upgrade of management information systems, and over the years of continuous improvement and updating, it has accumulated practical experience and established a series of systems that tailored for our operations. The Company has launched new product arrangement, supplier settlement management, intelligent raw material management and other systems, all of which form a basic information management system covering all business processes to achieve full coverage from design and merchandising to production management, as well as sales data digitization from order management to shipping management, resulting in a closed-loop information system among the Company, customers, and suppliers, so as to form the information infrastructure for frequent update of online products and small orders based repeat purchases.

4. Supply chain management

Relying on its sales channels based on Internet platforms, the Company can analyze transaction data on e-commerce platforms and real-time order information in its information management system to timely and accurately obtain consumer preferences, sales progress, customer feedback and other information, and give full play to its matrix product team mechanisms and strong design and merchandising capabilities to make timely adjustments to its product development plans based on consumer needs and complete the design and merchandising of new products. Through long-term

cooperation and coordination with our suppliers, the Company has established a network of high-quality suppliers covering all clothing categories, who meet the requirements for production capacity and technique skill. Meanwhile, our self-owned factory features small-batch rapid production capacity to provide us with flexible product supply. The overall control over the supply chain ensures that small-batch and high-frequency order demands can be met as soon as possible and the quality requirements can also be satisfied. With the support of management information systems to collect and analyze customer feedback, the design and merchandising team working efficiently on product development, and fast-response supply chain network, the Company is able to make available online its new products three times a week to timely meet consumer demands and help consumers to develop a habit of visiting our online stores, further enhancing customer loyalty. Moreover, our systems are connected to ensure that we can timely obtain the data on how many products are purchased by each consumer and whether they are satisfied with our product and service as well as other consumer data, and feed these data back to related departments, so that the Company can understand and satisfy consumer needs timely and make quick adjustments accordingly, such as accepting more orders or launching similar hot-selling products, to form a virtuous cycle for its business.

5. Customer service

The company can provide better customer experience by virtue of the new model of online retailing. Relying on Internet platforms (ALIBABA), the Company can make available online its new products several times a week to timely meet consumer demands. At the same time, highly developed online payment, and express and logistics as part of online retailing infrastructure, also provide convenience for customer payments and try-ons. By selling products online, the Company can obtain consumer feedback more timely and completely. By obtaining real-time sales information from online platforms, the Company ensures that consumers' browsing frequency for each style of garments, their purchase quantity, satisfaction level and other data can be timely fed back to the Company, enabling us to make quick adjustments accordingly, such as accepting more orders or launching similar hot-selling products, and to timely understand and satisfy consumer needs. Additionally, our online stores are always ready to provide customer service on a 7×24 basis throughout the year, where any consumer can purchase our products at any time, creating a more convenient shopping environment and fully meeting customer demands.

6. Business expansion

We always regard innovative supply chain based on real and effective customer demands as the service philosophy we should adhere to. As primary decision-makers for consumption, our customers may

have other shopping needs for other products than clothing and apparel when shopping online or through live streaming. The Company makes full use of the characteristics of information release by Internet platforms to provide customers with high-quality products and services in multiple categories. In 2023, the Company launched products such as Song brocade (a sophisticated ancient way to make silk brocade from Song dynasty, , which are known as materials of intangible cultural heritage), jewellery accessories (Akoya pearl), and high-end home textiles, and all achieved the sales beyond our expectations. Our capabilities in e-commerce operation, information system, supply chain management, and customer service, which have been made available in the women's wear retailing, have also been well applied to more product categories and types. By using new products to satisfy customers' diversified needs, we can not only improve their shopping experience, but also strengthen our brand credibility and reputation, and our strong capability in business expansion has created a virtuous interaction between customer base, high-quality products, and brand image.

IV. Analysis of main business

1. Overview

In 2023, confronted with the severe and complex macroeconomic situation both at home and abroad, the garment market vitality did not exhibit a clear recovery, and the trend of shrinking operating income and total profit continued to shrank. According to data released by the National Bureau of Statistics, the total profit of 2023 of industrial regulated of enterprises nationwide reached 7.68583 trillion RMB, decreasing 2.3% compared to the previous year. And the operating income of the textile, apparel, and clothing industry amounted to 1.21047 trillion RMB, which is a year-on-year decrease of 5.4%, and the total profit was 61.38 billion RMB that is a year-on-year decrease of 3.4%. The operating income profit margin was 5.07%. In terms of the production volume of clothing categories, in 2023, the output of woven clothing in regulated enterprises in the garment industry was 6.556 billion pieces, a year-on-year decrease of 15.01%, and the output of knitted clothing was 12.833 billion pieces, which is a year-on-year decrease of 5.08%. The decline rates increased by 9.86 and 2.84 percentage points compared to the same period in 2022. Against this industry context, the Company achieved operating income of 767 million RMB in 2023, a decrease of approximately 19.13% compared to last year; net profit was 85 million RMB, a decrease of approximately 49.28% year-on-year. The company's operating income profit margin was 13.54%.

The decrease of the company's operating income and total profit is mainly due to: (1) The downturn in the garment and apparel consumer market, and there is a year-on-year decline in the transaction volume of clothing and apparel categories on Alibaba's platform according to the announcement analysis,

indicating an unfavorable environment for the company; (2) The temperature dropped later in the fourth quarter, which resulting in relatively insufficient inventory of autumn and winter products and a sales falling short of expectations; (3) Intensified competition among sellers on retail platforms negatively impacting operating profit margins; (4) As there is an increase in the average inventory age, the loss of inventory price calculated according to the age structure of the warehouse also increases accordingly, based on the principle of prudence; (5) In mid-2023, Shanghai Rumere purchased an office building to facilitate the implementation of the "Design and Research Center Construction Project" financed by capital raising projects and for the company's daily operation, resulting in a significant increase in depreciation expense compared to last year.

From the perspective of the domestic market, China's stabilized and improving economy has created favorable conditions and foundations for consumption recovery. With a GDP growth target of around 5% in 2024, we anticipate the recovery trend in the apparel and fashion market. Over a longer horizon, due to the continuous decline in total population and the proportion of the young, the long-term development of the retail industry, including the apparel and fashion sector, increasingly relies on the company's product innovation capability and expectation of consumer income growth. Therefore, we believe that enhancing product innovation and customer service capability continuously will be the fundamental direction of business competition strategy in the new normal.

We have a long-term positive outlook on China's high-quality economic development, as well as the sustained stability and prosperity of the consumer market. The pains accompanying structural reforms may bring headwinds to some industries and companies in the short term, but in the broader economic landscape, adverse external condition will compel companies to make strategic and tactical choices conducive to long-term development. Leveraging business models with technological advantages, continuously improving operational capability, and enhancing overall competitiveness through customer value creation will lead to sustained success over the long term.

We maintain confidence in the Company's business model and core competitiveness. While conducting operation prudently and accumulating resources actively will lead the company to achieve long-term high-quality development. During the reporting period, the Company invested 280 million RMB to purchase Building 4 of Shanghai Wanyuan City, aiming to advance the construction of the "Design and Research Center Project" and the "Exhibition Center Construction Project." The Company's first flagship store will be established here, which will facilitate the construction of multi-level marketing channel, bring new customer flows, broaden communication channel with consumers, and enhance fan shopping experiences. Additionally, the company continues to optimize product planning, design, and

supply chain management, select high-end materials globally to provide consumers with a rich and cost-effective range of clothing. In terms of materials, the company has continuously introduced premium materials from Italy, such as high-end cashmere, Danish mink, Spanish Lagone, Turkish denim, Japanese vinegar, etc. Especially with the rise of the "New Chinese Style," the company has established close cooperation with a well-known supplier of "intangible cultural heritage" Song brocade in Suzhou, developing a series of New Chinese Style clothing. And for the accessories, a new high-end jewellery line has been developed, with the Aus White and AKOYO series achieving satisfactory sales. Thirdly, we have continuously strengthened competitive advantages, gathering outstanding talent, and improved operational efficiency, which made the Company ranked among the top three in the "Operating Income Profit Margin" list of the Chinese Clothing Association for the past two years. The company's modern manufacturing service base project has put intelligent manufacturing and logistics distribution workshops into use, which further enhanced the company's delivery operation capability and automation level. Dynamic inventory management system and customized clothing pattern design software have been launched, in line with the continuous iteration and upgrade of the company's own business, have further enhanced the company's digital management level. Fourthly, we seized strategic opportunity and utilized market fluctuation actively, which made us increase the frequency of live commerce, expand the team. Fifthly, the Company's prudent management of financial assets has created long-term value for investors.

2. Revenue and cost

(1) Composition of revenue

Composition of revenue

Unit: RMB

	2023		2022		YoY changes
	Amount	Proportion in revenue	Amount	Proportion in revenue	
Total revenue	767,316,817.65	100%	948,811,767.71	100%	-19.13%
By industry					
Clothing	765,889,176.04	99.81%	946,278,717.99	99.73%	-19.06%
Other businesses	1,427,641.61	0.19%	2,533,049.72	0.27%	-43.64%
By product					
Tops	243,946,736.80	31.79%	328,029,179.28	34.57%	-25.63%
Coats	155,188,755.89	20.22%	217,453,325.21	22.92%	-28.63%

Pants	128,129,350.33	16.70%	153,682,693.10	16.20%	-16.63%
Skirts and dresses	110,771,808.93	14.44%	113,325,747.28	11.94%	-2.25%
Fur	42,407,445.65	5.53%	69,462,339.95	7.32%	-38.95%
Jewel	36,559,618.62	4.76%	—	—	—
Others	48,885,459.82	6.37%	64,325,433.17	6.78%	-24.00%
Other businesses	1,427,641.61	0.19%	2,533,049.72	0.27%	-43.64%
By region					
East China	375,073,498.97	48.88%	460,992,533.23	48.59%	-18.64%
North China	129,646,567.04	16.90%	163,440,527.42	17.23%	-20.68%
Southwest China	68,750,116.02	8.96%	86,722,866.43	9.14%	-20.72%
Southern China	65,698,489.51	8.56%	73,592,409.08	7.76%	-10.73%
Central China	62,784,048.46	8.18%	80,489,346.66	8.48%	-22.00%
Northeast China	34,238,605.61	4.46%	45,396,886.89	4.78%	-24.58%
Northwest China	29,671,725.40	3.87%	35,560,601.61	3.75%	-16.56%
Others	26,125.03	0.00%	83,546.67	0.01%	-68.73%
Other businesses	1,427,641.61	0.19%	2,533,049.72	0.27%	-43.64%
By sales model					
Online	767,316,817.65	100.00%	948,811,767.71	100.00%	-19.13%

(2) Industries, products, regions, or sales models that accounted for over 10% of the Company's revenue or operating profit

Applicable Not applicable

Unit: RMB

	Revenue	Cost of revenue	Gross profit margin	YoY changes of revenue	YoY changes cost of revenue	YoY changes of gross profit margin
By industry						
Clothing	765,889,176.04	465,928,820.89	39.16%	-19.06%	-17.23%	-1.35%
By product						
Tops	243,946,736.80	151,442,730.18	37.92%	-25.63%	-25.11%	-0.43%
Coats	155,188,755.89	93,181,528.92	39.96%	-28.63%	-27.41%	-1.01%
Pants	128,129,350.33	72,666,603.55	43.29%	-16.63%	-12.21%	-2.85%
Skirts and dresses	110,771,808.93	66,497,040.68	39.97%	-2.25%	-2.37%	0.07%

Fur	42,407,445.65	27,751,253.04	34.56%	-38.95%	-38.23%	-0.76%
Jewel	36,559,618.62	24,140,594.44	33.97%			
Others	48,885,459.82	30,249,070.08	38.12%	-24.00%	-17.20%	-5.09%
By region						
East China	375,073,498.97	228,587,579.85	39.06%	-18.64%	-16.85%	-1.30%
North China	129,646,567.04	78,021,028.51	39.82%	-20.68%	-18.74%	-1.43%
Southwest China	68,750,116.02	42,101,519.70	38.76%	-20.72%	-18.94%	-1.35%
Southern China	65,698,489.51	39,920,667.82	39.24%	-22.00%	-8.54%	-1.45%
Central China	62,784,048.46	38,570,160.29	38.57%	-10.73%	-20.29%	-1.32%
Northeast China	34,238,605.61	20,831,672.56	39.16%	-24.58%	-22.77%	-1.42%
Northwest China	29,671,725.40	17,882,320.29	39.73%	-16.56%	-14.84%	-1.22%
Others	26,125.03	13,871.87	46.90%	-68.73%	-69.61%	1.53%
By sales model						
Online sales	765,889,176.04	465,928,820.89	39.16%	-19.06%	-17.23%	-1.35%

Where the statistical standards for the Company's principal business data were adjusted in the reporting period, principal business data of the Company in the recent year adjusted as per statistical standards at the end of the reporting period

Applicable Not applicable

(3) Whether the Company's goods sales income is greater than the labor service income

Yes No

Industry	Item	Unit	2023	2022	YoY changes
Clothing	Sales volume	(in 10,000 pcs)	223.79	259.49	-13.76%
	Production volume	(in 10,000 pcs)	228.98	265.75	-13.83%
	Products in stock	(in 10,000 pcs)	114.03	114.10	-0.06%

Reasons for YoY changes of relevant data over 30%

Applicable Not applicable

(4) Performance of major sales contracts and major procurement contracts already signed by the Company as of the end of the reporting period

Applicable Not applicable

(5) Composition of cost of revenue

Product classification

Unit: RMB

Product	Item	2023		2022		YoY changes
		Amount	Proportion in cost of revenue	Amount	Proportion in cost of revenue	
Tops	Operating cost	151,442,730.18	32.50%	202,220,530.82	35.92%	-25.11%
Coats	Operating cost	93,181,528.92	20.00%	128,369,290.11	22.80%	-27.41%
Pants	Operating cost	72,666,603.55	15.60%	82,771,023.17	14.70%	-12.21%
Skirts and dresses	Operating cost	66,497,040.68	14.27%	68,111,675.60	12.10%	-2.37%
Fur	Operating cost	27,751,253.04	5.96%	44,928,447.32	7.98%	-38.23%
Jewel	Operating cost	24,140,594.44	5.18%	—	—	—
Others	Operating cost	30,249,070.08	6.49%	36,533,152.38	6.49%	-17.20%

(6) Whether there are changes to the consolidated scope during the reporting period

Yes No

(7) Whether there are significant changes or adjustments to the Company's businesses, products or services during the reporting period

Applicable Not applicable

(8) Major customers and suppliers

Major customers of the Company

Total sales to the top five customers (RMB)	3,429,370.74
Proportion of sales to top five customers in total annual sales	0.45%
Proportion of sales to related party among the top five customers in total annual sales	0.00%

Information of the top five customers of the Company

No.	Name of customer	Sales amount (RMB)	Proportion in total annual sales
1	Customer A	956,315.33	0.12%
2	Customer B	737,783.32	0.10%
3	Customer C	654,447.20	0.09%
4	Customer D	559,592.55	0.07%
5	Customer E	521,232.34	0.07%
Total	--	3,429,370.74	0.45%

Other description of major customers

Applicable Not applicable

Major suppliers of the Company

Total purchase amount from the top five suppliers (RMB)	44,739,799.13
Proportion of the total purchase amount from the top five suppliers in total annual purchase amount	9.47%
Proportion of purchase amount from related parties among the top five suppliers in total annual purchase amount	0.00%

Information of the top five suppliers of the Company

No.	Name of supplier	Purchase amount (RMB)	Proportion in total annual purchase amount
1	Supplier A	11,052,956.49	2.34%
2	Supplier B	9,311,845.12	1.97%
3	Supplier C	8,218,037.49	1.74%
4	Supplier D	8,206,305.48	1.74%
5	Supplier E	7,950,654.55	1.68%
Total	--	44,739,799.13	9.47%

Other description of major suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

	2023	2022	YoY changes	Description of significant changes
Selling and distribution expenses	112,694,426.94	124,929,882.78	-9.79%	
General	46,136,415.37	37,502,995.96	23.02%	The main reason for the

and administrative expenses				increase in depreciation expenses is the commissioning of the Shanghai office building, which is part of the Phase I of the modern service industry base project.
Finance costs	-8,040,892.05	-8,135,107.69	-1.16%	
R&D expenses	20,470,389.61	20,266,745.83	1.00%	

4. R&D investment

Applicable Not applicable

Name of key R&D projects	Objective	Progress	Expected goals	Expected impact on our future development
Clothing design and R&D	To develop a variety of product styles that follow current trends and consumer preferences based on the brand style and concept, and to comprehensively improve our brand image and product competitiveness	Ongoing	By continuing to innovate in design and merchandising, to form a model featuring frequent online provision of new products and large numbers of SPUs to enhance customer loyalty and lay a solid foundation for brand image and customer base.	Continuously improve our brand influence and core product competitiveness
Information technology improvement	To strengthen our capabilities in the management of design, procurement, production, warehousing, logistics, sales, and after-sales service and to improve the overall management of our information technologies by establishing an information management system to support our future business development	Ongoing	To set up an information management system that fits the full business process in our new retail business model to help improve operating efficiency	Realize refined management, help improve operating efficiency, and continuously improve our competitiveness

R&D personnel

	2023	2022	Change
Number of R&D personnel	70	67	4.48%
Proportion of R&D personnel	15.66%	15.06%	0.60%
Education background of R&D personnel			
Bachelor's degree	20	18	11.11%
Master's degree	4	4	0.00%
Associate degree	15	13	15.38%
Others	31	32	-3.13%
Age range of R&D personnel			
Under 30 years old	10	17	-41.18%
30-40 years old	35	26	34.62%
Above 40 years old	25	24	4.17%

R&D investment amount and its proportion to operating income in the past three years:

	2023	2022	2021
R&D investment amount (RMB)	20,470,389.61	20,266,745.83	13,821,826.16
Proportion of R&D investment to operating income	2.67%	2.14%	1.58%
Amount of capitalized R&D expenses (RMB)	-	-	-
Proportion of capitalized R&D expenses to R&D investment	-	-	-
Proportion of capitalized R&D expenses to current net profit	-	-	-

Reason for and impact of marked changes in the composition of the Company's R&D personnel

Applicable Not applicable

Reason for marked changes in the proportion of R&D investment in total revenue over the last year

Applicable Not applicable

Reason for marked changes in the proportion of capitalized R&D investment and its reasonable explanation

Applicable Not applicable

5. Cash flow

Unit: RMB

Item	2023	2022	YoY changes
Sub-total of cash inflow from operating activities	891,874,223.20	1,090,880,492.87	-18.24%
Sub-total of cash outflow from operating activities	899,218,450.27	965,571,472.21	-6.87%
Net cash flows from operating activities	-7,344,227.07	125,309,020.66	-105.86%
Subtotal of cash inflows from investing activities	5,388,499,419.51	5,998,982,635.85	-10.18%
Sub-total of cash outflows from investing activities	5,292,443,769.92	6,308,601,094.72	-16.11%
Net cash flows from investing activities	96,055,649.59	-309,618,458.87	-131.02%
Subtotal of cash outflows from financing activities	85,402,161.72	43,796,832.37	95.00%
Net cash flows from financing activities	-85,402,161.72	-43,796,832.37	95.00%
Net increase / (decrease) in cash and cash equivalents	3,309,260.80	-228,106,270.58	-101.45%

Major influencing factors for significant YoY changes in relevant data

Applicable Not applicable

1. The reasons for a significant decline in net cash flow from operating activities compared to the previous include the year-on-year contraction of the company's sales gross margin, compounded by the expansion of the new jewellery business, which has a long procurement cycle for raw material pearls.

2. The reasons for the change in net cash flow from investing activities include the Company's cash management of idle funds and its subscription and redemption of wealth management products during the Reporting Period.

3. The reason for a significant increase in net cash outflow from financing activities is the distribution of cash dividends to shareholders during the Reporting Period.

4. The reasons for a significant increase in net increase in cash and cash equivalents compared to the same period of previous year include increased collected payments for sales, subscription and redemption of wealth management products, cash dividends and other factors during the Reporting Period.

Reasons for significant difference between net cash flow from operating activities during the Reporting Period and net profit for current year

Applicable Not applicable

Mainly due to the increase in the proportion of spot stock in the Reporting Period, and the increase in inventory.

V. Analysis of Non-principal Businesses

Applicable Not applicable

Unit: RMB

	Amount	Proportion in total profit	Description	Whether it is sustainable
Income of investment	38,061,196.16	36.64%	Cash management of idle fund	Yes
Gains/(losses) from changes in fair values	9,736,672.14	9.37%	Cash management of idle fund	Yes

VI. Analysis of Assets and Liabilities

1. Significant changes in the composition of assets

Unit: RMB

	End of 2023	Beginning of 2023	Proporti	Description of
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	Amount	Proporti on in total assets	Amount	Proporti on in total assets	on changes	significant changes
Cash and cash equivalents	150,353,208.66	5.64%	442,675,454.71	16.32%	-10.68%	Mainly consisting of financial products purchased with idle self-owned funds
Inventory	393,717,469.09	14.76%	361,661,336.69	13.33%	1.43%	
Fixed assets	431,839,182.13	16.19%	178,412,503.35	6.58%	9.61%	Caused by Shanghai Rumere purchasing real estate
Construction in progress	53,331,524.63	2.00%	52,063,773.07	1.92%	0.08%	
Right-of-use assets	1,029,642.86	0.04%	1,194,865.27	0.04%	0.00%	
Financial assets held-for-trading	1,368,674,089.95	51.30%	1,318,197,593.83	48.59%	2.72%	
Deferred Tax Assets	39,308,918.26	1.47%	28,995,779.03	1.07%	0.40%	Mainly due to the increase in deductible temporary differences caused by the provision for inventory price decline
Non-current Assets Maturing within One Year	-	-	151,075,205.48	5.57%	-5.57%	Due to the maturity and redemption of the company's wealth management products
Non-current assets maturing within one year	132,030,082.19	4.95%	100,115,890.41	3.69%	1.26%	Mainly caused by the wealth management products with a maturity of more than one year
Other current financial assets	21,135,612.09	0.79%	241,481.62	0.01%	0.78%	Input tax credit amount by Shanghai Rumere purchasing real estate
Accounts payable	58,163,158.46	2.18%	93,606,271.18	3.45%	-1.27%	Due to the payment of accounts payable of the project

Tax payable	17,882,840.82	0.67%	28,953,139.67	1.07%	-0.40%	Affected by the decline in income, the income tax payable at the end of the current period is lower than that at the end of the previous period
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High proportion of overseas assets

Applicable Not applicable

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Beginning balance	Gain or loss on fair value changes recognized in the Reporting Period	Accumulated gain or loss on fair value changes recognized in equity	Provision for impairment recognized in the Reporting Period	Purchase amount in the Reporting Period	Sales amount in the Reporting Period	Other changes	Ending balance
Financial assets								
1. Financial assets held-for-trading (excluding derivative financial assets)	1,318,197,593.83	41,500,421.09	-	-	4,840,010,000.00	4,831,033,924.97		1,368,674,089.95
2. Other non-current financial assets	251,191,095.89	12,102,102.77	-	-	131,950,000.00	263,213,116.47		132,030,082.19
Others	1,569,388,689.72	53,602,523.86	-	-	4,971,960,000.00	5,094,247,041.44		1,500,704,172.14
Total of the above	1,569,388,689.72	53,602,523.86	-	-	4,971,960,000.00	5,094,247,041.44		1,500,704,172.14
Financial liabilities								

Other changes

No

Whether there was any significant change in the measurement attributes of our major assets during the Reporting Period?

Yes No

3. Restriction of asset rights at the end of the reporting period

Not applicable.

VII. Analysis of Investment

1. Overview

Applicable Not applicable

Rumere Modern Manufacturing Service Base, one of our projects under construction, broke ground on March 15, 2021. In this project, three intelligent manufacturing, logistics and distribution workshops in Phase I were officially put into operation in the second half of 2022; the foundations of Phase II was constructed, and this phase was expected to be put into operation in Mid-2024.

Investment amount during the Reporting Period (RMB)	Investment amount during the same period of previous year (RMB)	Change
257,108,421.57	87,603,230.20	193.49%

2. Major equity investment during the reporting period

Applicable Not applicable

Unit: 10,000 RMB

Name of the invested company	Main business	Mode of investment	Amount of investment	Shareholding ratio	Source of fund	Partner	Investment period	Type of product	Progress as at balance sheet date	Expected income	Investment profit and loss in the current period	Whether the lawsuit is involved or not	Date of disclosure (if any)	Disclosure index (if any)
Jiangsu Suhao International Group Co., Ltd.	Import and export of silk, clothing	others	7695	4.88%	Own fund	Not applicable	Not applicable	Not applicable	Completed the purchase	—	-	No	November 30, 2023	2023-038
Total	--	--	7695	--	--	--	--	--	--	—	-	--	--	--

3. Major non-equity investment during the reporting period

Applicable Not applicable

Unit: RMB

Project name	Investment method	Whether it was an investment in fixed assets	Involved industry	Investment amount during the Reporting Period	Cumulative actual investment amount as of the end of the Reporting Period	Source of funds	Project progress	Expected returns	Cumulative realized returns as of the end of the Reporting Period	Reasons for failure to reach planned progress and expected returns	Disclosure date (if any)	Disclosure index (if any)
Modern Manufacturing Service Base Project	Self-construction	Yes	Clothing	33,027,259.95	211,527,912.14	Fundraising	51.01%			Not applicable.		Not applicable.
Total	--	--	--	33,027,259.95	211,527,912.14	--	--			--	--	--

4. Financial assets investment

(1) Security Investment

Applicable Not applicable

Unit:10,000 RMB

Type	Stock code	Stock abbreviation	Initial investment cost	Accounting measurement model	Beginning book value	Gain or loss on fair value changes recognized in the Reporting Period	Accumulated gain or loss on fair value changes recognized in equity	Purchase amount in the Reporting Period	Sales amount in the Reporting Period	Gains or losses during the Reporting Period	Ending book value	Accounting item	Source of funds
Others	Not applicable	Not applicable	93,300	Fair value measurement	93,704	2,794	-	279,500	289,406	2,794	86,592	Trading financial assets	Fundraising
Others	Not applicable	Not applicable	32,500	Fair value measurement	33,082	681	-	100,501	118,262	681	16,002	Trading financial assets	Self-owned funds
Trust product	Not applicable	Not applicable	5,000	Fair value measurement	5,033	675	-	104,000	75,435	675	34,273	Trading financial assets	Self-owned funds
Trust product	Not applicable	Not applicable	25,000	Fair value measurement	25,120	1,210	-	5,500	26,322	1,210	5,508	Other non-current financial assets	Self-owned funds
Total			155,800	--	156,939	5,360	-	489,501	509,425	5,360	142,375	--	--
Date of the announcement of the Board of Directors for approval of investment in securities			October 25, 2023										
Date of the announcement of the Board of Shareholders for approval of investment in securities (if any)			November 17, 2023										

(2) Derivative Investment

Applicable Not applicable

The Company did not invest in derivatives during the reporting period.

5. Use of proceeds

Applicable Not applicable

(1) Overall use of proceeds

Applicable Not applicable

Unit: RMB 10,000

Year of fundraising	Fundraising method	Total amount of raised funds	Net amount of raised funds	Total amount of raised funds used in the Reporting Period	Cumulative total amount of raised funds used	Total amount of raised funds which were used for other	Cumulative total amount of raised funds which were used	Proportion of cumulative total amount of raised funds which were used for	Total amount of raised funds unused	Purpose and allocation of raised funds unused	Amount of raised funds idle for more than two years
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						purposes during the Reporting Period	for other purposes	other purposes			
2021	Issuance of new shares	189,012	173,268	8,818	92,387				87,568	Some of raised funds unused and temporarily idle were used to purchase wealth management products provided by banks, and the rest were stored in a special account	
Total	--	189,012	173,268	8,818	92,387	-	-	-	87,568	--	-
Description on overall use of proceeds											
<p>Approved by Shenzhen Stock Exchange, the Company provided initial public offering of 57 million ordinary shares (A shares) in RMB at an issue price of RMB 33.16/share according to the CSRC's Reply on Agreeing on the Initial Public Offering and Registration of the Shares of Rumere Co., Ltd. (Z.J.X.K. [2021] No. 2597), raising a total of RMB 1,890.12 million, and the actual net amount of raised funds was RMB 1,732.68 million after deducting relevant issuance expenses. Whether the above-mentioned raised funds were put in place was audited and verified by RSM China (Special General Partnership), which issued the Capital Verification Report on the Raised Funds of Rumere Co., Ltd. through Initial Public Offering (R.C.Y.Z [2021] No. 201Z0044). The Company stored the raised funds in a special account, and signed a Three-Party Supervision Agreement for Raised Funds with the sponsor institution and the bank where the special account was opened.</p> <p>Based on the progress of investment projects with raised funds, the Company cumulatively invested RMB 244.60 million of raised funds, and the permanent supplement to working capital with excess funds was RMB 679.27 million, and the net amount of returns and interest income from the special account for raised funds management was RMB 66,480,000 when deducting the service charge. As of December 31, 2022, the balance in the special account for raised funds totaled RMB875.68 million. The reason for the difference between the total expected balance and the actual balance was that the issue expenses of RMB 398,300 were paid from an account other than that for raised funds.</p>											

(2) Projects committed with proceeds raised

Applicable Not applicable

Unit: RMB 10,000

Promissory investment projects and allocation of excess funds	Whether any change was made to the project (including partial changes)	Total amount of promissory investment with raised funds	Adjusted total investment amount (1)	Investment amount during the Reporting Period	Cumulative investment amount as of the end of the Reporting Period (2)	Investment progress as of the end of the Reporting Period (3) = (2) / (1)	Date when the project reached the expected operational status	Benefits achieved during the Reporting Period	Cumulative benefits achieved as of the end of the Reporting Period	Whether the expected benefits were achieved	Whether there was any significant change in the feasibility of the project
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Promissory investment projects											
1. Modern Manufacturing Service Base Project	No	41,471.32	41,471.32	3,302.73	21,152.80	51.01%	Year 2025	Not applicable	Not applicable	Not applicable.	No
2. Design and R&D Center Construction Project	No	4,308.20	4,308.20	2,812.25	2,812.25	65.28%	Year 2025	Not applicable	Not applicable	Not applicable.	No
3. Information Technology Improvement Project	No	5,023.46	5,023.46	153.86	281.93	9.18%	Year 2025	Not applicable	Not applicable	Not applicable.	No
4. Exhibition Center Construction Project	No	9,252.71	9,252.71	33.60	33.60	0.36%	Year 2025	Not applicable	Not applicable	Not applicable.	No
Subtotal of promissory investment projects	--	60,055.69	60,055.69	6,328.03	24,460.03	--	--	Not applicable	Not applicable	--	--
Allocation of excess funds											
Excess funds with undecided purpose	No	11,321.40	11,321.40								
Supplementary working capital (if any)	--	101,890.80	101,890.80	2,490.00	67,927.20	66.67%	--	--	--	--	--
Subtotal of allocated excess	--	113,212.20	113,212.20	2,490.00	67,927.20	--	--			--	--

funds											
Total	--	173,267.89	173,267.89	8,818.03	92,387.23	--	--			--	--
Explanation of why the planned progress and expected benefits were not achieved for each project (including reasons for selecting “not applicable” for “whether the expected benefits were achieved”)	<p>The implementation of the Design and R&D Center Construction Project, the Information Technology Improvement Project, and the Exhibition Center Construction Project has been affected by objective factors such as domestic macroeconomic environment and market conditions, resulting in a delay in investment progress compared to expectations, and failure to reach the planned usable state within the planned time frame. In light of these circumstances, the Proposal on Re-evaluating Some Investment Projects with Raised Funds and Changing Implementation Methods, Implementers, Internal Investment Structures, and Postponement was reviewed and approved at the Fourth Meeting of the Second Board of Directors, The fourth meeting of the second session of the Supervisory Board and General meeting of shareholders in 2022, and it is agreed that, taking into account the actual construction and investment progress of current projects, the desired usable date of the aforementioned projects will be extended to October 2025.</p> <p>There are many uncontrollable factors in the construction process, including the long construction period, its large workload, and the domestic macroeconomic environment during the construction process, so the Modern Manufacturing Service Industry Base Project is delayed. In light of these circumstances, the ‘Proposal on the Postponement of the Modern Manufacturing Service Industry Base Project’ was reviewed and approved at the Eighth Meeting of the Second Board of Directors and the Seventh meeting of the second session of the Supervisory Board.</p>										
Significant changes in the feasibility of the project	Not applicable.										
Amount, purpose, and use of excess funds	<p>Applicable</p> <p>In October 2021, the Company actually raised net funds of RMB 1,732.6789 million by public offering of stocks, including excess funds of RMB 1,132.122 million.</p> <p>1. On November 15, 2021, the 10th meeting of the 1st Board of Directors and the 10th meeting of the 1st Board of Supervisors were held; on December 3, 2021, the 2nd extraordinary general meeting of shareholders in 2021 was held, at which the Proposal on the Permanent Supplement to Working Capital with Part of Excess Funds was approved, agreeing that the Company could use part of the excess funds, i.e. RMB 339.636 million, as the permanent supplement to working capital. Please refer to the Announcement on the Permanent Supplement to Working Capital with Part of Excess Funds (Announcement No.: 2021-004) disclosed by the Company on www.cninfo.com.cn on November 16, 2021.</p> <p>2. On October 26, 2022, the 3rd meeting of the 2nd Board of Directors and the 3rd meeting of the 2nd Board of Supervisors were held; on November 15, 2022, the first extraordinary general meeting of shareholders in 2022 was held, at which the Proposal on the Permanent Supplement to Working Capital with Part of Excess Funds was approved, agreeing that the Company could use part of excess funds, i.e. RMB 339.636 million, as the permanent supplement to working capital. Please refer to the Announcement on the Permanent Supplement to Working Capital with Part of Excess Funds (Announcement No.: 2022-034) disclosed by the Company on www.cninfo.com.cn on October 27, 2022.</p> <p>3. On October 24, 2023, the 6th meeting of the 6th Board of Directors and the 3rd meeting of the 2nd Board of Supervisors were held; on November 17, 2023, the first extraordinary general meeting of shareholders in 2023 was held, at which the Proposal on the Permanent Supplement to Working Capital with Part of Excess Funds was approved, agreeing that the Company could use part of excess funds, i.e. RMB 339.636 million, as the permanent supplement to working capital. Please refer to the Announcement on the Permanent Supplement to Working Capital with Part of Excess Funds (Announcement No.: 2023-031) disclosed by the Company on www.cninfo.com.cn on October 25, 2023.</p> <p>As of December 31, 2023, the cumulative amount of excess funds used to permanently supplement working capital was</p>										

	RMB 679.272 million. As of the date when the Report was disclosed, the cumulative amount of excess funds used to permanently supplement working capital was RMB 679.272 million.
Changes in the implementation location of the investment projects with raised funds	Not applicable.
Adjustments in the implementation method of the investment projects with raised funds	Applicable. Please refer to the Announcement on the Permanent Supplement to Working Capital with Part of Excess Funds (Announcement No.: 2023-012) disclosed by the Company on www.cninfo.com.cn on April 26, 2023.
Early investment and replacement regarding the investment projects with raised funds	<p>The company held its second board of directors' fifth meeting and the second supervisory board's fifth meeting on August 28, 2023, where they reviewed and passed the "Proposal on Using Self-Raised Funds to Pay Part of the Investment Project Funds and Subsequently Replace Them with an Equivalent Amount of Fundraising Funds." It was agreed that during the implementation period of the "Design and Research and Development Center Construction Project" and the "Exhibition Center Construction Project," the company and its subsidiaries implementing the fundraising investment projects would first use their own funds to pay for the funds required for the investment projects. This mainly includes wages for staff, social insurance premiums, housing provident fund, etc., and then periodically replace them with an equivalent amount of fundraising funds.</p> <p>During the reporting period, the company incurred a replacement amount of 2.2055 million yuan, all of which was the company's own funds used to advance the wages, social insurance premiums, and housing provident fund for the research and design personnel involved in the Design and Research and Development Center Construction Project.</p>
Temporary supplement to working capital with idle raised funds	Not applicable.
Amount and reasons for surplus raised funds in the	Not applicable.

Implementation of the project	
Purpose and allocation of raised funds unused	As of December 31, 2023, the Company had used RMB 863.9 million of idle raised funds to purchase wealth management products from banks. The remaining unused raised funds are stored in a special account opened by the Company for raised funds and will be used for subsequent payments for investment projects. The Company will properly use the remaining raised funds as needed.
Issues or other situations in the use and disclosure of raised funds	Not applicable.

(3) Change in the use of proceeds

Applicable Not applicable

The Company did not change the use of proceeds during the reporting period.

VIII. Major Asset and Equity Sales

1. Sale of major assets

Applicable Not applicable

The Company did not sell major assets during the reporting period.

2. Sale of major equities

Applicable Not applicable

IX. Analysis of Main Holding and Joint-stock Companies

Applicable Not applicable

X. Structured entities controlled by the Company

Applicable Not applicable

XI. Outlook of the Company's Future Development

(I) Industry landscape and trend

1. The fashion retail industry has been reshaped by the rapid development of digital economy, and the sustained growth of online retailing is a long-term trend

As the digital economy blooms, the retail industry has benefited from the progress and application of online digital technologies, and has ushered in better development opportunities. In particular, the development of 5G, Wifi and other technologies has greatly improved the speed and breadth of information transmission in the mobile Internet era, and also brought more consumers to the online era based on information infrastructure, and the number of mobile Internet users has exceeded 1.4 billion. Technological advancements have profoundly changed the way, speed, scope, and content regarding information acquisition, and reshaped the supply chain of most industries, including the clothing industry. Online retailing's rapid growth has become a long-term trend within the sector. The accelerated application of Artificial Intelligence (AI) technology has improved the efficiency of big data analysis and content creation.

Relying on online retail platforms and eliminating the circulation process required for distributors and offline stores, online retailing can offer more benefits to end consumers compared to conventional stores, reflecting our strategic advantage in cost reduction.

At the same time, online retailing has a vertical layout, and with the help of IT system, it can obtain real-time feedback from end consumers, forming a business model known for fragment orders, quick response, and frequent launch of new products. In recent years, the live streaming economy has deepened the integration of online platforms and retail industry, making online retailing featured with higher interactivity, diversity, and fewer time and space limitations. Online retailing enables direct communication between sellers and buyers, making more efficient interaction and fluiding the transactions online. As a well-known online clothing brand operator in China, the Company has worked on Taobao-based online business for more than 10 years, and actively expand the live broadcast business in years, becoming one of practitioners who implemented reforms in the retail industry.

2. Design and merchandising capabilities and brand image have been the core competitiveness in the clothing industry, and become more and more important

Consumers put greater emphasis on brand value, fashion and other factors, making the success of online clothing retailers more dependent on their capabilities in design and merchandising and brand

operation. Online clothing retailers consider design and merchandising as the core, properly combine avant-garde design concepts, supply of high-quality raw materials, and impressive workmanship. By continuously enhancing their product strength, they can make consumers more willing to purchase their products. As people chase for better lifestyle and more sophisticated products, design and merchandising capabilities and brand image will become more important. In addition, effective product promotion is another important way for us to expand our customer base and shape our brand. Operating on the digital platform, the Company can fully convey product information to potential consumers through online retail platforms by such means as impressive page design, product graphics and text, short videos, and live streaming, so as to encourage them to buy our products.

The Company impresses our customers with product quality, increases sales by online promotion and word-of-mouth marketing, and achieves a virtuous cycle featuring purchases by new customer and repurchases by old customers, accumulating many loyal customers and shaping a good brand image for Rumere. The large number of loyal customers can reflect our comprehensive competitiveness, and is a result of continuously strengthening our brand culture through long-term fine quality and customer service to gain recognition and build up reputation.

3. A new model of cooperation through integration has become a trend in the clothing industry

China has seen relatively mature supply chain and supporting facilities for clothing production, and a series of mature industrial clusters have been formed in coastal areas such as Jiangsu, Zhejiang, and Guangdong, gathering a large number of yarn production, fabric and auxiliary material manufacturing, and garment manufacturing factories with decades of experience, providing downstream brand clothing retailers with qualified resources. Therefore, the Company adopts a production model that outsources main production activities to first-tier manufacturers and is also supported by independent production. In addition, the Company has maintained long-term partnership with major raw material and processing suppliers, thereby improving the reliability of our outsourced production activities. This production model based on outsourced production enables the Company to invest superior resources in the core skill we accumulated through years.

As people can obtain more real-time information through the Internet in their daily life, the continuous improvement of information transmission speed contributes to the globalization of fashion information, making fashion trends more flattened, and global fashion consumption trends are converging at an unprecedented pace. At the same time, global clothing industry chains are gradually coordinated, leading to a trend of global cooperation in clothing design, fabric development, brand

operation, and distribution channels. In fabric selection and product design, the Company has fully considered the latest fashion trends in other countries, and established deep cooperation with high-quality fabric suppliers globally to provide consumers with differentiated products and form a competitive advantage.

4. Mature third-party logistics enable e-retailers improve their storage and distributing efficiency

As the rapid development of the e-commerce industry brings a rapid growth to the warehousing and logistics industry, a group of highly-specialized and large-sized warehousing management and logistics distribution companies have emerged and formed a relatively open and transparent service and price system. Therefore, outsourcing warehousing and logistics activities to third-party professionals has become a preferred choice for most e-retailers at a certain size. Additionally, as related industries gradually mature, this trend of outsourcing warehousing and logistics process to professional service providers in the e-commerce industry is expected to continue in the future.

BEST Inc. and SF Express are both our partners, responsible for warehousing and shipping our garments, and for distributing and delivering our products, respectively. By working with these professional warehousing management and logistics distribution companies, the Company has improved the management of warehousing and logistics, reduced warehousing and logistics costs, and improved overall operating efficiency.

(II) Development strategy

The Company focuses on key part of in the clothing value chain as design and merchandising, supply chain management, and online retailing, and outsources warehousing, logistics, and most of production activities to qualified suppliers, forming a business model featuring independent design and merchandising, controlled supply chain management, and retailing through online stores.

The Company is committed to providing consumers with comfortable, fashionable, high-quality, and cost-effective products. The Company will continue to expand our business by using many years of experience in online clothing retailing to develop cross-category, multi-platform, and multi-channel businesses through the development of modern manufacturing service bases, design and R&D centers, exhibition shops, information system upgrades and the improvement of talent training mechanisms. We will expand our product categories beyond women's wear to include women's shoes, bags, underwear, and accessories that are favored by female consumers. At the same time, we will take advantage of the favorable condition that female consumers are the key decision-makers for family purchase, increase the sales of men's and children's wear, and gradually launch household products,

and jewellery accessories, home textiles, and other products, making our brand a life style.

People have more fragmented time and more diversified interest in the digital era, which has given rise to many online retailing platforms such as WeChat, Tik Tok, and Xiaohongshu. As a pioneer in online clothing retailing, the Company will cooperate with these already-established platforms and other potential emerging platforms in the medium and long term as a gradually mature and improved brand to realize multi-platform development, and fully utilize the characteristics of each platform to achieve synergy of marketing materials, integration of marketing communication, and optimization of marginal utility.

In addition, exhibition shops will be established as an important supplement and physical support to online retailing, and the Company will take it as an opportunity to enhance interaction with consumers, acquire experience in online and offline combined retailing, gradually develop new markets, connect physical shops to form a new retail model covering all channels, and enhance brand influence by improving shopping experience.

(III) Business plan

1. Strengthening live commerce and supporting team building

Recent years, the competition among various internet platforms for traffic has become increasingly fierce, with the primary competitive means of live commerce and content marketing. Live streamers are abundant and the internet retail vibrant. So we believe that based on current technological conditions and market trend, the advantages of live commerce, information dissemination, and traffic operation will continue. During the Reporting Period, the company has increased the frequency of live commerce and enhanced the capability of the accompanying operation team. Building on this foundation, we plan to further increase the frequency of live commerce and expand the scale of our team, integrating it organically combine with the company's product strength. And this will enable us better explain products and clothing combinations to consumers, which can finally expand our sales.

2. Continuously strengthening our capabilities in product design and R&D

Capabilities in product design and R&D are important measures for us to enhance our core competitiveness. We will increase our investment in product design and R&D to improve the software and hardware facilities in the entire design system, and attract outstanding design talents to build a diversified design talent system. We plan to build a multi-functional innovation center that integrates product planning, design, and research and development to comprehensively improve our competitive advantage in product design and R&D. By providing more software and hardware facilities and

recruiting more talents for our team, we will break through the bottlenecks due to lack of design talents and restricted design capacity, enhance our capabilities in design and R&D innovation, and seize the market opportunities to achieve a rapid growth in business scale and brand awareness improvement, and enhance our comprehensive competitiveness and market position.

3. Integration and upgrade of information systems

As a high-quality online clothing retailer, the Company has generally built up an MIS that covers all business processes. With the continuous integration and innovation of traditional industries and technologies, and the emergence of new technologies, new demands, new models, and new business types, we will continue to upgrade and transform our information systems, strengthen our management capabilities in design, procurement, production, warehousing, logistics, sales, and after-sales services via the upgrade of ERP, warehousing and logistics management platforms and supplier management systems, and the construction of data centers and intelligent warehouses, and improve our overall quality of IT management to help to level up the operating efficiency.

4. Actively developing more distribution channels

Exhibition shops will be established as an important supplement and physical support to online retailing, and the Company will take their establishment as an opportunity to enhance interaction with consumers offline, accumulate experience in online and offline combined retailing, gradually develop new markets, connect both to form a new retail model covering all channels, and enhance brand influence by improving consumer experience. According to the Company's current business development and strategic planning in the future, we will push forward setting up exhibition shops as appropriate according to the changes in objective conditions and our business progress.

(II) Probable risks ahead of us

1. Risks caused by failure to be accurately aware of the changes in fashion trends

The fashion clothing industry is featured with fast-changing trends and consumer preferences. Current consumers also have fast-changing demands for fashion trends and styles and are putting forward more requirements for workmanship and fabric quality of clothing products. Due to fast iteration of products in the clothing industry and constant changes in popular culture and fashion trends, market players need to maintain their design and merchandising capabilities and match them with popular culture and consumer preferences. If we fail to be accurately aware of the changes in fashion trends, fail to take the lead in or timely follow up on consumer preferences of the target group, or fail to make timely and effective adjustments to product design and merchandising, we will not be able to update or upgrade our design and merchandising capabilities to meet the fashion trends in the fierce

competition, and this may lead to weakened brand influence, decreased product sales, inventory backlog, and profit decline, having an adverse impact on our business performance.

2. Risks caused by highly-centralized sales channels

During the Reporting Period, we realized our goals for sales revenue, and the sales revenue realized through third-party platforms such as Taobao and Tmall accounted for more than 99% of our total sales, indicating a high centralization of sales channels.

Most online branded clothing retailers sell products and provide customer service through third-party e-commerce platforms. However, if these platforms experience significant changes in their own operations, business models, and operating strategies, or adjust related rules to make them unfavorable to merchants, it may have an adverse impact on our business performance. In addition, if the stable partnership between the Company and these third-party e-commerce platforms undergoes a significant change in the future, such change may also have an adverse impact on our business performance.

3. Risk of a decline in performance due to macro economy and other factors

Clothing is a kind of optional consumer products, and the growth of the clothing industry is closely related to the macro economy. In the long run, the changes in the population size and structure in China will accelerate a structural change in the consumer goods market, and China has seen a trend in aging of consumer groups and a decrease in the number of young consumers. Given possible long-term slowdown in economic growth, the decrease in economic vitality will change consumers' income expectations, thereby reducing their motivation to purchase durable consumer goods, including clothing, which may affect our future performance.

XII. Record forms for reception for investigators, communication, interviews and other activities during the Reporting Period

Applicable Not applicable

No reception for investigators, communication, interviews or other activities were conducted during the Reporting Period.

XIII Implementation of "double improvement of quality and return"

Applicable Not applicable

Section IV Corporate Governance

I. Basic Situation of Corporate Governance

During the reporting period, the Company has constantly improved its corporate governance structure and optimized its internal management systems in strict compliance with requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, and other relevant laws, administrative regulations and normative rules promulgated by China Securities Regulatory Commission (CSRC) and Shenzhen Stock Exchange (SZSE).

(I) Shareholders and general meeting of shareholders

The Company has formulated the Rules of Procedure for the General Meetings of Shareholders and implements them strictly. During the reporting period, the Company convened five general meetings of shareholders. The calling and convening procedures, notifications, authorizations and delegations, resolutions, deliberations and announcements of the general meeting of shareholders are all compliant with relevant laws and regulations. In addition, all the meetings conducted voting both on site and via Internet, so that all shareholders, especially minority shareholders, can fully exercise their rights.

(II) The Company and its controlling shareholders

The Company is independent from the controlling shareholder in terms of business, personnel, assets, institution, finance, etc. and has independent and complete business systems and independent operation capabilities. The controlling shareholder of the Company strictly regulates his behaviors in accordance with relevant requirements on listed companies. All major business decisions of the Company have been made in line with standardized operating procedures, and there are no circumstances of damaging the interests of the Company and other shareholders. The property rights of assets between the Company and its shareholders are clearly defined. There is no situation where assets, equities or reputation of the Company are used as guarantees for debts of shareholders, or where controlling shareholder and related parties embezzle funds, assets and other resources of the listed company.

(III) Directors and the Board of Directors

The Board of Directors of the Company currently comprises 5 directors, among which 2 are independent directors. The number and composition of the Board of Directors meet requirements of laws, regulations, and the Articles of Association. The Company organized the directors to attend relevant training activities of regulatory authorities. Further study and familiarity with relevant laws and regulations has effectively improved the capabilities of directors to perform their duties. Independent directors of the Company have fulfilled their duties in a serious and responsible manner. They are responsible for safeguarding the overall interests of the Company, with a special focus on the protection of the legitimate interests of minority shareholders, and expressing independent opinions on material and important matters.

(IV) Supervisors and the Board of Supervisors

The Board of Supervisors of the Company comprises 3 supervisors, among which 1 is an employee representative supervisor. The number and composition of the Board of Supervisors meet requirements of laws, regulations, and the Articles of Association. All supervisors earnestly perform their duties as per requirements of the Rules of Procedure of the Board of Supervisors and other relevant regulations, to supervise the decision-making procedures and resolutions of the Board of Directors and the Company's legal operations and to effectively oversee the legality and compliance of directors, managers and other senior executives of the Company in their duty performance.

(V) Information disclosure and transparency

The Board of Directors has designated the Secretary to the Board in accordance with provisions of the Measures of the Company on Information Disclosure Management, who is responsible for investor relations management and daily information disclosure and for receiving visits and consultations from shareholders. The Company strives to disclose information in a fair, timely, accurate and complete manner such that all shareholders may learn about information of the Company timely and fairly.

(VI) Stakeholders

The Company fully respects and safeguards the legitimate rights and interests of all stakeholders including shareholders, employees, suppliers and customers. While creating the optimal profits, the Company strives to achieve a balance of interests among the society, shareholders, employees and other relevant parties, to jointly promote its continual, sustainable development.

Whether there are significant differences between the Company's actual status of corporate governance and laws, administrative regulations and CSRC normative documents on the governance of listed companies

Yes No

There was no significant differences between Company's actual conditions and laws, administrative regulations and CSRC normative documents on listed company governance.

II. The Company's Independence from Its Controlling Shareholders in terms of Business, Personnel, Finance, Organization, Business, etc.

During the reporting period, the Company operates in strict compliance with the Company Law and the Articles of Association. It is entirely independent from the controlling shareholder in terms of business, personnel, assets, institution, finance, etc. and has independent and complete business systems and independent operation capabilities.

1. In respect of assets: The Company legally owns the ownership or use rights of lands, properties, and trademark patents, and other assets relating to its current businesses.

2. In respect of personnel: Directors, supervisors and senior management of the Company have been elected and appointed in strict accordance with provisions of the Company Law and the Articles of Association. Senior management of the Company including the Chairman, General Manager, Deputy General Manager, Chief Financial Officer and Board Secretary serve full-time in the Company. They do not hold any positions other than directors and supervisors in the controlling shareholder or actual controller or other companies controlled by them, nor do they receive remuneration from the controlling shareholder or actual controller or other companies controlled by them. Finance personnel of the Company do not moonlight in the controlling shareholder or actual controller or other companies controlled by them.

3. In respect of finance: The Company has set up an independent finance department equipped with full-time financial personnel. It has also established an independent accounting system and a standardized financial management system in accordance with the Accounting Law of the People's Republic of China and the Accounting Standards for Business Enterprises, and is able to make decisions relating to financial matters independently. The Company opens independent bank accounts

and files for tax returns and performs taxation obligations independently. There is no shared bank account with the controlling shareholder or actual controller or other companies controlled by them.

4. In respect of institution: The Company has established and improved an independent and complete organizational structure in line with the needs of its own business development, with clear division of labor as well as coordination and cooperation among units and departments. Functional departments are completely independent from the controlling shareholder and actual controller in respects of personnel, office sites and management systems. The Company has put in place a relatively complete corporate governance structure in accordance with relevant laws. General meetings of shareholders, the Board of Directors and the Board of Supervisors operate standardly in strict accordance with the Company Law and the Articles of Association. Moreover, the Company is also equipped with an independent director system. Office premises of the Company are independent of those of the shareholder units, without any co-working or mixed operation.

5. In respect of business: The Company is equipped with independent R&D design, procurement, marketing and supply systems. It faces the market and operates independently, without any reliance on the controlling shareholder and other related parties for production and operation. Its businesses are also independent from the controlling shareholder and other related parties.

III. Horizontal competition

Applicable Not applicable

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

1. Shareholder meetings during the reporting period

Session of meeting	Type	Ratio of investor participation	Date of convening	Date of disclosure	Resolutions of the meeting
2022 Annual General Meeting of Shareholders	Annual general meeting	74.96%	May 16, 2023	May 16, 2023	Deliberated and approved all proposals. Details can be found in the <i>Announcement of Resolutions of 2022 Annual General Meeting Shareholders</i> (Announcement No: 2023-017) on CNINFO

					(http://www.cninfo.com.cn)
2023 First Extraordinary General Meeting	Extraordinary general meeting of the shareholders	74.97%	November 17, 2023	November 17, 2023	Deliberated and approved all proposals. Details can be found in the <i>Announcement on Resolutions of 2023 First Extraordinary General Meeting</i> (Announcement No: 2023-035) on CNINFO (http://www.cninfo.com.cn)

2. Extraordinary general meetings of shareholders proposed to be convened by preferred shareholders whose voting rights were resumed

Applicable Not applicable

V. Arrangements for differentiated voting rights of the Company

Applicable Not applicable

VI. Governance of red-chip firms

Applicable Not applicable

VII. Particulars of Directors, Supervisors and Senior Management

1. Basic information

Name	Position	Position status	Gender	Age	Start date of term of office	End date of term of office	Number of shares held at the beginning of the Period	Increase of shares during the period	Decrease of shares during the period	Other changes (shares)	Number of shares held at the end of the period	Reason for change
Guo Jian	Chairman	Incumbent	Male	44	May 16, 2019	May 12, 2025	25,200,000.00				25,200,000.00	
Wen Di	Director & General Manager	Incumbent	Female	43	May 16, 2019	May 12, 2025	25,200,000.00				25,200,000.00	
Yu Qingtao	Director, Deputy General Manager, Board Secretary & CFO	Incumbent	Male	41	May 16, 2019	May 12, 2025	2,800,000.00				2,800,000.00	
Zhu	Deputy	Resign	M	41	September	Apr 25,	200,000.00				200,000.00	

Zhengjun	General Manager	Independent	Male		10, 2019	2023						
Fang Junxiong	Independent director	Incumbent	Male	49	May 16, 2019	May 12, 2025						
Duan Guoqing	Independent director	Incumbent	Female	41	September 10, 2019	May 12, 2025						
Zhang Ke	Supervisor (Employee representative supervisor)	Incumbent	Male	36	September 10, 2019	May 12, 2025						
Qian Xiaolan	Chairman of the Board of Supervisors	Incumbent	Female	40	May 13, 2022	May 12, 2025						
Lu Liying	Supervisor	Incumbent	Female	46	May 13, 2022	May 12, 2025						
Total	--	--	--	--	--	--	53,400,000.00				53,400,000.00	--

Whether there is any resignation of directors and supervisors or dismissal of senior management within their term of office during the reporting period

Yes No

Name	Position	Type	Date	Reason
Zhu Zhengjun	Vice General Manager	Dismissal	Apr 25, 2023	Unable to perform the duties of deputy general manager due to personal reasons.

2. Main working experience

Professional background, main working experience and main current responsibilities of the Company's in-service directors, supervisors and senior management

Mr. Guo Jian, born in 1980, is of Chinese nationality and has no permanent residency abroad. Mr. Guo holds a master degree from Tsinghua University. He has served multi-national company like Glencore, British Petrol and Cargill as analyst or trader before he co-founded the Company and served as an executive director. Since May 2019, he has been the Chairman of the Company.

Ms. Wen Di, born in 1981, is of Chinese nationality and has no permanent residency abroad. Ms. Wen holds a master degree from Tsinghua University. She started the career with China Telecom and

then operated online store with the Rumere brand. In 2012, she co-founded the Company and served as a supervisor; since May 2019, she has been the director and the General Manager of the Company.

Mr. Yu Qingtao, born in 1982, is of Chinese nationality and has no permanent residency abroad. Mr Yu holds a master degree from Fudan University and the charter of CPA. He has served KPMG, an audit firm, UAVM and EBA, well known PE firms and gained experiences with corporate finance and capital market. He joined the Company in 2017 as a deputy general manager and CFO; since May 2019, he has been the director, Deputy General Manager, CFO, and the Board Secretary in the Company.

Mr. Fang Junxiong, born in 1974, is of Chinese nationality and has no permanent residency abroad. Mr. Fang holds a doctor's Degree from Fudan University. Since 2021, he has been a professor at Zhejiang University of Finance and Economics; since March 2021, he has been the independent director of Xinjiang Xiling Information Technology Co., Ltd.; and since May 2019 and the independent director of Caitongzhengquan Co., Ltd. since Feb 2024, he has been the independent director of the Company.

Ms. Duan Guoqing, born in 1982, is of Chinese nationality and has no permanent residency abroad. Ms. Duan holds a master degree from Fudan University. Since 2004, she had served as a legal specialist at Shenzhen Chenglin Sanitary Ware Co., Ltd., apprentice lawyer at Shanghai Nordi Law Firm, and lawyer at Capital Equity Legal Group; since 2014, she has been a lawyer and partner at Shanghai Shenhao Law Firm; since May 2019, she has been the independent director of the Company.

Mr. Zhang Ke, born in 1987, is of Chinese nationality and has no permanent residency abroad Mr. Zhang holds a high school diploma. Since 2014, he has been a business manager of the Company; since May 2019, he has been a supervisor of the Company.

Ms. Qian Xiaolan, born in 1983, is of Chinese nationality and has no permanent residency abroad. Ms. Qian holds a bachelor degree. Since October 2014, she has been a product manager and business manager of the Company.

Ms. Lu Liying, born in 1978, is of Chinese nationality and has no permanent residency abroad. Ms. Lu holds a high school diploma. Since November 2011, she has been an assistant general manager of the Company.

Positions in shareholder entities

 Applicable Not applicable

Name	Name of shareholder entity	Position held in shareholder entity	Start date of term of office	End date of term of office	Whether receiving remuneration or allowance from shareholder entity
Guo Jian	Suzhou Rumere Group Co., Ltd.	Executive director & General Manager	February 27, 2017		No
Wen Di	Suzhou Rumere Group Co., Ltd.	Supervisor	February 27, 2017		No
Description on position held in shareholder entity	None				

Positions in other entities

 Applicable Not applicable

Name	Name of other entity	Position held in other entity	Start date of term of office	End date of term of office	Whether receiving remuneration or allowance from other entity
Guo Jian	Shanghai Rumere Model Agency Co., Ltd.	Executive director	January 6, 2020		No
Wen Di	Shanghai Rumere Model Agency Co., Ltd.	Supervisor	January 6, 2020		No
Yu Qingtao	Shanghai Yinzhi Cultural Communication Co., Ltd.	Supervisor	October 28, 2019		No
Fang Junxiong	Zhejiang University of Finance and Economics	Professor	August 1, 2021		Yes
Fang Junxiong	Xinjiang Xiling Information Technology Co., Ltd.	Independent director	March 26, 2021		Yes
Fang Junxiong	Caitongzhengquan Co., Ltd	Independent director	Feb 23, 2024		Yes

Duan Guoqing	Shanghai Shenhao Law Firm	Partner	September 1, 2014		Yes
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Penalties by regulatory authorities on the Company's directors, supervisors and senior management both incumbent and resigned during the reporting period in the last three years

Applicable Not applicable

3. Remuneration of directors, supervisors, and senior management

Procedures and basis for determining the remuneration of directors, supervisors and senior management and actual payment

For the remuneration and appraisal of directors, the Remuneration and Review Committee proposes the program, which is then submitted to the general meeting of shareholders for approval. For the remuneration and appraisal of supervisors, the Board of Supervisors proposes the program, which is then submitted to the general meeting of shareholders for approval. For the remuneration and appraisal of senior management, the Remuneration and Review Committee proposes the program, which is then submitted to the Board of Directors for approval.

The annual allowance for independent directors is determined after being reviewed and approved by the general meeting of shareholders.

During the reporting period, remunerations of directors, supervisors and senior management of the Company are reasonable and paid in time, which are consistent with requirements of regulatory authorities and relevant regulations of the Company.

Remuneration of directors, supervisors and senior management of the Company during the reporting period

Unit: RMB 10,000

Name	Position	Gender	Age	Position status	Total remuneration before tax received from the Company	Whether receiving remuneration from related parties of the Company
Guo Jian	Chairman	Male	44	Incumbent	83.14	No
Wen Di	Director & General Manager	Female	43	Incumbent	83.14	No
Yu Qingtao	Director, Deputy General Manager, Secretary of the Board of Directors & CFO	Male	41	Incumbent	180.91	No
Zhu Zhengj	Deputy General Manager	Male	41	Resigned	14.06	No

un							
Fang Junxiang	Independent director	Male	49	Incumbent	15.14	No	
Duan Guoqing	Independent director	Female	41	Incumbent	15.14	No	
Zhang Ke	Supervisor (Employee representative supervisor)	Male	36	Incumbent	51.43	No	
Qian Xiaolan	Chairman of the Board of Supervisors	Female	40	Incumbent	71.58	No	
Lu Liying	Supervisor	Female	46	Incumbent	42.33	No	
Total	--	--	--	--	556.87	--	

VII. Performance of Duties by Directors during the Reporting Period

1. Board meetings during the reporting period

Session of meeting	Date of convening	Date of disclosure	Resolutions of the meeting
4th Meeting of the Second Board of Directors	April 25, 2023	April 26, 2023	No proposal was rejected at the meeting. For details, please refer to the announcement on CNINFO (http://www.cninfo.com.cn).
5th Meeting of the Second Board of Directors	August 28, 2023	August 29, 2022	No proposal was rejected at the meeting. For details, please refer to the announcement on CNINFO (http://www.cninfo.com.cn).
6th Meeting of the Second Board of Directors	October 24, 2023	October 25, 2023	No proposal was rejected at the meeting. For details, please refer to the announcement on CNINFO (http://www.cninfo.com.cn).
7th Meeting of the Second Board of Directors	November 24, 2023	November 25, 2023	No proposal was rejected at the meeting. For details, please refer to the announcement on CNINFO (http://www.cninfo.com.cn).

2. Directors' attendance to Board meetings and general meetings of shareholders

Directors' attendance to Board meetings and general meetings of shareholders							
Name of director	Number of Board meetings required to attend during the reporting period	Number of Board meetings attended in person	Number of Board meetings attended via communication methods	Number of Board meetings attended by proxy	Number of absence	Any failure in attending in person for two consecutive meetings	Number of general shareholder meetings attended
Guo Jian	4	4	0	0	0	No	2

Wen Di	4	4	0	0	0	No	2
Yu Qingtao	4	4	0	0	0	No	2
Fang Junxiong	4	4	0	0	0	No	2
Duan Guoqing	4	4	0	0	0	No	2

Explanation of failure in attending in person for two consecutive meetings

Not applicable.

3. Objections by directors to the Company's relevant matters

Whether directors raised objections to relevant matters of the Company

Yes No

Directors did not raise objections to relevant matters of the Company during the reporting period.

4. Other descriptions on directors' performance of duty

Whether opinions from directors were adopted

Yes No

Description on whether opinions from directors were adopted

During the reporting period, all the directors of the Company performed their duties faithfully and diligently in strict accordance with the Company Law, the Securities Law, the Rules Governing the Listing of Shares on Shenzhen Stock Exchange and other relevant laws and regulations. They paid attention to the Company's standardized operations and reviewed various matters of the Company scientifically and prudently, and put forward valuable, professional suggestions regarding operations and development of the Company according to actual situations of the Company. Efforts were also made to actively protect the legitimate rights and interests of the Company and all shareholders.

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

Name of committee	Members	Number of meetings convened	Date of convening	Contents	Important opinions and suggestions raised	Other situations of duty performance	Specifics of objections (if any)
2nd Strategy Committee	Guo Jian, Wen Di, Yu	1	April 15, 2023	Discussed and reviewed the Proposal on the Strategic Planning of Branches in 2022.	All the proposals were agreed.	None	None

	Qingtao						
2nd Audit Commit tee	Fang Junxiong, Guo Jian, and Duan Guoqing	3	April 15, 2023	1. Reviewed the 2022 Internal Audit Work Report of the Company; 2. Reviewed the Proposal on the 2023 Financial Budget Report; 3. Reviewed the Proposal on the 2022 Internal Control Self-Evaluation Report; 4. Reviewed the Proposal on the 2022 Annual Report and its Summary; 5. Reviewed the Proposal on the Special Report on the Storage and Actual Use of Raised Funds in 2022; 6. Reviewed the Proposal on the 2023 Q1 Report; 7. Reviewed the Proposal on the Engagement of the Accounting Firm; 8. Reviewed the Proposal on the Expected Daily Related Party Transactions in 2023.	All the proposals were agreed.	None	None
			August 18, 2023	1. Reviewed the Proposal on the Semi-annual Report 2023; 2. Reviewed the Proposal of using the company's own fund to pay part of the fund raised for the project and subsequent replacement of the same amount of fund raised; 3. Reviewed the Proposal on the Special Report on the Storage and Actual Use of Raised Funds in the First Half of 2023	All the proposals were agreed.	None	None
			October 19, 2023	Reviewed the Third Quarter Report 2023	All the proposals were agreed.	None	None
2st Remune ration and Review Commit tee	Duan Guoqing , Guo Jian, Yu Qingtao	1	April 15, 2023	1. Reviewed the 2022 General Manager's Work Report; 2. Reviewed the 2022 Board of Directors' Work Report.	All the proposals were agreed.	None	None

X. Work of the Board of Supervisors

Whether the Board of Supervisors discovered risks in supervisory activities during the reporting period

Yes No

The Board of Supervisors had no objections to supervised events during the reporting period.

XI. Employees of the Company

1. Number, profession and education level of employees

Number of in-service employees of the Parent Company at the	328
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end of the reporting period	
Number of in-service employees of the major subsidiaries at the end of the reporting period	119
Total number of in-service employees at the end of the reporting period	447
Total number of employees receiving remuneration in the reporting period	447
Number of retired employees whose expenses are borne by the Parent Company and its major subsidiaries	-
Composition of professions	
Type of professions	Number of staff in the profession
Production personnel	89
Sales personnel	217
Technical personnel	70
Financial personnel	17
Administrative personnel	28
Other personnel	26
Total	447
Education level	
Type of education level	Number of persons
Postgraduates and above	7
University graduates	92
College graduates	141
Others	207
Total	447

2. Remuneration policies

Remunerations of the Company should be performance-oriented and encourage and give full play to the initiatives and innovations of employees internally, and remain competitive externally. The Company pays attention to both performance and position values, and adopts a flexible remuneration structure for different sequences of positions. The remuneration base and total amount are dynamically managed in line with business performance of the Company.

3. Training program

The Company values the growth of every employee and has set up different training programs for employees and managers based on their different professional sequence and management level. Moreover, targeted courses have been developed in combination with the results of survey on annual training needs, to ensure the reasonableness and effectiveness of the curriculum.

4. Labor outsourcing

Applicable Not applicable

Total working hours of labor outsourcing (h)	105,826
Total remuneration payment (RMB)	2,423,037.67

XII. Profit Distribution of the Ordinary Shares and Conversion of Capital Reserve to Share Capital of the Company

Formulation, implementation or adjustment of profit distribution policies of ordinary shares especially the cash dividend plan in the reporting period

Applicable Not applicable

(I) Principles for planning for dividend distribution to shareholders

The Company will establish a sustainable and stable mechanism for dividend distribution to investors to ensure the continuity and stability of the Company's profit distribution policy, and shall distribute profits first in cash.

(II) Method of dividend distribution to shareholders

The Company may distribute profits in the form of cash or shares or both, or other methods permitted by laws and regulations.

(III) Adjustment of the profit distribution plan and related decision-making mechanism

1. Conditions for distribution of cash dividends

The Company's Board of Directors shall propose a differentiated cash dividend policy in line with the procedure under the Company's Articles of Association after a comprehensive analysis of factors such

as industrial condition, development stage, its own business mode, profitability, and major spending arrangements.

When eligible for cash dividends under the Company's Articles of Association, the Company shall, in principle, distribute profits in cash on a yearly basis.

During the Reporting Period, the Company approved the 2023 annual profit distribution plan.

Special explanation on cash dividend policy	
Whether the policy complies with provisions of the Articles of Association or requirements of the resolutions made on the shareholders' general meeting:	Yes
Whether dividend standards and ratio are definite and clear:	Yes
Whether relevant decision-making procedure and mechanism are well-established:	Yes
Whether independent directors have performed duties and played their roles properly:	Yes
The specific reason of failing to pay cash dividends, and the measures to be taken in the next step to enhance the return level of investors:	Not applicable.
Whether minority shareholders have sufficient opportunities to express opinions and requests, and whether their legitimate rights and interests were sufficiently protected:	Yes
Where the cash dividend policy undergoes any adjustment or change, whether the conditions and procedures are compliant and transparent:	Not applicable.

The profit distribution scheme implemented this time is consistent with the scheme deliberated and agreed by the shareholders' meeting.

Yes No N/A

The Company's profit distribution scheme implemented this time is consistent with the scheme deliberated and agreed by the shareholders' meeting.

Profit distribution and capital reserves' conversion to share capital in the year

Number of bonus shares for every 10 shares	0
Amount of dividend for every 10 shares (tax included) (RMB)	4.39
Number of transfer of reserve to shares per 10 shares	0
Basis of the shares for distribution proposal	228,000,000.00
Amount of cash dividends (RMB) (tax included)	100,092,000.00
Cash dividend amount in other ways (such as share repurchase) (RMB)	-

Total amount of cash dividends (including other ways) (RMB)	100,092,000.00
Distributable profit (RMB)	430,348,609.93
Proportion of total cash dividends (including other ways) in distributable profit	23.26%
Cash dividend of the reporting period	
If the Company is in the mature period and there is no major capital expenditure arrangements, when the profit is distributed, the proportion of cash dividends in this profit distribution should be at least 80%.	
Details of the profit distribution proposal or share conversion proposal from capital reserve	
The Company plans to distribute a cash dividend of RMB 4.39 (tax included) for every 10 shares to all shareholders based on a total share capital of 228,000,000 shares, with a total amount of RMB 100,092,000 (tax included); no bonus shares will be issued and no capital reserve will be converted into share capital; the remaining undistributed profits will be carried forward to the next year.	

The Company gained profit in the reporting period and the retained profit of the Parent Company for holders of ordinary shares is positive, but no plan of cash dividend is proposed.

Applicable Not applicable

XIII. Implementation of the Stock Incentive Plan, Employee Stock Ownership Plan, and Other Employee Incentives of the Company

Applicable Not applicable

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

1. Internal control construction and implementation

In accordance with the internal control system of enterprises, the board of directors of a company holds the responsibility to establish and improve the internal control, evaluate its effectiveness and truthfully disclose the corresponding assessment report. The board of supervisors of a company supervises the establishment and implementation of the internal control by the board of directors. The management team is responsible for initiating and organizing daily activities of the enterprise internal control. The board of directors, board of supervisors and all members thereof, including directors and supervisors, as well as the senior management of the company, confirm that the report is true, accurate and complete, does not contain any misleading statements or material omissions and assume joint and several legal liability arising therefrom.

2. Particulars of material internal control defects detected during the reporting period

Yes No

XV. Management and Control of the Company for Subsidiaries during the Reporting Period

Name of company	Integration plan	Integration progress	Problems in integration	Solutions taken	Solution progress	Subsequent solution plan
Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.

XVI. Self-assessment Report on Internal Control or Internal Control Audit Report

1. Self-assessment report on internal control

Disclosure date of the assessment report on internal control	April 24, 2024	
Disclosure index of the assessment report on internal control	CNINFO (http://www.cninfo.com.cn)	
Percentage of total assets of units included in the assessment scope to the total assets in the Company's consolidated financial statements	100.00%	
Percentage of total revenue of units included in the assessment scope to the revenue in the Company's consolidated financial statements	100.00%	
Defect identification criteria		
Category	Financial report	Non-financial report
Qualitative criteria	Material defect: (1) The internal control is invalid; (2) Directors, supervisors and senior management have committed fraud and caused serious losses and severe adverse impacts to the company; (3) Significant errors in the current financial reports were identified by the certified public accountants but not by internal control; (4) The internal control and supervision conducted by the company's audit committee and internal auditing units are invalid; (5) There exist one or a combination of control defects that may cause the company to materially deviate from the objectives of internal control. Major defect: (1) The company fails to select and apply accounting policies based on generally accepted accounting standards; (2) There are no anti-fraud procedures and control measures; (3) There is no control mechanism for significant non-routine or special transactions or the mechanism is not implemented, while there is no compensatory control; (4) There are one or multiple defects in the control of the financial reporting process at the end of the period such that the authenticity and completeness of the prepared financial reports could not be	Material defect: Its probability of occurrence is high or the defect severely reduces work efficiency or effectiveness, or severely increases the uncertainty of effects or causes severe deviations from expected objectives. Major defect: Its probability of occurrence is relatively high or the defect significantly reduces work efficiency or effectiveness, or significantly increases the uncertainty of effects or causes obvious deviations from expected objectives. General defect: Its probability of occurrence is low or the defect reduces work efficiency or effectiveness, or increases the uncertainty of effects or causes deviations from expected objectives.

	reasonably guaranteed. General defect: Other internal control defects than material defects and major defects.	
Quantitative criterion	Material defect: (1) The misstated amount \geq 2% of the revenue; (2) The misstated amount \geq 1% of the total assets; (3) The misstated amount \geq 5% of the total profits. Major defects: (1) 0.5% of revenue \leq misstated amount < 2% of revenue; (2) 0.2% of the total assets \leq misstated amount < 1% of total assets; (3) 1% of total profits \leq misstated amount < 5% of total profits. General defects: (1) misstated amount < 0.5% of the revenue; (2) misstated amount < 0.2% of total assets; (3) misstated amount < 1% of total profits.	Evaluation level Quantitative criteria Material defects Loss amount \geq 5% of total profits Major defects 1% of total profits \leq loss amount < 5% of total profits General defects Loss amount < 1% of total profits
Number of material defects in financial reports		0
Number of material defects in non-financial reports		0
Number of major defects in financial reports		0
Number of major defects in non-financial reports		0

2. Internal control audit report

Internal control authentication report

Audit opinions of the internal control audit report	
We believe that, the company maintained effective internal control over financial reporting in all material aspects in accordance with the Basic Norms for Corporate Internal Control and related regulations on December 31st, 2023.	
Disclosure of the internal control audit report	Disclosure
Disclosure date for the full text of the internal control audit report	April 24, 2024
Disclosure index for the full text of the internal control audit report	2023 Annual Self-Assessment Report on Internal Control disclosed on Securities Times, China Securities Journal and www.cninfo.com.cn by the Company
Type of opinion of the internal control authentication report	Standard without reserved opinion
Whether or not exists significant defects in non-financial reports	No

Whether or not the accounting firm issued non-standard opinions for the audit report of internal control

Yes No

Whether the audit report of internal control issued by the accounting firm is in consistency with the self-assessment report of the board of directors

Yes No

XVII. Rectification of Detected Problems in the Corporate Governance Special Action of Listed Companies

Not applicable.

Section V Environmental and Social Responsibilities

I. Major Environmental Protection Issues

Whether the listed company and its subsidiaries are the key pollution discharge units published by the environmental protection department

Yes No

Administrative penalties due to environmental issues during the reporting period

Name of company or subsidiary	Reason for penalty	Violation	Penalty result	Impact on production and operation of the listed company	Rectification measures of the Company
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Refer to other environmental information disclosed by key pollutant discharge units

Not applicable.

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

Applicable Not applicable

Reason for not disclosing other environmental information

Not applicable.

II. Corporate Social Responsibilities

As a listed company, the Company places great importance on fulfilling its social responsibilities. We actively adhere to the core spirit of social responsibility and continuously monitor the company's progress in protecting investor rights, environmental conservation, and social welfare undertakings. While ensuring the steady development of the enterprise, we promote the coordinated development of the company with stakeholders, society, and the environment. For more details, please refer to the "2023 Annual Corporate Social Responsibility Report" published by the China Securities Regulatory Commission's website (www.cninfo.com.cn).

III. Efforts Regarding Poverty Alleviation and Rural Revitalization

The Company did not directly engage in any poverty alleviation and rural revitalization work during the reporting period.

Section VI Significant Events

I. Implementation of Commitments

1. Commitments completed by actual controllers, shareholders, related parties, purchasers, or the Company within the reporting period and commitments not fulfilled by the end of the reporting period

Applicable Not applicable

Causes of commitment	Undertaking party	Type of commitment	Content of commitment	Time of commitment	Term of commitment	Fulfillment of commitment
IPO-related commitments	Controlling shareholder and actual controller Guo Jian, Wen Di	Restrictions on sales	1. Within 36 months from the date of the Company's IPO, they shall not transfer or authorize any other to manage their shares directly or indirectly held in the Company or have the Company repurchase such shares. 2. If their shares in the Company are sold within two years upon expiration of the lock-up period, the selling price shall not be lower than the offering price. If the closing price of the Company's shares is lower than the offering price for 20 consecutive trading days within 6 months after the Company's IPO, or the closing price as of the end of the 6-month period after the Company's IPO is lower than the offering price, the lock-up period for their shares in the Company will be automatically extended for 6 months.	July 28, 2020	October 28, 2021 to April 27, 2025	Ongoing normally
IPO-related commitments	Yu Qingtao, Zhu Zhengjun	Restrictions on sales	1. Within 12 months from the date of the Company's IPO, they shall not transfer or authorize any other to manage their shares directly or indirectly held in the Company or have the Company repurchase such shares. 2. If their shares in the Company are sold within two years upon expiration of the lock-up period, the selling price shall not be lower than the offering price. If the closing price of the Company's shares is lower than the offering price for 20 consecutive trading days within 6 months after the Company's IPO, or the closing price as of the end of the 6-month period after the Company's IPO is lower than the offering price, the lock-up period for their shares in the Company will be automatically extended for 6 months.	July 28, 2020	October 28, 2021 to April 27, 2023	Fulfilled
IPO-related commitments	The Company's controlling shareholders and actual controllers	Restrictions to share reduction	He promises that the total share reduction in the first year upon the expiration of the lock-up period will not exceed 25% of the shares he held in the issuer before the issuance; after the reduction in the second year, his total number of shares will not be lower than 25% of the shares	July 28, 2020	April 28, 2025 to April 27, 2027	Ongoing normally

			he held in the issuer before the issuance; the reduction price will not be lower than the issuance price.			
IPO-related commitments	The Company's controlling shareholders and actual controllers	Restrictions on Not-to-compete	They promise not to compete with the Company in the same business sector.	July 28, 2020	Long term	In the process of normal fulfillment
Whether commitments are fulfilled on time	Yes					
If the commitment is not fulfilled within the time limit, the specific reasons for the failure to complete the performance and the next work plan shall be explained in detail.	Not applicable					

2. If there are assets or projects of the Company which have profit forecast while the reporting period is still in the forecast period, the Company should state whether the assets or projects have attained the profit forecast and explain reasons

Applicable Not applicable

II. Appropriation of Funds for Non-operating Purposes by Controlling Shareholder and Its Related Parties

Applicable Not applicable

During the reporting period, the Company did not have any funds appropriated for non-operating purposes by the controlling shareholder and its related parties.

III. External Guarantee in Violation of Prescribed Procedures

Applicable Not applicable

During the reporting period, there was no external guarantee in violation of prescribed procedures.

IV. Explanation by the Board of Directors of the “Non-standard Audit Report” of the Latest Period

Applicable Not applicable

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

Applicable Not applicable

VI. Explanation of Changes in Accounting Policies and Estimates or Correction of Significant Accounting Errors Compared with the Financial Report of Last Fiscal Year

Applicable Not applicable

VII. Description of Changes in the Scope of Consolidated Statements Compared with the Financial Report of Last Year

Applicable Not applicable

VIII. Employment and Dismissal of Accounting Firm

Accounting firm engaged

Name of the domestic accounting firm	RSM China (Special General Partnership)
Remuneration for the domestic accounting firm (RMB 10,000)	80
Consecutive years of auditing service provided by the domestic accounting firm	5
Name of domestic certified public accountants	Ye Chun, Xu Zongqing.
Consecutive years of auditing service provided by domestic certified public accountants	1 year

Whether the accounting firm was changed in the reporting period

Yes No

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

Applicable Not applicable

During the reporting period, the Company employed RSM China (Special General Partnership) as the audit agency and internal control audit agency of the Company in 2023, with a total fee of RMB 800,000 (excluding VAT).

IX. The Company Facing Delisting after the Disclosure of the Annual Report

Applicable Not applicable

X. Matters relating to Bankruptcy and Restructuring

Applicable Not applicable

No bankruptcy and restructuring-related matters of the Company happened during the reporting period.

XI. Material Litigations and Arbitrations

Applicable Not applicable

There were no material litigations or arbitrations during the reporting period.

XII. Penalties and Rectifications

Applicable Not applicable

No penalties and rectifications of the Company occurred during the reporting period.

XIII. Integrity Records of the Company and its Controlling Shareholder and Actual Controller

Applicable Not applicable

XIV. Material Related Party Transactions

1. Related party transactions relating to daily operations

Applicable Not applicable

The Company had no related party transactions relating to daily operations during the reporting period.

2. Related party transactions relating to acquisition and sale of assets or equity

Applicable Not applicable

During the reporting period, there was no related party transaction relating to acquisition and sale of assets or equity.

3. Related party transactions relating to joint outbound investment

Applicable Not applicable

During the reporting period, there was no related party transaction relating to joint outbound investment.

4. Related party transactions relating to credits and debts

Applicable Not applicable

During the reporting period, there was no related party transaction relating to credits and debts.

5. Transactions with related party financial companies

Applicable Not applicable

The Company did not have deposit, loan, credit or other financial business transactions with financial companies that have related relationship and the associated related parties.

6. Transactions between financial companies controlled by the Company and related parties

Applicable Not applicable

Financial companies controlled by the Company did not have deposit, loan, credit or other financial business transactions with related parties.

7. Other significant related party transactions

Applicable Not applicable

During the reporting period, there were no other significant related party transactions.

XV. Significant Contracts and Their Performance

1. Custody, contracting and leasing matters

(1) Custody

Applicable Not applicable

During the reporting period, there was no custody.

(2) Contracting

Applicable Not applicable

During the reporting period, there was no contracting.

(3) Leasing

Applicable Not applicable

Description of leasing matters

For details on leasing matters, please refer to “Section X Financial Report --> VII. Other Significant Matters --> 45. Leases”.

Projects whose profits or losses brought to the Company reached more than 10% of the total profits of the Company during the reporting period

Applicable Not applicable

During the reporting period, there were no leasing projects whose profits or losses brought to the Company reached more than 10% of the total profits of the Company during the reporting period.

2. Material guarantee

Applicable Not applicable

During the reporting period, there was no material guarantee of the Company.

3. Entrusting others to manage cash assets

(1) Entrusted wealth management

Applicable Not applicable

Overview of entrusted wealth management during the reporting period

Unit: RMB 10,000

Specific type	Source of entrusted wealth management funds	Incurred amount of entrusted wealth management	Undue balance	Amount overdue but not recovered	Amount overdue but not recovered with impairment having been accrued
Wealth management product of bank	Fundraising	93,300.00	86,591.72	-	-
Wealth management product of bank	Self-owned fund	50,000.00	16,002.59	-	-
Trusts	Self-owned fund	39,000.00	39,781.11	-	-
Total		182,300.00	142,375.42	-	-

Explanation of high-risk entrusted wealth management with large individual amount or low safety and poor liquidity

Applicable Not applicable

Entrusted wealth management is expected to fail to recover the principal or there are 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 significant contracts

Applicable Not applicable

XVI. Other Significant Events

Applicable Not applicable

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

XVII. Significant Events of Subsidiaries of the Company

Applicable Not applicable

During the Reporting Period, the subsidiary of the company, Shanghai Rongmei, purchased the NO. 4 of the Wanyuan City A Street Commercial and Office Project property located at No. 9-10, 1st-5th floor, Lane 585, Wanyuan Road, Minhang District, Shanghai. It is for the company's operational use.

For more details, please refer to the China Securities Regulatory Commission's website (www.cninfo.com.cn).

Section VII Changes in Shareholding and Information of Shareholders

I. Changes in Share Capital

1. Changes in shares

Unit: Share

	Before change		Increase/decrease (+, -) of this change					After change	
	Number	Percentage	New shares issued	Bonus shares	Shares transferred from surplus reserve	Others	Subtotal	Number	Percentage
I. Restricted shares	172,809,408	75.79%				-2,559,408	-2,559,408	170,250,000	74.67%
1. Shares held by the state									
2. Shares held by state-owned legal person	1,809,408	0.79%				-1,809,408	-1,809,408	-	-
3. Shares held by other domestic shareholders	171,000,000	75.00%				-750,000	-750,000	170,250,000	74.67%
Including: Shares held by domestic legal persons	117,600,000	51.58%						117,600,000	51.58%
Shares held by domestic natural persons	53,400,000	23.42%				-750,000	-750,000	52,650,000	23.09%
4. Shares held by foreign legal shareholders									
Including: Shares held by foreign legal persons									
Shares held by foreign natural persons									
II. Unrestricted shares	55,190,592	24.21%				2,559,408	2,559,408	57,750,000	25.33%
1. RMB-denominated ordinary shares	55,190,592	24.21%				2,559,408	2,559,408	57,750,000	25.33%

2. Domestic listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	228,000,000	100.00%						228,000,000	100.00%

Explanation on changes in shares

Applicable Not applicable

Approval of changes in shares

Applicable Not applicable

Transfer of title of changed shares

Applicable Not applicable

Impact of share changes on basic earnings per share and diluted earnings per share, net assets per share attributable to ordinary shareholders of the Company, and other financial indicators in last year and the latest period

Applicable Not applicable

Other contents considered necessary by the Company or required to be disclosed by the securities regulatory authority

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: Share

Shareholder's name	Number of restricted shares at the beginning of the period	Increase in restricted shares during the period	Number of shares released from selling restrictions during the period	Number of restricted shares at the end of the year	Reason for selling restrictions	Date of lifting selling restrictions

Suzhou Rumere Group Co., Ltd.	117,600,000			117,600,000	Restricted shares prior to IPO	2025-4-27
Guo Jian	25,200,000			25,200,000	Restricted shares prior to IPO	2025-4-27
Wen Di	25,200,000			25,200,000	Restricted shares prior to IPO	2025-4-27
Yu Qingtao	2,800,000		700,000	2,100,000	Senior executives lock in shares	During the period of serving as directors, supervisors and senior managers of the company, the shares of the company held shall be locked up at 75%.
Zhu Zhengjun	200,000		50,000	150,000	Senior executives lock in shares	On April 25, 2023, Zhu Zhengjun is no longer deputy general manager of the company. All his shares will be locked within half a year from the date of his departure, and according to the relevant regulations, only when the lock expires can be lifted.
CICC Wealth Management Co., Ltd.	1,809,408		1,809,408	-	Restricted IPO strategic placement	2023-10-27
Total	172,809,408	-	2,559,408	170,250,000	--	--

II. Issuance and Listing of Securities

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

Applicable Not applicable

2. Changes in total shares and shareholder structure as well as changes in asset and liability structure of the Company

Applicable Not applicable

3. Internal employee shares

Applicable Not applicable

III. Information of Shareholders and Actual Controllers

1. Total number of shareholders

Unit: Share

Total number of ordinary shareholders at the end of the reporting period	22,931	Total number of ordinary shareholders at the end of the month preceding the disclosure date of the annual report	22,051	Total number of preferred shareholders whose voting rights were resumed at the end of the reporting period	0	Total number of preferred shareholders whose voting rights were resumed at the end of the month preceding the disclosure date of the annual report	0	Total number of shareholders holding shares with special voting rights (if any)	0
Shareholdings of shareholders with more than 5% or the top 10 shareholders (not include lending shares through refinancing)									
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Shares held at the end of the reporting period	Increase/decrease during the reporting period	Number of restricted shares	Number of unrestricted shares	Pledged, marked or frozen		
							Share status	Number	
Suzhou Rumere Group Co., Ltd.	Domestic non-state legal person	51.58%	117,600,000		117,600,000		Not applicable	0	
Guo Jian	Domestic natural person	11.05%	25,200,000		25,200,000		Not applicable	0	

Wen Di	Domestic natural person	11.05%	25,200,000		25,200,000		Not applicable	0
Yu Qingtao	Domestic natural person	1.23%	2,800,000		2,100,000	700,000	Not applicable	0
Penghua Hongjia Flexibly Hybrid Securities Investment Fund	Others	0.49%	1,114,300	N/A	-	1,114,300	Not applicable	0
Song Yingji	Domestic natural person	0.49%	1,111,800	878,200	-	1,111,800	Not applicable	0
Huashang Flexibly Hybrid Securities Investment Fund	Others	0.41%	925,910	N/A	-	925,910	Not applicable	0
Shi Shengji	Domestic natural person	0.24%	550,400	230,300	-	550,400	Not applicable	0
Xu Wei	Domestic natural person	0.22%	499,800	N/A	-	499,800	Not applicable	0
Su Na	Domestic natural person	0.22%	496,793	112,600	-	496,793	Not applicable	0
Strategic investors or general legal persons becoming top ten shareholders due to private placement of new shares	None							
Description on the related relationship or persons acting-in-concert arrangements among the above shareholders	Guo Jian and Wen Di are husband and wife.							
Description on entrusting/being entrusted with voting rights and waiver of voting rights by the aforementioned shareholders:	None							
Description on special repurchase account among top 10 shareholders	None							
Top 10 shareholders not subject to selling restrictions								

Name of shareholder	Number of unrestricted shares held at the end of reporting period	Type of shares	
		Type of shares	Number
Penghua Hongjia Flexibly Hybrid Securities Investment Fund	1,114,300	RMB-denominated ordinary shares	1,114,300
Song Yingjie	1,111,800	RMB-denominated ordinary shares	1,111,800
Huashang Flexibly Hybrid Securities Investment Fund	925,910	RMB-denominated ordinary shares	925,910
Yu Qingtao	700,000	RMB-denominated ordinary shares	700,000
Shi Shengji	550,400	RMB-denominated ordinary shares	550,400
Xu Wei	499,800	RMB-denominated ordinary shares	499,800
Su Na	496,793	RMB-denominated ordinary shares	496,793
Huashang Flexibly Mixed Securities Investment Fund in advantageous industries	434,100	RMB-denominated ordinary shares	434,100
Yan Yi	377,900	RMB-denominated ordinary shares	377,900
Liu Yifan	360,000	RMB-denominated ordinary shares	360,000
Description on the related relationship or persons acting-in-concert among the top ten ordinary shareholders without selling restrictions and between the top ten ordinary shareholders without selling restrictions and the top ten ordinary shareholders	It is unknown to the Company whether other shareholders are related parties or persons acting in concert as stipulated in the Administrative Measures on Acquisition of Listed Companies.		
Description on the top 10 ordinary shareholders' participation in margin trading and securities lending business (if any)	Song Yingjie holds 1,111,800 shares of the Company in total, among which 1,100,000 shares through ordinary accounts and 1,100,000 shares through credit securities accounts. Shi Shengji holds 550,400 shares of the Company in total, among which 400 shares through ordinary accounts and 319,700 shares through credit securities accounts. Yan Yi holds 377,900 shares of the Company in total, among which 0 shares through ordinary accounts and 377,900 shares through credit securities accounts.		

Whether the top ten shareholders participate in the refinancing business and lend shares.

Applicable Not applicable

Whether the top ten shareholders have changed from the previous period.

Applicable Not applicable

Unit: Share

The Change of the Top Ten Shareholders.					
Name of shareholder	Changes	The refinancing lent shares and the quantity has not been returned of the end of this Period		The number of shares held by shareholders in general accounts, credit accounts and the number of shares that have not yet been returned at the end of this Period	
		Number	Shareholding percentage (%)	Number	Shareholding percentage (%)
Penghua Hongjia Flexibly Hybrid Securities Investment Fund	New	-	-	1,114,300	0.49%
Huashang Flexibly Hybrid Securities Investment Fund	New	-	-	925,910	0.41%
Xu Wei	New	-	-	499,800	0.22%
CICC Wealth Management Co., Ltd.	Exit	-	-	N/A	N/A
Xibulide Quantitative Growth Hybrid Initiated Securities Investment Fund	Exit	-	-	33,100	0.01%
Shenwanlingxin Consumption Growth Hybrid Securities Investment Fund	Exit	-	-	N/A	N/A
Yin Ruibin	Exit	-	-	N/A	N/A
Huataiyouxiang Dividend Return Stock Pension Products	Exit	-	-	N/A	N/A

Please note that China International Capital Corporation Limited (CICC), Shenwan Hongyuan Consumer Growth Mixed Securities Investment Fund, Yin Ruibin, and Huatai Enjoy Dividend Return Stock Pension Product are not included in the company's top 200 shareholders' register.

Whether the Company has differential arrangement in voting rights

Applicable Not applicable

Whether the top ten ordinary shareholders and the top ten shareholders without selling restrictions conducted the agreed repurchase transaction during the reporting period

Yes No

The Company's top ten ordinary shareholders and top ten ordinary shareholders without selling restrictions did not conduct agreed repurchase transactions during the reporting period.

2. Controlling shareholder of the Company

Nature of controlling shareholder: Natural person holding

Type of controlling shareholder: Legal person

Name of controlling shareholder	Legal representative	Establishment date	Organization code	Main business
Suzhou Rumere Group Co., Ltd.	Guo Jian	February 27, 2017	91320581MA1NFD8U3T	Exhibition and display services; modeling agency business; textile machinery and equipment leasing; textile technology extension services; freight forwarding agent; loading and unloading; general cargo storage.
Equity situation for the other domestic listed companies controlled or shared by the controlling shareholders during the report period	No			

Changes in the controlling shareholder during the report period

Applicable Not applicable

There are no changes in the controlling shareholder during the report period.

3. Actual controller and person acting in concert

Nature of actual controller: Domestic natural person

Type of actual controller: Natural person

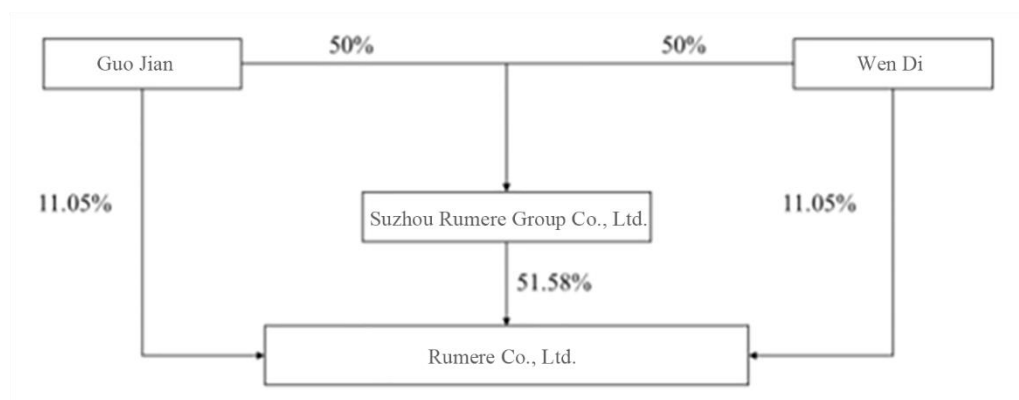
Name	Relationship with actual controller	Nationality	Whether having obtained the right of abode in other countries or regions
Guo Jian, Wen Di	Self	Chinese	No
Main occupation and position	For details, see Section IV Corporate Governance - VII. Directors, supervisors and senior management - 2. Employment		
Holding of domestic and overseas listed companies over the past ten years	None		

Change of actual controllers during the reporting period

Applicable Not applicable

There was no change of the Company's actual controllers during the reporting period.

Diagram on equity and control relationship between the Company and actual controllers



Actual controller controls the Company by entrust or other asset management methods

Applicable Not applicable

4. Share pledge by controlling shareholder or largest shareholder and person acting in concert reaching 80% of shareholding

Applicable Not applicable

5. Other legal person shareholders holding 10% or more of shares

Applicable Not applicable

6. Restrictions on share reductions of controlling shareholder, actual controller, restructuring parties and other commitment subjects

Applicable Not applicable

IV. Implementation of Share Repurchase during the Reporting Period

Implementation progress of share repurchase

Applicable Not applicable

Implementation of share repurchase by centralized bidding

Applicable Not applicable

Section VIII Particulars of Preference Shares

Applicable Not applicable

The Company does have preferred shares during the reporting period.

Section IX Particulars of Bonds

Applicable Not applicable

Section X Financial Statements

I. Audit report

Type of audit opinions	Standard unqualified
Signing date of the audit report	April 23, 2024
Name of audit agency	RSM China CPA LLP
Audit report document number	Audit No [2023] 200Z0041
Name of certified public accountant	Ye Chun and Xu Zongqing.

Auditor's report

To the shareholders of Rumere Co., Ltd.

I. Opinion

We have audited the financial statements of Rumere Co., Ltd. (hereafter referred to as “Rumere/the Company”), which comprises the consolidated and the parent company’s statement of financial position as at December 31, 2023, the consolidated and the parent company’s statement of profit or loss and other comprehensive income, the consolidated and the parent company’s statement of cash flows, the consolidated and the parent company’s statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying Rumere’s financial statements present fairly, in all material respects, the consolidated and the parent company’s financial position as at December 31, 2023, and of their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with Chinese Standards on Auditing (CSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Financial Statements section of our report. We are independent of Rumere in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities. 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 the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of an 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.

- Recognition of revenue

1. Description of the matter

With regard to revenue recognition, please refer to "Note V (20)" for accounting policies and "Note VII (28) " Revenue and Cost of Sales for specific amount.

Rumere is in Internet retail industry, and mainly sells women's clothing online. The Company recorded an operating income of RMB767.32 million in 2023. Since the amount of revenue is significant and a key performance indicator, there is a relatively high inherent risk, so we indentify the recognition of revenue as a key audit matter.

2. How the matter was addressed in our audit

Our audit procedures for revenue recognition mainly include:

- (1) We obtained an understanding of and evaluated the key internal control design over the recognition of revenue and tested the effectiveness of key internal control;
- (2) Considering the sales model of e-commerce platform, We analyzed and evaluated the major risks related to revenue and reward transfer point of revenue via interviewing the management, and then evaluated whether policies for recognizing revenue of Rumere were in compliance with requirements of accounting standards for business enterprises;
- (3) We analyzed the overall sales income, gross profit of Rumere, and the monthly fluctuations of product sales income and sales quantity, so as to judge whether there were abnormal fluctuations in current period;

(4) We adopted the sampling method to check supporting documents related to income recognition, including customer orders, logistics orders, payment receipts, online customer signing, etc., to verify the authenticity of sales transaction;

(5) We checked several original sales documents and accounting vouchers before and after the balance sheet date, and compared the dates of the accounting vouchers and the payment receipts, signed delivery notes, etc., to assess whether the revenue is included in the appropriate accounting period.

(6) We sampled and conducted telephone interviews with customers. From the answers to the telephone interviews, which including transaction amount, transaction quantity, purchase purpose, etc., verified whether the amount, period and method of revenue recognition were accurate;

(7) We checked the goods return during and after the period to identify whether there were any significant and abnormal return;

(8) We employed IT experts of the firm to tested the online trading information system of Rumere, including the general control of IT system, business data analysis, etc.

- Inventory write-down

1. Description of the matter

With regard to inventory provision for impairment, please refer to "Note V (11) " for accounting policies and "Note VII (7) " Inventories for specific amount.

Inventories of Rumere are stated at the lower of cost and net realizable value. As of December 31, 2023, the book balance of inventories amounted to RMB542.37 million, the provision for impairment of inventories amounted to RMB148.65 million, and the carrying value of inventories amounted to RMB393.72 million. Given that the amount involved is large and the management needs to make significant judgments, we have identified inventory write-down as a key audit matter.

2. How the matter was addressed in our audit

Our audit procedures for inventory write-down mainly include:

- (1) We obtained an understanding of and evaluated the effectiveness of key internal control designs related to inventory write-down, and tested the effectiveness of key internal control;
- (2) We obtained an understanding of and evaluated the supporting documents and other relevant basis for the management to determine the calculation method of provision for impairment of inventory, and evaluate the reasonableness of the calculation method of provision for impairment of inventories.
- (3) We obtained the aging list of the Company's inventories at fiscal year-end, and selected the samples and tracked the original warehousing lists to evaluate the rationality of the inventory age in the aging list.
- (4) We retested the provision for impairment of inventory to verify the accuracy of the inventory write-down;
- (5) We conducted inventory monitoring, and observed the actual situation of inventory to identify sluggish, damaged or obsolete inventory, to analyse whether the write-down was sufficient.

IV. Other information

Management of Rumere is responsible for other information. The other information comprises the information included in the Annual Report of the Company for the year of 2023, but excludes the financial statements and our audited reports.

Our opinion on the 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 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 that fact. We have nothing to report in this regard.

V. Responsibility of Management and Those Charged with Governance for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards of Business Enterprises, and for the design, implementation and maintenance of such internal control as 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, 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 management either intends to liquidate the Company or to cease operations, or have 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 audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are 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 judgment and maintain professional skepticism throughout the audit. We also:

i) 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.

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances,

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of 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.

v) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

vi) 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 period 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.

II. Financial statements

Unit of financial statements: RMB

1. Consolidated Statement of Financial Position

Prepared by: Rumere Co., Ltd.

December 31, 2023

Unit: RMB

Item	December 31, 2023	January 1, 2023
Current assets:		
Cash and cash equivalents	150,353,208.66	442,675,454.71
Settlements provision		
Loans to banks and other financial institutions		
Financial assets held-for-trading	1,368,674,089.95	1,318,197,593.83
Derivative financial assets		
Notes receivable		
Accounts receivable		
Accounts receivable financing		
Advances to suppliers	56,838,564.73	58,815,621.48
Premium receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	360,617.41	476,745.77
Including: Interests receivable		
Dividends receivable		
Financial assets held under resale agreements		

Inventories	393,717,469.09	361,661,336.69
Contract assets		
Assets classified as held for sale		
Non-current assets maturing within one year	-	151,075,205.48
Other current assets	21,135,612.09	241,481.62
Total current assets	1,991,079,561.93	2,333,143,439.58
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments		
Other equity instrument investment		
Other non-current financial assets	132,030,082.19	100,115,890.41
Investment properties		
Fixed assets	431,839,182.13	178,412,503.35
Construction in progress	53,331,524.63	52,063,773.07
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,029,642.86	1,194,865.27
Intangible assets	17,616,944.85	17,979,246.69
Development costs		
Goodwill		
Long-term deferred expenses	904,818.26	1,159,382.32
Deferred tax assets	39,308,918.26	28,995,779.03
Other non-current assets	626,000.00	
Total non-current assets	676,687,113.18	379,921,440.14
Total assets	2,667,766,675.11	2,713,064,879.72
Current liabilities:		
Short-term borrowings		
Borrowing from the central bank		
Deposits and balances from banks and other financial institutions		
Financial liabilities held-for-trading		

Derivative financial liabilities		
Notes payable		
Accounts payable	58,163,158.46	93,606,271.18
Advances from customers		
Contract liabilities		
Financial assets sold under repurchase agreements		
Deposits and balances from customers and banks		
Customer securities brokerage deposits		
Customer securities underwriting deposits		
Employee benefits payable	5,582,823.78	5,161,338.44
Taxes payable	17,882,840.82	28,953,139.67
Other payables	8,995,145.79	9,784,082.94
Including: Interests payables		
Dividend payables		
Fees and commissions payable		
Reinsurance payable		
Liabilities classified as held for sale		
Non-current liabilities maturing within one year	857,142.86	1,110,716.50
Other current liabilities	453,230.76	562,321.13
Total current liabilities	91,934,342.47	139,177,869.86
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: Preference share		
Perpetual debt		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	1,900,000.10	1,966,666.70
Deferred tax liabilities	4,201,679.35	3,461,087.88

Other non-current liabilities		
Total non-current liabilities	6,101,679.45	5,427,754.58
Total liabilities	98,036,021.92	144,605,624.44
Owners' equity:		
Share capital	228,000,000.00	228,000,000.00
Other equity instruments		
Including: Preference shares		
Perpetual debt		
Capital reserves	1,782,210,407.28	1,782,210,407.28
Less: Treasury stock		
Other comprehensive income		
Special reserves		
Surplus reserves	61,597,845.57	54,889,643.62
General risk reserves		
Retained earnings	497,922,400.34	503,359,204.38
Total owner's equity attributable to parent company	2,569,730,653.19	2,568,459,255.28
Non-controlling interests		
Total owners' equity	2,569,730,653.19	2,568,459,255.28
Total liabilities and owners' equity	2,667,766,675.11	2,713,064,879.72

Legal representative: Guo Jian Chief Financial Officer: Yu Qingtao Finance Manager: : Wang Dongmei

2. Statement of Financial Position

Unit: RMB

Item	December 31, 2023	January 1, 2023
Current assets:		
Cash and cash equivalents	143,783,234.12	432,719,477.03
Financial assets held-for-trading	1,353,641,570.68	1,318,197,593.83
Derivative financial assets		
Notes receivable		
Accounts receivable		
Accounts receivable financing		
Advances to suppliers	61,757,175.33	71,688,165.55
Other receivables	256,117.41	353,024.42

Including: Interests receivable		
Dividends receivable		
Inventories	391,564,923.86	359,991,620.28
Contract assets		
Assets classified as held for sale		
Non-current assets maturing within one year	-	151,075,205.48
Other current assets	289,889.56	224,928.45
Total current assets	1,951,292,910.96	2,334,250,015.04
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	269,886,865.58	886,865.58
Other equity instrument investment		
Other non-current financial assets	132,030,082.19	100,115,890.41
Investment properties		
Fixed assets	176,143,625.50	176,902,267.12
Construction in progress	53,331,524.63	52,063,773.07
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,029,642.86	1,194,865.27
Intangible assets	17,616,944.85	17,979,246.69
Development costs		
Goodwill		
Long-term deferred expenses	904,818.26	1,159,382.32
Deferred tax assets	37,681,921.38	26,385,922.47
Other non-current assets	626,000.00	
Total non-current assets	689,251,425.25	376,688,212.93
Total assets	2,640,544,336.21	2,710,938,227.97
Current liabilities:		
Short-term borrowings		
Financial liabilities held-for-trading		
Derivative financial liabilities		

Notes payable		
Accounts payable	103,837,375.43	149,179,873.04
Advances from customers		
Contract liabilities		
Employee benefits payable	3,523,261.73	3,082,487.70
Taxes payable	15,263,333.50	23,929,875.61
Other payables	8,922,715.83	9,628,394.82
Including: Interests payables		
Dividend payables		
Liabilities classified as held for sale		
Non-current liabilities maturing within one year	857,142.86	1,110,716.50
Other current liabilities	453,230.76	562,321.13
Total current liabilities	132,857,060.11	187,493,668.80
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Interests payables		
Devidend payables		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	1,900,000.10	1,966,666.70
Deferred tax liabilities	3,630,413.22	2,955,049.14
Other non-current liabilities		
Total non-current liabilities	5,530,413.32	4,921,715.84
Total liabilities	138,387,473.43	192,415,384.64
Owners' equity:		
Share capital	228,000,000.00	228,000,000.00
Other equity instruments		
Including: Preference shares		
Perpetual debt		
Capital reserves	1,782,210,407.28	1,782,210,407.28

Less: Treasury stock		
Other comprehensive income		
Special reserves		
Surplus reserves	61,597,845.57	54,889,643.62
Retained earnings	430,348,609.93	453,422,792.43
Total owners' equity	2,502,156,862.78	2,518,522,843.33
Total liabilities and owners' equity	2,640,544,336.21	2,710,938,227.97

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income

Unit: RMB

Item	2023	2022
1. Revenue	767,316,817.65	948,811,767.71
Including: Operating income	767,316,817.65	948,811,767.71
Interest income		
Premium income		
Fee and commission income		
II. Costs of sales	644,524,980.64	743,897,473.51
Including: Operating cost	466,719,350.89	564,347,276.40
Interest expense		
Fee and commission expenses		
Cash surrender value		
Net amount of insurance claims		
Net provision of insurance contract reserve		
Policyholder dividends resulting from participation in profits		
Reinsurance expense		
Taxes and surcharges	6,545,289.88	4,985,680.23
Selling and distribution expenses	112,694,426.94	124,929,882.78
General and administrative expenses	46,136,415.37	37,502,995.96
Research and development expenses	20,470,389.61	20,266,745.83
Financial costs	-8,040,892.05	-8,135,107.69
Including: Interest expense	5,232.32	50,146.33
Interest income	11,571,422.65	12,484,242.39
Add: Other income	1,949,083.97	6,404,373.44
Investment income (losses)	38,061,196.16	40,009,346.45

Including: Investment income from associates and joint ventures		
Gains /(losses) from derecognition of financial assets measured at amortised cost		
Gains /(losses) from foreign exchange		
Income /(losses) from net exposure hedging		
Gains/(losses) from changes in fair values	9,736,672.14	9,312,190.32
Credit impairment losses	6,112.02	23,422.95
Asset impairment losses	-67,568,625.27	-49,127,914.01
Gains/(losses) from disposal of assets	30,655.86	
III. Profit/(loss) from operations	105,006,931.89	211,535,713.35
Add: Non-operating income	4,267.00	44,880.37
Less: Non-operating expenses	1,133,303.77	483,434.57
IV. Profit/(loss) before tax	103,877,895.12	211,097,159.15
Less: Income tax expenses	19,158,497.21	44,056,342.02
V. Net profit/(loss) for the year	84,719,397.91	167,040,817.13
(I) Net profit/(loss) by continuity		
1. Net profit/(loss) from continuing operation	84,719,397.91	167,040,817.13
2. Net profit/(loss) from discontinued operation		
(II) Net profit/(loss) by ownership attribution		
1. Attributable to owners of the parent	84,719,397.91	167,040,817.13
2. Attributable to non-controlling interests		
VI. Other comprehensive income for the year, after tax		
Attributable to owners of the parent		
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		
1. Remeasurement gains or losses of a defined benefit plan		
2. Other comprehensive income using the equity method that will not be reclassified subsequently to profit and loss		
3. Changes in fair value of other equity instrument investment		
4. Changes in fair value of the Company's own credit risks		
(II) Other comprehensive income to be reclassified subsequently to profit or loss		
1. Other comprehensive income using the equity method which will be reclassified subsequently to profit or loss		
2. Changes in fair value of other debt instrument investment		
3. Other comprehensive income arising from the reclassification of financial assets		

4. Provision for credit impairment in other debt investments		
5. Reserve for cash flow hedges		
6. Exchange differences on translating foreign operations		
Attributable to non-controlling interests		
VII. Total comprehensive income for the year		
Attributable to owners of the parent		
Attributable to non-controlling interests	84,719,397.91	167,040,817.13
VII. Earnings per share		
(I) Basic earnings per share	0.37	0.73
(II) Diluted earnings per share	0.37	0.73

Legal representative: Guo Jian Chief Financial Officer: Yu Qingtao Finance Manager: : Wang Dongmei

4. Statement of Profit or Loss and Other Comprehensive Income

Unit: RMB

Item	2023	2022
I. Revenue	766,415,438.58	947,720,334.71
Less: Cost of sales	472,105,707.49	570,947,825.37
Taxes and surcharges	5,178,209.83	4,552,274.37
Selling and distribution expenses	112,570,609.88	124,793,369.69
Administrative expenses	46,395,393.35	44,509,546.28
Research and development expenses	37,485,698.67	36,725,347.66
Financial costs	-8,225,550.20	-8,398,540.05
Including: Interest expense	5,232.32	50,146.33
Interest income	11,534,097.63	12,463,526.69
Add: Other income	418,689.90	4,966,558.30
Investment income/(losses)	38,061,196.16	40,009,346.45
Including: Investment income from associates and joint ventures		
Gains /(losses) from derecognition of financial assets measured at amortised cost		
Income /(losses) from net exposure hedging		
Gains/(losses) from changes in fair values	9,604,152.87	9,312,190.32
Credit impairment losses	5,100.37	13,422.95
Asset impairment losses	-67,568,625.27	-49,127,914.01
Gains/(losses) from disposal of assets	32,941.76	

II. Profit/(loss) from operations	81,458,825.35	179,764,115.40
Add: Non-operating income	600.00	4,734.90
Less: Non-operating expenses	1,132,999.63	483,169.12
III. Profit/(loss) before tax	80,326,425.72	179,285,681.18
Less: Income tax expense	13,244,406.27	36,191,123.71
IV. Net profit/(loss) for the year	67,082,019.45	143,094,557.47
(1) Net profit/(loss) from continuing operation	67,082,019.45	143,094,557.47
(2) Net profit/(loss) from discontinued operation		
V. Other comprehensive income for the year, after tax		
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		
1. Remeasurement gains		
2. Other comprehensive income using the equity method which will not be reclassified subsequently to profit and loss		
3. Changes in fair value of other equity instrument investment		
4. Changes in fair value of the Company's own credit risks		
(II) Other comprehensive income to be reclassified subsequently to profit or loss		
1. Other comprehensive income that can be reclassified to profit or loss in equity method		
2. Changes in fair value of other debt instrument investment		
3. Other comprehensive income arising from the reclassification of financial assets		
4. Provision for credit impairment in other debt investments		
5. Reserve for cash flow hedges		
6. Exchange differences on translating foreign operations		
VI. Total comprehensive income for the year	67,082,019.45	143,094,557.47
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Statement of Cash Flows

Unit: RMB

Item	2023	2022
I. Cash flows generated from operating activities:		
Cash received from the sale of goods and the rendering of services	866,901,807.91	1,071,988,258.29

Net increase in customer bank deposits and deposits from banks and other financial institutions		
Net increase in borrowings from the central bank		
Net increase in placements from other financial institutions		
Cash received from premiums received on original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposit and investments from insurers		
Cash received from interests, fees and commissions		
Net increase in borrowings from other banks		
Net increase in repurchase business funds		
Net cash received from securities trading brokerage business		
Cash received from tax refund		
Other cash received relating to operating activities	24,972,415.29	18,892,234.58
Subtotal of cash inflows from operating activities	891,874,223.20	1,090,880,492.87
Cash payments for goods purchased and services received	639,184,418.87	697,389,028.81
Net increase in loans and advances to customers		
Net increase of deposits in central bank and other financial institutions		
Cash payments for claims for original insurance contract		
Net increase in loans to banks and other financial institutions		
Cash payments to interests, fees and commissions		
Cash payments for policyholder dividends resulting from participation in profits		
Cash payments to and on behalf of employees	72,648,591.99	65,992,227.69
Payments for taxes	73,025,705.91	77,120,435.77
Other cash payments relating to operating activities	114,359,733.50	125,069,779.94
Subtotal of cash outflows from operating activities	899,218,450.27	965,571,472.21
Net cash flow from operating activities	-7,344,227.07	125,309,020.66
II. Cash flow from investment activities:		
Cash received from disposal and redemption of investments	5,339,110,000.00	5,956,550,000.00
Cash received from returns on investments	49,332,385.88	42,432,635.85
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	57,033.63	
Net cash received from disposals of subsidiaries and other business units		
Other cash received relating to investing activities		

Subtotal of cash inflows from investing activities	5,388,499,419.51	5,998,982,635.85
Cash payments to acquire fixed, intangible and other long-term assets	320,483,769.92	68,051,094.72
Cash payments to acquire investments	4,971,960,000.00	6,240,550,000.00
Net increase in pledged loan		
Net cash payments to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	5,292,443,769.92	6,308,601,094.72
Net cash flows from investing activities	96,055,649.59	-309,618,458.87
III. Cash flow from financing activities:		
Cash received from capital contributions		
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		
Cash received from borrowings		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Cash repayments of debts		
Cash payments for dividends, distribution of profit and interest expenses	83,448,000.00	40,584,000.00
Including: Dividends, distribution of profit paid to non-controlling shareholders of subsidiaries		
Other cash payments relating to financing activities	1,954,161.72	3,212,832.37
Subtotal of cash outflows from financing activities	85,402,161.72	43,796,832.37
Net cash flows from financing activities	-85,402,161.72	-43,796,832.37
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase / (decrease) in cash and cash equivalents	3,309,260.80	-228,106,270.58
Plus: Cash and cash equivalents at the beginning of the period	142,243,947.86	370,350,218.44
VI. Cash and cash equivalents at the end of the period	145,553,208.66	142,243,947.86

6. Statement of Cash Flows

Unit: RMB

Item	2023	2022
I. Cash flows from operating activities:		
Cash received from the sale of goods and the rendering of services	865,825,096.21	1,070,896,825.29
Cash received from tax refund		
Other cash received relating to operating activities	23,384,463.20	17,233,703.74

Subtotal of cash inflows from operating activities	889,209,559.41	1,088,130,529.03
Cash payments for goods purchased and services received	659,647,457.30	723,828,042.25
Cash payments to and on behalf of employees	50,988,407.71	45,702,095.32
Payments for taxes	63,547,453.33	67,276,421.41
Other cash payments relating to operating activities	146,507,841.41	123,410,687.34
Subtotal of cash outflows from operating activities	920,691,159.75	960,217,246.32
Net cash flow froms operating activities	-31,481,600.34	127,913,282.71
II. Cash flow from investment activities:		
Cash received from disposal and redemption of investments	5,338,010,000.00	5,956,550,000.00
Cash received from returns on investments	49,332,385.88	42,432,635.85
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	57,033.63	
Net cash received from disposals of subsidiaries and other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	5,387,399,419.51	5,998,982,635.85
Cash payments to acquire fixed, intangible and other long-term assets	39,442,918.54	68,008,094.72
Cash payments to acquire investments	5,224,960,000.00	6,240,550,000.00
Net cash payments to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	5,264,402,918.54	6,308,558,094.72
Net cash flows from investing activities	122,996,500.97	-309,575,458.87
III. Cash flow from financing activities:		
Cash received from capital contributions		
Cash received from borrowings		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Cash repayments of debts		
Cash payments for dividends, distribution of profit and interest expenses	83,448,000.00	40,584,000.00
Other cash payments relating to financing activities	1,371,636.69	3,212,832.37
Subtotal of cash outflows from financing activities	84,819,636.69	43,796,832.37
Net cash flows from financing activities	-84,819,636.69	-43,796,832.37
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase / (decrease) in cash and cash equivalents	6,695,263.94	-225,459,008.53

Plus: Cash and cash equivalents at the beginning of the period	132,287,970.18	357,746,978.71
VI. Cash and cash equivalents at the end of the period	138,983,234.12	132,287,970.18

7. Consolidated statement of changes in owner's equity

Amount of the current period

Unit: RMB

Item	2023														
	Owners' equity attributable to the parent company													Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Subtotal		
	Preference shares	Perpetual bonds	Others												
I. Clothing balance of the Previous Year	228,000,000.00				1,782,210,407.28				54,889,643.62		503,359,204.38		2,568,459,255.28		2,568,459,255.28
Plus: Changes in accounting policies															
Correction of previous period errors															
Others															
II. Opening Balance of Current Year	228,000,000.00				1,782,210,407.28				54,889,643.62		503,359,204.38		2,568,459,255.28		2,568,459,255.28
III. Changes in equity during the reporting period								6,708,201.95			-5,436,804.04		1,271,397.91		1,271,397.91
(I) Total comprehensive income											84,719,397.91		84,719,397.91		84,719,397.91
(II) Capital contributions or withdrawals by owners															

4. Changes in the defined benefit plan transferred to retained earnings															
5. Other comprehensive income transferred to retained earnings															
6. Others															
(V) Special reserves															
1. Withdrawal during the reporting period															
2. Usage during the reporting period															
(VI) Others															
IV. Clothing balance of the period	228,000,000.00				1,782,210,407.28				61,597,845.57		497,922,400.34		2,569,730,653.19		2,569,730,653.19

Amount of last period

Unit: RMB

Item	2022														Non-controlling interests	Total owners' equity
	Owners' equity attributable to the parent company															
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Subtotal			
	Preference shares	Perpetual bonds	Others													
I. Clothing balance of the Previous Year	228,000,000.00				1,782,210,407.28				40,580,187.87		391,211,843.00		2,442,002,438.15		2,442,002,438.15	

8. Statement of changes in owner's equity of the Parent Company

Amount of the current period

Unit: RMB

Item	2023											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preference shares	Perpetual capital securities	Others								
I. Clothing balance of the Previous Year	228,000,000.00				1,782,210,407.28				54,889,643.62	453,422,792.43		2,518,522,843.33
Add: Changes in accounting policies												
Correction of prior period errors												
Others												
II. Operating balance of the current year	228,000,000.00				1,782,210,407.28				54,889,643.62	453,422,792.43		2,518,522,843.33
III. Changes in equity during the reporting period								6,708,201.95	-23,074,182.50			-16,365,980.55
(I) Total comprehensive income									67,082,019.45			67,082,019.45
(II) Capital contributions or withdrawals by owners												
1. Ordinary shares contributed by shareholders												
2. Capital contributed by holders of other equity instruments												
3. Share-based payments recognised in owners' equity												
4. Others												
(III) Profit distribution								6,708,201.95	-90,156,201.95			-83,448,000.00
1. Transfer to surplus reserves								6,708,201.95	-6,708,201.95			-
2. Profit distribution to owners (or shareholders)									-83,448,000.00			-83,448,000.00
3. Others												

(IV) Transfer within owners' equity												
1. Capital reserves converted to share capital												
2. Surplus reserves converted to share capital												
3. Loss made up by surplus reserves												
4. Changes in the defined benefit plan transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserves												
1. Withdrawal during the reporting period												
2. Usage during the reporting period												
(VI) Others												
IV. Clothing balance of the period	228,000,000.00				1,782,210,407.28				61,597,845.57	430,348,609.93		2,502,156,862.78

Amount of the previous period

Unit: RMB

Item	2022											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preference shares	Perpetual capital securities	Others								
I. Clothing balance of the Previous Year	228,000,000.00				1,782,210,407.28				40,580,187.87	365,221,690.71		2,416,012,285.86
Add: Changes in accounting policies												
Correction of prior period errors												
Others												
II. Operating balance of the current year	228,000,000.00				1,782,210,407.28				40,580,187.87	365,221,690.71		2,416,012,285.86
III. Changes in equity during the reporting period									14,309,455.75	88,201,101.72		102,510,557.47
(I) Total comprehensive income										143,094,557.47		143,094,557.47
(II) Capital contributions or withdrawals by												

owners												
1. Ordinary shares contributed by shareholders												
2. Capital contributed by holders of other equity instruments												
3. are-based payments recognised in owners' equity												
4. Others												
(III) Profit distribution								14,309,455.75	-54,893,455.75		-40,584,000.00	
1. Transfer to surplus reserves								14,309,455.75	-14,309,455.75			
2. Profit distribution to owners (or shareholders)									-40,584,000.00		-40,584,000.00	
3. Others												
(IV) Transfer within owners' equity												
1. Capital reserves converted to share capital												
2. Surplus reserves converted to share capital												
3. Loss made up by surplus reserves												
4. Changes in the defined benefit plan transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserves												
1. Withdrawal during the reporting period												
2. Usage during the reporting period												
(VI) Others												
IV. Clothing balance of the period	228,000,000.00				1,782,210,407.28			54,889,643.62	453,422,792.43		2,518,522,843.33	

III. Basic Information of the Company

Rumere Co., Ltd. (hereinafter referred to as "the Company") has obtained a business license of enterprise legal person with the registration number of 91320581591184437J issued by Suzhou Administrative Examination and Approval Bureau. As at December 31, 2023, the Company has had a registered capital of RMB228,000,000. The office address of the headquarters of the Company is No. 86, Shenzhen Road, Changfu Street, Changshu City. The legal representative is Guo Jian.

The Company, formerly known as Suzhou Rumere Trading Co., Ltd., restructured into a joint-stock limited company on June 6, 2019.

The Company has had a original registered capital of RMB 171,000,000 and a share capital of RMB 171,000,000.

Approved by the resolution of the first Interim General Meeting of shareholders of the Company in 2020 and Zheng Jian Xu Ke [2021] No.2597 issued by CSRC, in October 2021, the Company publicly offered RMB57,000,000 ordinary shares(A-stock) with a par value of 1.00 RMB/per share in China. After the initial public offerings, the Company has had a registered capital of RMB228,000,000.

The Company mainly engages in the following: R&D, production, and online sales of Rumere's own clothing brand products and jewellery.

The financial statements were approved for issue by the Board of Directors of the Company on April 23, 2024.

IV. Preparation Basis for Financial Statements

1. Basis of preparation

The Company has prepared the financial statements on a going concern based on actual transactions and events that are recognized and measured in accordance with the Accounting Standards for Business Enterprises - Basic Standards as well as other specific accounting standards, application guidelines, standard interpretations and other relevant regulations (hereinafter collectively referred to as "Accounting Standards for Business Enterprises") and in combination with provisions set out in Rules No. 15 on the Preparation of Information Disclosure Documents by Companies That Offer

Securities to the Public - General Rules for Financial Statements (2023 Revision) issued by China Securities Regulatory Commission.

2. Going concern

The Company has assessed its ability to continually operate for the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

V. Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimates:

The following significant accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. Businesses not mentioned are complied with relevant accounting policies of the Accounting Standards for Business Enterprises.

1. Statement of Compliance with the Accounting Standards for Business Enterprises

The Company prepares its financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises, truly and completely reflecting the Company's financial position as at 31 December 2023, and its operating results, changes in shareholders' equity, cash flows and other related information for the year then ended.

2. Accounting period

The accounting year of the Company is from January 1 to December 31 in calendar year.

3. Operating cycle

The normal operating cycle of the Company is twelve months.

4. Functional Currency

The Company takes Renminbi Yuan ("RMB") as the functional currency.

5. Determining method and selecting basis of audit materiality

Item	Important Standard
Significant inventories for which provision for impairment made by item	RMB2.4 million
Significant construction in progress	RMB2.4 million

6. Method of Preparing the Consolidated Financial Statements

(1) Scope of consolidation

All the subsidiaries of the Company are wholly-owned subsidiaries.

(2) Method of preparing consolidated financial statements

The consolidated financial statements shall be prepared by the Company based on the financial statements of the Company and its subsidiaries, and using other related information.

When preparing consolidated financial statements, the Company shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group.

(i) Like items of assets, liabilities, equity, income, expenses and cash flows of the parent are combined with those of the subsidiaries.

(ii) The carrying amount of the parent's investment in each subsidiary is eliminated (off-set) against the parent's portion of equity of each subsidiary.

(iii) Eliminate the impact of intragroup transactions between the Company and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognised in full.

(iv) Make adjustments to special transactions from the perspective of the group.

(3) Special considerations in consolidation elimination

If temporary timing difference between the book value of the assets and liabilities in the consolidated statement of financial position and their tax basis is generated as a result of elimination of unrealized

inter-company transaction profit or loss, deferred tax assets of deferred tax liabilities shall be recognised, and income tax expense in the consolidated statement of profit or loss shall be adjusted simultaneously, excluding deferred taxes related to transactions or events directly recognised in owner's equity or business combination.

7. Cash and Cash Equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign Currency Transactions

(1) Methods for translation of transactions denominated in foreign currencies

At the time of initial recognition of a foreign currency transaction, the amount in the foreign currency shall be translated into the amount in the functional currency at the spot exchange rate of the transaction date.

(2) Translation of monetary items denominated in foreign currency on the balance sheet date

The foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date shall be recorded into the profits and losses at the current period. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date; for the foreign currency non-monetary items restated to a fair value measurement, shall be translated into the at the spot exchange rate at the date when the fair value was determined, the difference between the restated functional currency amount and the original functional currency amount shall be recorded into the profits and losses at the current period.

9. Financial instruments

Financial instrument is any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Recognition and derecognition of financial instrument

A financial asset or a financial liability should be recognised in the statement of financial position when, and only when, an entity becomes party to the contractual provisions of the instrument.

A financial asset can only be derecognised when meets one of the following conditions:

- (i) The rights to the contractual cash flows from a financial asset expire
- (ii) The financial asset has been transferred and meets one of the following derecognition conditions:

Financial liabilities (or part thereof) are derecognised only when the liability is extinguished—i.e., when the obligation specified in the contract is discharged or cancelled or expires. An exchange of the Company (borrower) and lender of debt instruments that carry significantly different terms or a substantial modification of the terms of an existing liability are both accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Purchase or sale of financial assets in a regular-way shall be recognised and derecognised using trade date accounting. A regular-way purchase or sale of financial assets is a transaction under a contract whose terms require delivery of the asset within the time frame established generally by regulations or convention in the market place concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

(2) Classification and measurement of financial assets

At initial recognition, the Company classified its financial asset based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortised cost, financial asset at fair value through profit or loss (FVTPL). Reclassification of financial assets is permitted if, and only if, the objective of the entity's business model for managing those financial assets changes. In this circumstance, all affected financial assets

shall be reclassified on the first day of the first reporting period after the changes in business model; otherwise the financial assets cannot be reclassified after initial recognition.

Financial assets shall be measured at initial recognition at fair value. For financial assets measured at FVTPL, transaction costs are recognised in current profit or loss. For financial assets not measured at FVTPL, transaction costs should be included in the initial measurement.

Subsequent measurement of financial assets will be based on their categories:

(i) Financial asset at amortised cost

The financial asset at amortised cost category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortised cost by adopting the effective interest rate method. Any gain or loss arising from derecognition according to the amortization under effective interest rate method or impairment are recognised in current profit or loss.

(ii) Financial asset at fair value through profit or loss (FVTPL)

Financial asset at fair value through profit or loss should be subsequently measured at fair value. All the changes in fair value are included in current profit or loss.

(3) Classification and measurement of financial liabilities

All the financial liabilities of the Company are financial liabilities at amortised cost. After initial recognition, the Company measured these financial liabilities at amortised cost using the effective interest method.

(4) Impairment of financial instruments

The Company shall recognise a loss allowance based on expected credit losses on a financial asset that is measured at amortised cost.

(i) Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of the financial instruments with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (ie all cash shortfalls), discounted at the original effective interest rate or credit- adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or the expected lifetime, if the expected life of a financial instrument is less than 12 months).

At each reporting date, the Company classifies financial instruments into three stages and makes provisions for expected credit losses accordingly. A financial instrument of which the credit risk has not significantly increased since initial recognition is at stage 1. The Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired is at stage 2. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. A financial instrument is considered to be credit-impaired as at the end of the reporting period is at stage 3. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For financial instrument at stage 1, stage 2 and those have low credit risk, the interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset (ie, impairment loss not been deducted). For financial instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortised cost after deducting of impairment loss.

For other receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the Company shall individually assess for impairment and recognise the loss allowance for expected credit losses. If the Company determines that no objective evidence of impairment exists for other receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such other receivables shall be divided into several groups with similar credit risk characteristics and collectively calculated the expected credit loss. The determination basis of groups is as following:

Determination basis of other receivables is as following:

Group 1 of other receivables: Deposit, guarantee receivable and imprest funds

Group 2 of other receivables: temporary payments and others

For each group, the Company calculates expected credit losses through default exposure and the 12-months or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

(ii) Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

(iii) Significant increase in credit risk

The Company shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial

instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

To make that assessment, the Company shall consider reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information. The information considered by the Company are as following:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception
- Existing or forecast adverse change in the business, financial or economic conditions of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- An actual or expected significant change in the operating results of the borrower; An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise influence the probability of a default occurring;
- Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behavior of the borrower;
- Contractual payments are more than 30 days past due.

Depending on the nature of the financial instruments, the Company shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the Company can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the Company shall determine the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Company can only rebut this presumption if the Company has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

(iv) Credit-impaired financial asset

The Company shall assess at each reporting date whether the credit impairment has occurred for financial asset at amortised cost. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidences that a financial asset is credit-impaired include observable data about the following events: Significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(v) Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the Company shall at each reporting date remeasure the expected credit loss and recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortised cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position.

(vi) Write-off

The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the contractual cash flow of a financial asset in its entirety or a portion thereof. Such write-off constitutes a derecognition of the financial asset. This circumstance usually occurs when the Company determines that the debtor has no assets or sources of income that could generate sufficient cash flow to repay the write-off amount.

Recovery of financial asset written off shall be recognised in profit or loss as reversal of impairment loss.

(5) Determination of fair value of financial instruments

Determination of fair value of financial assets and financial liabilities please refer to NoteV (10).

10. Fair Value Measurement

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company determines fair value of the related assets and liabilities based on market value in the principal market, or in the absence of a principal market, in the most advantageous market price for the related asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market is the market in which transactions for an asset or liability take place with the greatest volume and frequency. The most advantageous market is the market which maximizes the value that could be received from selling the asset and minimizes the value which is needed to be paid in order to transfer a liability, considering the effect of transport costs and transaction costs both.

If the active market of the financial asset or financial liability exists, the Company shall measure the fair value using the quoted price in the active market. If the active market of the financial instrument is not available, the Company shall measure the fair value using valuation techniques.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

- Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, including the market approach, the income approach and the cost approach. The Company shall use valuation techniques consistent with one or more of those approaches to measure fair value. If multiple valuation techniques are used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

When using the valuation technique, the Company shall give the priority to relevant observable inputs. The unobservable inputs can only be used when relevant observable inputs is not available or practically would not be obtained. Observable inputs refer to the information which is available from market and reflects the assumptions that market participants would use when pricing the asset or liability. Unobservable Inputs refer to the information which is not available from market and it has to be developed using the best information available in the circumstances from the assumptions that market participants would use when pricing the asset or liability.

- Fair value hierarchy

To Company establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to Level 1 inputs and second to the Level 2 inputs and the lowest priority to Level 3 inputs. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

11. Inventories

(1) Classification of inventories

Inventories are finished goods or products held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process, including raw materials, Inventories mainly include raw materials, materials for consigned processing, goods in progress, commodity stocks and goods in transit.

(2) Measurement method of cost of inventories

Cost of raw materials and cost of materials for consigned processing are calculated using the weighted average method.

The Company adopts the standard cost method for the goods in transit and commodity stocks. At the end of the period, the difference between the standard cost and the actual cost will be shared among the goods in transit, commodity stocks and operating costs.

(3) Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus or losses of inventory stocktaking shall be included in current profit and loss.

(4) Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognised as provision for impairment of inventory, and recognised in current profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and impact of post balance sheet event shall be considered.

The Company determines the proportion of providing impairment of commodity stocks according to the industry characteristics, product sales strategy, sales price and other elements. The specific proportion of providing impairment is as follows:

Aging	Proportion of providing impairment (%)
Within 1 year (inclusive)	-
1-2 years	30.00
2-3 years	50.00
Over 3 years	100.00

No provision for impairment loss of goods in transit needs to be calculated considering that such goods had been delivered to the customers.

For raw materials that are damaged, sluggish and other impairment conditions, the provisions for inventory impairment are determined on an individual basis. For all other cases, the provisions for raw materials impairment are determined on an aging basis. The specific proportion of providing impairment is as follows:

Aging	Proportion of providing impairment (%)
Within 1 year (inclusive)	-
1-2 years	30.00
2-3 years	50.00
Over 3 years	100.00

If any factor rendering write-downs of the inventories has been eliminated at the reporting date, the amounts written down are recovered and reversed to the extent of the inventory impairment, which has been provided for. The reversal shall be included in profit or loss.

12. Long-term Equity Investments

The Company's long-term equity investment only includes the equity investments where an investor has control of.

(1) Determination of initial investment cost

Long-term equity investments generated in business combinations, the investment cost shall be determined based on the following requirements:

For a business combination involving enterprises under common control, if the Company makes payment in cash as the consideration for the business combination, the share of carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

Long-term equity investments acquired not through the business combination, the investment cost shall be determined based on the following requirements:

For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost.

(2) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the Company has ability of control shall be accounted for at cost method.

For Long-term equity investment at cost method, cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The Company recognises its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(3) Impairment testing and provision for impairment loss

For investment in subsidiaries , provision for impairment loss please refer to Notes V (16).

13. Fixed assets

(1) Recognition criteria of fixed assets

Fixed assets will only be recognised at the actual cost paid when obtaining as all the following criteria are satisfied:

- (i) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- (ii) The costs of the fixed assets can be measured reliably.

Subsequent expenditure for fixed assets shall be recorded in cost of fixed assets, if recognition criteria of fixed assets are satisfied, otherwise the expenditure shall be recorded in current profit or loss when incurred.

(2) Depreciation methods of fixed assets

The Company begins to depreciate the fixed asset from the next month after it is available for intended use using the straight-line-method. The estimated useful life and annual depreciation rates which are

determined according to the categories, estimated economic useful lives and estimated net residual rates of fixed assets are listed as followings:

Category	Depreciation method	Estimated useful life (year)	Residual	Category
Buildings and constructions	Straight line depreciation	23.67-30 years	5.00	3.17-4.01
Vehicles	Straight line depreciation	6 years	5.00	15.83
Machinery equipment	Straight line depreciation	5-10 years	5.00	9.5-19.00
Electrical equipment	Straight line depreciation	3 years	5.00	31.67

For the fixed assets with impairment provided, the impairment provision should be excluded from the cost when calculating depreciation.

At the end of reporting period, the Company shall review the useful life, estimated net residual value and depreciation method of the fixed assets. Estimated useful life of the fixed assets shall be adjusted if it is changed compared to the original estimation.

14. Construction in Progress

(a) Classification of construction in progress

Construction in progress is measured on an individual project basis.

(b) Recognition criteria and timing of transfer from construction in progress to fixed assets

The initial book values of the fixed assets are stated at total expenditures incurred before they are ready for their intended use, including construction costs, original price of machinery equipment, other necessary expenses incurred to bring the construction in progress to get ready for its intended use. The construction in progress shall be transferred to fixed asset when the installation or construction is ready for the intended use. For construction in progress that has been ready for their intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant fixed assets, and depreciation should be provided according to relevant policies of the Company when the fixed assets are ready for intended use. After the completion of budgets needed for the completion

of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

15. Intangible Assets

(a) Measurement method of intangible assets

Intangible assets are recognised at actual cost at acquisition.

(b) The useful life and amortisation of intangible assets

The estimated useful lives of the intangible assets with finite useful lives are as follows:

Category	Estimated useful life	Basis
Land use rights	50 years	Legal life
Software	10 years	The service life is determined by reference to the period that can bring economic benefits to the Company

For intangible assets with finite useful life, the estimated useful life and amortisation method are reviewed annually at the end of each reporting period and adjusted when necessary. No change has incurred in current year in the estimated useful life and amortisation method upon review.

(3) Criteria of classifying expenditures on internal research and development projects into research phase and development phase

①Preparation activities related to materials and other relevant aspects undertaken by the Company for the purpose of further development shall be treated as research phase.

②Development activities after the research phase of the Company shall be treated as development phase..

The Company only includes the expenditures incurred during the research phase of internal research and development projects, which shall be recognised in profit or loss when incurred.

16. Impairment of Long-Term Assets

Impairment loss of long-term equity investment in subsidiaries, fixed assets ,constructions in progress, intangible assets, etc.(excluding inventories, deferred tax assets, financial assets), shall be determined according to following method:

The Company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset and test for impairment.

The recoverable amounts of the long-term assets are the higher of their fair values less costs to dispose and the present values of the estimated future cash flows of the long-term assets. The Company estimate the recoverable amounts on an individual basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the groups of assets that the individual asset belongs to. Identification of a group of asset is based on whether the cash inflows from it are largely independent of the cash inflows from other assets or groups of assets.

If, and only if, the recoverable amount of an asset or a group of assets is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and the provision for impairment loss shall be recognised accordingly.

The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognised.

17. Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortised over current and subsequent periods with the amortisation period exceeding one year.

Long-term deferred expenses are evenly amortised over the beneficial period and the amortised period for each expense are as following:

Item	Amortisation period
Decoration costs	Expected benefit period

18. Employee Benefits

(1) Short-term employee benefits

(i) Employee basic salary (salary, bonus, allowance, subsidy)

The Company recognises, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit except for those recognised as capital expenditure based on the requirement of accounting standards.

(ii) Employee welfare

The Company shall recognise the employee welfare based on actual amount when incurred into current profit or loss or related capital expenditure. Employee welfare shall be measured at fair value as it is a non-monetary benefits.

(iii) Social insurance such as medical insurance, work injury insurance and maternity insurance, housing funds, labor union fund and employee education fund

Payments made by the Company of social insurance for employees, such as medical insurance, work injury insurance and maternity insurance, payments of housing funds, and labor union fund and employee education fund accrued in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to required accrual bases and accrual ratio in determining the amount of employee benefits and the related liabilities, which shall be recognised in current profit or loss or the cost of relevant asset.

(2) Post-employment benefits

Defined contribution plans

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the current profit or loss or the cost of a relevant asset.

(3) Termination benefits

The Company providing termination benefits to employees shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

- (i) When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.
- (ii) When the Company recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

19. Estimated Liabilities**(a) Recognition criteria of estimated liabilities**

The Company recognises the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

- (i) That obligation is a current obligation of the Company;
- (ii) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and
- (iii) The amount of the obligation can be measured reliably.

(b) Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured at the best estimate of expenses required for the performance of relevant present obligations. The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. The carrying amount of the estimated liabilities shall be reviewed at the end of every reporting period. If conclusive evidences indicate that the carrying amount fails to be the best estimate of the estimated liabilities, the carrying amount shall be adjusted based on the updated best estimate.

The specific measurement method of estimated liabilities due to expected sales return: The Company shall be measured estimated liabilities at 0.5 percent of the sales amount in the last month prior to the balance sheet date.

20. Revenue

(1) General Principles

Revenue is defined as the gross inflow of economic benefits arising in the course of the ordinary activities of the Company when those inflows result in the increases in shareholders' equity, other than increases relating to contributions from shareholders.

The Company shall recognise revenue when it satisfies a performance obligation in the contract as the customer obtains control of a good . Control of a good refers to the ability to direct the use of, and obtain substantially all of the remaining economic benefits from, the good or service.

The Company shall recognise revenue when it satisfies a performance obligation in the contract as the customer obtains control of a good . Control of a good refers to the ability to direct the use of, and obtain substantially all of the remaining economic benefits from, the good or service.

The Company shall recognise revenue at the point in which a customer obtains control of a promised good or service if a performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised good or service, the Company shall consider indicators of the transfer of control, which include, but are not limited to, the followings:

- (i) The Company has a present right to payment for the good or service – a customer is presently obliged to pay for the good or service;
- (ii) The Company has transferred legal title of an asset to a customer - the customer has legal title to the asset;
- (iii) The Company has transferred physical possession of an asset to a customer - the customer has physical possession of the asset;
- (iv) The Company has transferred the significant risks and rewards of ownership of the asset to a customer - the customer has the significant risks and rewards of ownership of the asset;

(v) The customer has accepted the asset.

Sale with a right of return

For sales with a right of return, when the customer obtains the control of a product, the Company shall recognise revenue for the transferred products in the amount of consideration to which the Company expects to be entitled and a refund liability at the amounts receivable for which the Company does not expect to be entitled; meanwhile, an asset shall be recognised as receivables on the cost of return measured at the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value to the entity of returned products), and the net amount of the former carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, the Company shall re-assess the expectations about the sales return and remeasure above mentioned assets and liabilities.

(2) Specific Method

Revenue recognition methods of the Company are as follows:

According to the contract of sales of goods between the Company and the customer, the Company satisfies a performance obligation by transferring goods to the customer, which is a performance obligation satisfied at a point in time.

The specific method about online clothing sales recognition of the Company are as follows: Revenue can be recognised when one of the following condition is satisfied: (1)the Company has transferred the promised goods to the receiver's address, which filled in the order placed by the end-customers and the end-customer has clicked "confirm receipt" button; (2)The Company has transferred the promised goods to the receiver's address, which filled in the order placed by the end-customers, and the system automatically confirms receipt after the given time according to the rules made by the platform, and platform gave the money to the seller.

21. Government Grants

(a) Recognition of government grants

A government grant shall not be recognised until there is reasonable assurance that:

- (i) The Company will comply with the conditions attaching to them; and
- (ii) The grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable.

(c) Accounting for government grants

- (i) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Government grants pertinent to assets shall be recognised as deferred income, and should be recognised in profit or loss on a systematic basis over the useful lives of the relevant assets. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

- (ii) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants shall be recognised as deferred income and included into profit or loss in the same period as the relevant expenses or losses are recognised;

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognised into current profit or loss.

For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.

Government grants related to daily operation activities are recognised in other income in accordance with the nature of the activities, and government grants irrelevant to daily operation activities are recognised in non-operating income.

22. Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base at the balance sheet date. The Company recognise and measure the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

(a) Recognition of deferred tax assets

Deferred tax assets should be recognised for deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits 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 the carryforward of unused tax credits can be utilised at the tax rates that are expected to apply to the period when the asset is realised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- (i) Is not a business combination; and
- (ii) At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The Company shall recognise a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, only to the extent that, it is probable that:

- (i) The temporary difference will reverse in the foreseeable future; and
- (ii) Taxable profit will be available against which the deductible temporary difference can be utilised.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the Company recognises a previously unrecognised deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Company shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(b) Recognition of deferred tax liabilities

A deferred tax liability shall be recognised for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled.

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

(i) Unused tax losses and unused tax credits

Unused tax losses and unused tax credits generated from daily operation of the Company itself Deductible loss refers to the loss calculated and permitted according to the requirement of tax law that can be offset against taxable income in future periods. The criteria for recognising deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognising deferred tax assets arising from deductible temporary differences. The Company recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company. Income taxes in current profit or loss shall be deducted as well.

(ii) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable bases is generated from elimination of inter-company unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognised in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well except for deferred tax related to transactions or events recognised directly in equity and business combination.

23. Leases

(1) Accounting treatment method for operating lease

(a) Identifying a lease

At inception of a contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

The Company includes only leases as lessee.

(b) Identifying a separate lease component

When a contract includes more than one separate lease components, the Company shall separate components of the contract and account for each lease component separately. The right to use an underlying asset is a separate lease component if both conditions have been satisfied: (i) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; (ii) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

(c) The Company as a lessee

At the commencement date, the Company identifies the lease that has a lease term of 12 months or less and does not contain a purchase option as a short-term lease. A lease qualifies as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically of low value less than RMB50,000. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For asset included in short-term leases or leases for which the underlying asset is of low value/ all the short-term leases or leases for which the underlying asset is of low value, the Company shall recognise the lease payments associated with those leases as cost of relevant asset or expenses in current profit or loss on a straight-line basis over the lease term.

Except for the election of simple treatment as short-term lease or lease of a low-value asset as mentioned above, at the commencement date, the Company shall recognise a right-of-use asset and a lease liability.

(i) Right-of-use asset

A right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

At the commencement date, the Company shall initially measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

the amount of the initial measurement of the lease liability;

any lease payments made at or before the commencement date, less any lease incentives received;

any initial direct costs incurred by the lessee; and

an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company recognises and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to Notes 5.18. Those costs incurred to produce inventories shall be included in the cost of inventories.

The right-of-use asset shall be depreciated according to the categories using straight-line method. If it is reasonably certain that the ownership of the underlying asset shall be transferred to the lessee by the end of the lease term, the depreciation rate shall be determined based on the classification of the right-of-use asset and estimated residual value rate from the commencement date to the end of the useful life of the underlying asset. Otherwise, the depreciation rate shall be determined based on the classification of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The depreciation method, estimated useful life, residual rates and annual depreciation rates which are determined according to the categories of right-of-use asset are listed as followings:

Category	Depreciation method	Estimated useful life (year)
Buildings and constructions	Straight line method	Lease term

(ii) Lease liability

At the commencement date, the lease liability shall be measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following 5 items:

fixed payments and in-substance fixed payments, less any lease incentives receivable;

variable lease payments that depend on an index or a rate;

the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;

payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;

amounts expected to be payable by the lessee under residual value guarantees.

In order to calculate the present value of the lease payments, interest rate implicit in the lease shall be used as the discount rate. If that rate cannot be readily determined, the Company shall use the incremental borrowing rate. The difference between the lease payments and its present value shall be recognised as unrecognised financing charges, calculated bases on the discount rate of the present value of the lease payments in each period within the lease term and recorded as interest expense in current profit or loss. Variable lease payments not included in the measurement of lease liabilities shall be recognised in current profit or loss when incurred.

After the commencement date, the Company shall remeasure the lease liability based on the revised present value of the lease payments and adjust the carrying amount of the right-of-use asset if there is a change in the in-substance fixed payments, or change in the amounts expected to be payable under a residual value guarantee, or change in an index or a rate used to determine lease payments, or change in the assessment or exercising of an option to purchase the underlying asset, or an option to extend or terminate the lease.

(d) Lease modifications

(i) A lease modification accounted for as a separate lease

The Company shall account for a modification to a lease as a separate lease, if both:

the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

(ii) A lease modification not accounted for as a separate lease

The Company as a lessee

At the effective date of the lease modification, the Company shall redetermine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The Company shall account for the remeasurement of the lease liability by:

decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease or shorten the lease term. The Company shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.

Making a corresponding adjustment to the carrying amount of the right-of-use asset for all other lease modifications.

24. Important accounting policies and estimates

The Company continuously assesses the significant accounting estimates and key assumptions according to its historical experiences and other elements, including reasonable expectations on the future events. The significant estimates and key assumptions that may result in significant adjustment on the assets and liabilities' carrying value in the following fiscal year are listed as below:

(i) Classification of financial assets

Significant estimates and key assumptions involved in classification of financial assets include determination of business model and contractual cash flow characteristics.

The Company's business model is determined at a level that reflects how groups of financial assets are managed. Evidences that the Company must consider include but not limited to:

how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

the risks that affect the performance of financial assets and their management methods;

how managers of the business are compensated.

In order to assess whether the contractual cash flows are consistent with a basic lending arrangement, the Company must consider whether the financial asset contains a contractual term that could change the timing or amount of the principal (for example, if the asset can be prepaid before maturity) and whether the interest consists of consideration for time value of the money, credit risk, other basic lending risk and costs, as well as profit margin. For example, the Company shall consider whether the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding as well as reasonable additional compensation for the early termination of the contract.

(ii) Deferred tax assets

Deferred tax assets shall be recognised for all unused taxable losses to the extent that it is probable that the taxable profits will be available against which unused tax losses can be utilised. It requires management to estimate the time and amount of future taxable profits using plenty of judgment so as to determine the amount to be recognised as deferred tax assets, taking into consideration of the tax planning strategy.

(iii) Provision for impairment of inventory

For inventories, net realisable value is determined at the estimated selling price less the estimated costs of completion, the estimated selling expenses and relevant taxes. Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and impact of post balance sheet event shall be considered.

The excess of cost over net realizable value of the inventories is recognised as provision for impairment of inventory. The difference between the actual result and the original estimate will affect the carrying value of the inventory and the provision for the inventory.

(iv) Fair value of unlisted equity investments

The fair value of unlisted equity investments is the projected future cash flows discounted at the current discount rate of projects with similar terms and risk characteristics. Such valuation requires the Company to estimate expected future cash flows and discount rates and is therefore subject to uncertainty. In limited circumstances, if the information used to determine fair value is insufficient, or if the possible estimates of fair value are widely distributed, and the cost represents the best estimate of fair value within that range, the cost may represent its appropriate estimate of fair value within that range.

25. Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting policies

Implementation of the Accounting Standards Interpretation for Business Enterprises No. 16 "Accounting treatment of deferred income tax related to assets and liabilities arising from single transactions not applicable to the initial recognition exemption"

The implementation of No. 16 has no significant impact on the company's financial statements during the reporting period.

(2) Significant changes in accounting estimates

Applicable Not applicable

VI. Taxes

1. Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Basis of tax assessment	Tax rate
VAT	Value added during the sale of goods	13%、9%
Urban maintenance and construction tax	Turnover tax payable	7%、5%
Enterprise income tax	Income tax payable	25%、20%

Educational surcharge	Turnover tax payable	3%
Local educational surcharge	Turnover tax payable	2%
Property taxes	Property tax payable	1.2%

Description of disclosure if different income tax rates apply to different corporate taxpayers

Name of taxpayer	Income tax rate
The Company	25%
Shanghai Rumere	25%
Meicang Fashion	25%
Rumere International	2.5%

2. Tax incentive

Rumere International meets the following standard of small and low-profit enterprises.

According to the Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households No. 6 of Finance and Taxation [2023], from January 1, 2023 to December 31, 2024, if the annual taxable income of small and micro enterprises does not exceed RMB1 million, the taxable income is calculated at a reduced rate of 25% with a corporate income tax rate of 20%.

According to the Announcement on the Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises No. 13 of Finance and Taxation [2022], from January 1, 2022 to December 31, 2024, if the annual taxable income of small and micro enterprises exceeding RMB1 million but not exceeding RMB 3 million, the taxable income is calculated at a reduced rate of 25% with a corporate income tax rate of 20%.

VII. Notes to consolidated financial statements

1. Cash and Cash Equivalents

Unit: RMB

Items	Closing balance	Opening balance
Cash on hand	367,974.55	907,807.77
Bank deposits	145,524,991.69	432,283,197.31
Other monetary funds	4,460,242.42	9,484,449.63

Total	150,353,208.66	442,675,454.71
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As of December 31, 2023, the Company had no funds whose use is restricted due to mortgage, pledge or freezing or which are deposited overseas or have the potential risk of recovery.

2. Financial assets held-for-trading

Unit: RMB

Item	Clothing balance	Opening balance
Financial assets at fair value through profit or loss	1,368,674,089.95	1,318,197,593.83
Including:		
Including: Bank wealth management products	1,025,943,095.04	1,267,862,799.31
Trust wealth financial products	342,730,994.91	50,334,794.52
Total	1,368,674,089.95	1,318,197,593.83

3. Advances to Suppliers

(1) Advances to suppliers by aging

Unit: RMB

Aging of account	Clothing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	37,903,490.93	66.69	32,472,807.37	55.21
1 to 2 years	10,865,321.40	19.12	26,082,080.23	44.35
2 to 3 years	7,839,511.39	13.79	146,079.39	0.25
Over 3 years	230,241.01	0.40	114,654.49	0.19
Total	56,838,564.73	100.00	58,815,621.48	100.00

Explanation on the reason of untimely settlement of prepayments whose age exceeds one year with significant amount:

The reason for the untimely settlement of significant prepayments with age exceeds one year is that the purchase contract signed between the company and Consinee Group Co., Ltd. is still in execution.

(2) Top five closing balances by entity

Entity name	Balance as at December 31, 2023	Proportion of the balance to the total advances to suppliers (%)
Consinee Group Co., Ltd.	16,136,032.96	28.39
Hebei Yuhong Cashmere Products Co., Ltd.	15,348,553.24	27.00
Hangzhou Ali Mama Software Service Co., Ltd.	4,711,208.32	8.29
Zhejiang Alibaba Communication Technology Co., Ltd.	1,434,870.00	2.52
Zhuji Aode Jewelry Co., Ltd.	1,009,400.00	1.78
Total	38,640,064.52	67.98

4. Other Receivables

Unit: RMB

Item	Clothing balance	Opening balance
Other receivables	360,617.41	476,745.77
Total	360,617.41	476,745.77

(1) Other Receivables**1) Other receivables by category**

Unit: RMB

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Deposits receivable, security deposits, and imprest funds	356,233.00	501,837.65
Temporary payments and others	23,364.27	
Total	379,597.27	501,837.65

2) Other receivables by aging

Unit: RMB

Aging of account	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year	249,597.27	151,541.10
1-2 years	30,000.00	10,253.85
Over 3 years	100,000.00	340,042.70
3-4 years		121,870.40

4-5 years	100,000.00	218,172.30
Total	379,597.27	501,837.65

3) Classified disclosure according to method of bad debt provision

Applicable Not applicable

Unit: RMB

Category	Clothing balance					Opening balance				
	Book balance		Provision		Book value	Book balance		Provision		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Among:										
Provision for bad debts on a portfolio basis	379,597.27	100.00%	18,979.86	5.00%	360,617.41	501,837.65	100.00%	25,091.88	5.00%	476,745.77
Among:										
Deposits receivable, security deposits, and imprest funds	356,233.00	93.84%	17,811.65	5.00%	338,421.35	501,837.65	100.00%	25,091.88	5.00%	476,745.77
Temporary payments and others	23,364.27	6.16%	1,168.21	5.00%	22,196.06					
Total	379,597.27	100.00%	18,979.86	5.00%	360,617.41	501,837.65	100.00%	25,091.88	5.00%	476,745.77

Provision for bad debts on a portfolio basis: 18,979.86

Unit: RMB

Categories	Clothing balance		
	Book balance	Provision for bad debts	Proportion
Deposits receivable, security deposits, and imprest funds	356,233.00	17,811.65	5.00%
Temporary payments and others	23,364.27	1,168.21	5.00%
Total	379,597.27	18,979.86	

Provision for bad debts on a portfolio basis: 25,091.88

Unit: RMB

Categories	Opening balance
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	Book balance	Provision for bad debts	Proportion
Deposits receivable, security deposits, and imprest funds	501,837.65	25,091.88	5.00%
Total	501,837.65	25,091.88	

Provision for bad debts that made by expected credit losses

Unit: RMB

Provision for loss allowance	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired)	
Balance as at January 1, 2023	25,091.88			25,091.88
Balance as at January 1, 2023 January 1 changes in the reporting period				
Provision	1,168.21			1,168.21
Reversal	7,280.23			7,280.23
Balance as at December 31, 2023	18,979.86			18,979.86

Description of changes in the book balance where there are significant changes in provision for the current period

Applicable Not applicable

4) Bad debt reserve that is set aside, recovered or transferred back in the reporting period

Bad debt reserve of the reporting period:

Unit: RMB

Category	Opening balance	Changes in current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Deposits receivable, security deposits, and imprest funds	25,091.88		7,280.23			17,811.65
Temporary payments and others		1,168.21				1,168.21
Total	25,091.88	1,168.21	7,280.23			18,979.86

5) Top five debtors in closing balance of other receivable

Unit: RMB

Entity name	Nature of the amount	Clothing balance	Aging	Percentage in total balance of other receivables at the end of the period	Balance of bad debt reserve at the end of the period
Zhejiang Tmall Technology Co., Ltd.	Security deposit	220,000.00	Less than 1 year, more than 3 years	57.96%	11,000.00
Wework Information Consulting (Shanghai) Co., Ltd.	Security deposit	48,000.00	Less than 1 year	12.64%	2,400.00
Weimeng Chuangke Network Technology (China) Co., Ltd.	Security deposit	30,000.00	1-2 years	7.90%	1,500.00
China Securities Depository and Clearing Co., Ltd. Shenzhen Branch	Temporary payments	22,105.99	Less than 1 year	5.82%	1,105.30
Changshu Qinhong Real Estate Co., Ltd.	Security deposit	20,000.00	Less than 1 year	5.27%	1,000.00
Total		340,105.99		89.59%	17,005.30

5. Inventory**(1) Inventories by category**

Unit: RMB

Item	Clothing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Raw materials	155,446,112.20	70,408,768.65	85,037,343.55	155,954,218.85	52,689,895.85	103,264,323.00
Goods in progress	3,172,078.98		3,172,078.98	3,284,907.35		3,284,907.35
Commodity stocks	353,181,227.61	78,242,095.72	274,939,131.89	265,265,432.56	50,531,154.37	214,734,278.19
Goods in transit	19,891,051.92		19,891,051.92	20,693,585.11		20,693,585.11
Materials for consigned processing,	10,677,862.75		10,677,862.75	19,684,243.04		19,684,243.04
Total	542,368,333.46	148,650,864.37	393,717,469.09	464,882,386.91	103,221,050.22	361,661,336.69

(2) Provision for impairment

Unit: RMB

Item	Opening	Increase during the	Decrease during the reporting	Clothing
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	balance	reporting period		period		balance
		Provision	Others	Provision	Others	
Raw materials	52,689,895.85	25,082,029.94		7,363,157.14		70,408,768.65
Commodity stocks	50,531,154.37	42,486,595.33		11,197,642.99	3,578,010.99	78,242,095.72
Total	103,221,050.22	67,568,625.27		18,560,800.13	3,578,010.99	148,650,864.37

6. Non-current Assets Maturing within One Year

Unit: RMB

Item	Clothing balance	Opening balance
Non-current financial assets maturing within one year	-	151,075,205.48
Total	-	151,075,205.48

7. Other current assets

Unit: RMB

Item	Clothing balance	Opening balance
Return cost receivable	289,889.56	224,928.45
Prepaid corporate income tax		16,553.17
Input VAT to be deducted	20,845,722.53	
Total	21,135,612.09	241,481.62

8. Other non-current financial assets

Unit: RMB

Item	Clothing balance	Opening balance
Unlisted equity investments	76,950,000.00	100,115,890.41
Trust wealth financial products	55,080,082.19	100,115,890.41
Total	132,030,082.19	100,115,890.41

In November 2023, the company obtained 48 million shares of Jiangsu SOHO International Group Corporation held by Shanghai Zendai Investment Development Co., Ltd. through judicial auction, corresponding to a 4.8791% equity stake, with a payment of RMB76.95 million.

9. Fixed assets

Unit: RMB

Item	Clothing balance	Opening balance
Fixed assets	431,839,182.13	178,412,503.35

Total	431,839,182.13	178,412,503.35
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(1) Fixed assets

Unit: RMB

Item	Buildings and constructions	Machinery equipment	Vehicles	Electrical equipment	Total
I. Original Book Value:					
1. Opening balance	177,552,389.96	4,189,131.16	7,967,194.09	5,337,208.85	195,045,924.06
2. Increase in the current period	261,140,368.55	169,469.04	2,871,364.61	848,851.16	265,030,053.36
3. Decrease in the current period			371,235.13	223,632.48	594,867.61
4. Closing balance	438,692,758.51	4,358,600.20	10,467,323.57	5,962,427.53	459,481,109.81
II. Accumulated depreciation					
1. Opening balance	6,276,798.51	1,502,478.64	5,541,154.44	3,312,989.12	16,633,420.71
2. Increase in the current period	9,116,066.75	456,092.89	1,126,097.30	878,739.87	11,576,996.81
3. Decrease in the current period			347,143.26	221,346.58	568,489.84
4. Closing balance	15,392,865.26	1,958,571.53	6,320,108.48	3,970,382.41	27,641,927.68
III. Impairment Provision					
IV. Book Value					
1. Book value at the end of the period	423,299,893.25	2,400,028.67	4,147,215.09	1,992,045.12	431,839,182.13
2. Book value at the beginning of the period	171,275,591.45	2,686,652.52	2,426,039.65	2,024,219.73	178,412,503.35

Shanghai rongme, a wholly-owned subsidiary of the Company, purchased the assets located at Building 4 of the Wanyuan City No. 9 and 10, Lane 585, Wan Yuan Road, Minhang District, Shanghai, in June 2023. The property covers an area of 4,967.78 square meters and has already obtained the real estate certificate. The book value of these target assets is RMB255,840,670.01. The main purpose is the company's research and development base and daily operation purposes.

10. Construction in Progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in Progress	53,331,524.63	52,063,773.07
Total	53,331,524.63	52,063,773.07

(1) General information of construction in progress

Unit: RMB

Item	Clothing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Modern Manufacturing Service Base	53,331,524.63		53,331,524.63	52,063,773.07		52,063,773.07
Total	53,331,524.63		53,331,524.63	52,063,773.07		52,063,773.07

(2) Changes in significant projects of construction in progress

Unit: RMB

Project name	Budget	Opening balance	Increase during the reporting period	Transfer to fixed asset	Decrease during the reporting period	Clothing balance	Proportion of project input to budgets (%)	Rate of progress	Cumulative amount of interest capitalisation	Including: interest capitalised during the reporting period	Interest capitalisation rate during the reporting period (%)	Source of funds
Modern Manufacturing Service Base	250,044,300.00	52,063,773.07	1,267,751.56			53,331,524.63	83.60%	83.60%	-	-	-	Proceeds raised
Total	250,044,300.00	52,063,773.07	1,267,751.56			53,331,524.63			-	-	-	

11. Right-of use Assets

Unit: RMB

Item	Buildings and constructions
I. Original Book Value:	
1. Opening balance	3,959,129.79
2. Increase in the current period	1,944,285.72
3. Decrease in the current period	2,505,488.60
4. Clothing balance	3,397,926.91
II. Accumulated depreciation	
1. Opening balance	2,764,264.52
2. Increase in the current period	1,278,053.14
3. Decrease in the current period	1,674,033.61

4. Clothing balance	2,368,284.05
III. Impairment Provision	
1. Opening balance	
2. Increase in the current period	
3. Decrease in the current period	
4. Clothing balance	
IV. Book Value	
1. Book value at the end of the period	1,029,642.86
2. Book value at the beginning of the period	1,194,865.27

Depreciation accrued in 2023 for the right-of-use assets was RMB1,278,053.14, among which RMB1,278,053.14 was recorded in General and administrative expenses.

12. Intangible Assets

(1) General information of intangible assets

Unit: RMB

Item	Land use rights	Software	Total
I. Original book value:			
1. Opening balance	18,946,032.03	573,388.25	19,519,420.28
2. Increase in the current period		80,530.98	80,530.98
3. Decrease in the current period			
4. Clothing balance	18,946,032.03	653,919.23	19,599,951.26
II. Accumulated Amortization			
1. Opening balance	1,223,913.50	316,260.09	1,540,173.59
2. Increase in the current period	386,499.00	56,333.82	442,832.82
(1) Provision	386,499.00	56,333.82	442,832.82
3. Decrease in the current period			
4. Clothing balance	1,610,412.50	372,593.91	1,983,006.41
III. Impairment Provision			
1. Opening balance			
2. Increase in the current period			
3. Decrease in the current period			
4. Clothing balance			
IV. Book Value			

1. Book value at the end of the period	17,335,619.53	281,325.32	17,616,944.85
2. Book value at the beginning of the period	17,722,118.53	257,128.16	17,979,246.69

13. Long-term Deferred Expenses

Unit: RMB

Item	Opening balance	Increase during the reporting period	Amortized amount of the current period	Other decreases	Closing balance
Decoration costs	1,159,382.32		254,564.06		904,818.26
Total	1,159,382.32		254,564.06		904,818.26

14. Deferred Tax Assets and Deferred Tax Liabilities

(1) Deferred tax assets before offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment loss	148,650,864.37	37,162,716.09	103,221,050.22	25,805,262.56
Deductible losses	6,502,487.51	1,625,621.88	10,432,914.62	2,608,228.65
Deferred income	453,230.76	113,307.68	562,321.13	140,580.28
Expected sales return	18,979.86	4,744.97	25,091.88	6,272.97
Bad debt provision	1,900,000.10	475,000.03	1,966,666.70	491,666.68
Total	157,525,562.60	39,381,390.65	116,208,044.55	29,052,011.14

(2) Deferred tax liabilities before offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Change in fair value of financial assets held-for-trading	2,152,545.23	538,136.31	2,024,154.95	506,038.74
Unrealized internal trading loss	9,854,172.14	2,463,543.04	11,388,689.72	2,847,172.43
Return cost receivable	289,889.56	72,472.39	224,928.45	56,232.11

Interest income	4,800,000.00	1,200,000.00	431,506.85	107,876.71
Total	17,096,606.93	4,274,151.74	14,069,279.97	3,517,319.99

(3) Net balance of deferred tax liabilities and deferred tax assets after offsetting

Unit: RMB

Item	Offset amount of the deferred tax assets and liabilities at the end of the reporting period	Balance of the deferred tax assets or liabilities after offset at the end of the reporting period	Offset amount of the deferred tax assets and liabilities at the beginning of the reporting period	Balance of the deferred tax assets or liabilities after offset at the beginning of the reporting period
Deferred tax assets	72,472.39	39,308,918.26	56,232.11	28,995,779.03
Deferred tax liabilities	72,472.39	4,201,679.35	56,232.11	3,461,087.88

15. Other non-current assets

Item	Clothing balance			Opening balance		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Advance payment for equipment	626,000.00		626,000.00			
Total	626,000.00		626,000.00			

16. Accounts Payable**(1) Accounts payable by nature**

Unit: RMB

Item	Clothing balance	Opening balance
Payables for constructions	34,981,069.98	63,284,891.25
Payables for materials	1,278,327.82	8,213,807.93
Payable for goods	18,927,792.39	19,021,750.09
Payable for processing	2,975,968.27	3,085,821.91
Total	58,163,158.46	93,606,271.18

(2) Significant accounts payable with aging of over one year

Unit: RMB

Item	Clothing balance	Reason
Shengfeng Construction &	33,753,746.46	Completion settlement not yet

Installation Engineering Co., Ltd.		completed
Total	33,753,746.46	

The Clothing balance of accounts payable of Shengfeng Construction & Installation Engineering Co., Ltd. is RMB33,753,746.46, with an age of one to two years.

17. Employee Benefits Payable

(1) Details of employee benefits payable

Unit: RMB

Item	Opening balance	Increase during the reporting period	Decrease during the reporting period	Clothing balance
Short-term employee benefits	5,107,789.54	68,631,295.79	68,206,696.88	5,532,388.45
Post-employment benefits-defined contribution plans	53,548.90	3,791,936.08	3,795,049.65	50,435.33
Termination benefits		637,158.00	637,158.00	
Total	5,161,338.44	73,060,389.87	72,638,904.53	5,582,823.78

(2) Short-term employee benefits

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Clothing balance
1. Salaries, bonuses, allowances and subsidies	4,871,513.58	57,488,132.41	57,291,592.80	5,068,053.19
2. Employee benefits	120,828.60	7,274,925.11	7,045,533.97	350,219.74
3. Social insurance	32,973.20	1,718,652.52	1,720,569.69	31,056.03
Health insurance	32,453.90	1,480,165.67	1,482,052.70	30,566.87
Injury insurance	519.30	92,494.70	92,524.84	489.16
Birth insurance		145,992.15	145,992.15	
4. Housing accumulation fund		1,833,101.00	1,833,101.00	
5. Labour union funds and employee education funds	82,474.16	316,484.75	315,899.42	83,059.49
Total	5,107,789.54	68,631,295.79	68,206,696.88	5,532,388.45

(3) Defined contribution plans

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Clothing balance
1. Basic endowment insurance	51,926.20	3,677,237.53	3,680,256.74	48,906.99
2. Unemployment insurance	1,622.70	114,698.55	114,792.91	1,528.34
Total	53,548.90	3,791,936.08	3,795,049.65	50,435.33

18. Other Payables

Unit: RMB

Item	Clothing balance	Opening balance
Other payables	8,995,145.79	9,784,082.94
Total	8,995,145.79	9,784,082.94

(1) Other Payables**1) Other payables by nature**

Unit: RMB

Item	Clothing balance	Opening balance
Express fees	5,318,558.24	6,876,333.70
Charges for storage and preservation of the goods	1,055,250.79	990,763.74
Other fees	2,621,336.76	1,916,985.50
Total	8,995,145.79	9,784,082.94

There are no significant others aged over one year accrued this year.

19. Taxes Payable

Unit: RMB

Item	Clothing balance	Opening balance
Enterprise income tax	12,246,217.29	21,585,182.85
VAT	3,766,299.71	5,502,791.86
Property taxes	950,717.23	776,679.02
Individual income tax	300,262.64	309,950.10
Urban maintenance and construction tax	237,225.33	351,808.94
Stamp tax	149,487.78	110,178.11
Education surcharge	101,667.99	152,902.74

Local education surcharge	67,778.66	101,935.15
Land use tax	63,184.19	61,710.90
Total	17,882,840.82	28,953,139.67

20. Non-current Liabilities Maturing within One Year

Unit: RMB

Item	Clothing balance	Opening balance
Long-term lease liabilities due within one year	857,142.86	1,110,716.50
Total	857,142.86	1,110,716.50

21. Other Current Liabilities

Unit: RMB

Item	Clothing balance	Opening balance
Refunds payable	453,230.76	562,321.13
Total	453,230.76	562,321.13

22. Lease liabilities

Unit: RMB

Item	Clothing balance	Opening balance
Lease payments	857,142.86	1,114,458.77
Less: Unrealised finance expenses	-	3,742.27
Subtotal	857,142.86	1,110,716.50
Less: lease liabilities due within one year	857,142.86	1,110,716.50
Total	-	-

23. Deferred Income

Unit: RMB

Item	Opening balance	Increase during the reporting period	Decrease during the reporting period	Clothing balance	Reason
Government grants	1,966,666.70	-	66,666.60	1,900,000.10	Subsidies for supporting infrastructure
Total	1,966,666.70	-	66,666.60	1,900,000.10	

24. Share Capital

Unit: RMB

	Opening balance	Increase and decrease of this change (+ and -)					Closing balance
		Issuance of new shares	Bonus issues	Shares transferred from surplus reserve	Others	Subtotal	
Number of total shares	228,000,000.00						228,000,000.00

25. Capital Reserves

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share premium	1,782,210,407.28			1,782,210,407.28
Total	1,782,210,407.28			1,782,210,407.28

26. Surplus reserves

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserves	54,889,643.62	6,708,201.95		61,597,845.57
Total	54,889,643.62	6,708,201.95		61,597,845.57

The increase in the Company's surplus reserve in the reporting period is due to the appropriation of the statutory surplus reserve at 10% of the Parent Company's net profit in the period.

27. Retained Earnings

Unit: RMB

Item	Current period	Last period
Balance as at the end of last period before adjustments	503,359,204.38	391,211,843.00
Balance as at the beginning of the reporting period after adjustments	503,359,204.38	391,211,843.00
Add: net profit attributable to owners of the parent company for the reporting period	84,719,397.91	167,040,817.13
Less: Transfer to statutory surplus reserves	6,708,201.95	14,309,455.75
Declaration of ordinary share dividends	83,448,000.00	40,584,000.00

Balance as at the end of the reporting period	497,922,400.34	503,359,204.38
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28. Revenue and Cost of Sales

Unit: RMB

Item	Incurred in the current period		Incurred in the prior period	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	765,889,176.04	465,928,820.89	946,278,717.99	562,934,119.40
Other activities	1,427,641.61	790,530.00	2,533,049.72	1,413,157.00
Total	767,316,817.65	466,719,350.89	948,811,767.71	564,347,276.40

Whether lower of the audited net profits before and after deducting the non-recurring profit and loss is negative

Yes No

Decomposed information of revenue from Principal activities

1) Principal activities (by product)

Item	2023		2022	
	Income	Income	Income	Costs
Tops	243,946,736.80	151,442,730.18	328,029,179.28	202,220,530.82
Coats	155,188,755.89	93,181,528.92	217,453,325.21	128,369,290.11
Pants	128,129,350.33	72,666,603.55	153,682,693.10	82,771,023.17
Skirts and dresses	110,771,808.93	66,497,040.68	113,325,747.28	68,111,675.60
Fur	42,407,445.65	27,751,253.04	69,462,339.95	44,928,447.32
Jewel	36,559,618.62	24,140,594.44	-	-
Others	48,885,459.82	30,249,070.08	64,325,433.17	36,533,152.38
Total	765,889,176.04	465,928,820.89	946,278,717.99	562,934,119.40

2) Principal activities (by region)

Item	2023		2022	
	Income	Costs	Income	Costs
East China	375,073,498.97	228,587,579.85	460,992,533.23	274,926,232.68
North China	129,646,567.04	78,021,028.51	163,440,527.42	96,014,105.24
Southwest China	68,750,116.02	42,101,519.70	86,722,866.43	51,941,606.03

Item	2023		2022	
	Income	Costs	Income	Costs
Southern China	65,698,489.51	39,920,667.82	73,592,409.08	43,648,606.93
Central China	62,784,048.46	38,570,160.29	80,489,346.66	48,385,649.88
Northeast China	34,238,605.61	20,831,672.56	45,396,886.89	26,974,684.85
Northwest China	29,671,725.40	17,882,320.29	35,560,601.61	20,997,592.76
Others	26,125.03	13,871.87	83,546.67	45,641.03
Total	765,889,176.04	465,928,820.89	946,278,717.99	562,934,119.40

29. Taxes and Surcharges

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Property taxes	2,542,708.76	914,271.14
Urban maintenance and construction tax	1,900,238.76	1,913,647.08
Education surcharge	814,468.25	824,107.79
Local education surcharge	542,978.82	549,405.16
Stamp tax	468,780.73	275,794.24
Land use tax	249,289.20	246,843.60
Environmental protection tax	16,061.76	256,942.62
Others	10,763.60	4,668.60
Total	6,545,289.88	4,985,680.23

30. Selling and Distribution Expenses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Marketing expenses	77,247,592.73	91,935,794.45
Employee benefits	29,401,714.02	28,082,205.46
Storage fees	3,499,129.91	3,809,628.99
Depreciation and amortization fees	1,891,200.27	1,102,253.88
Utilities	654,790.01	
Total	112,694,426.94	124,929,882.78

31. General and Administrative Expenses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Employee benefits	17,413,216.15	14,582,363.17
Depreciation and amortization fees	9,541,215.14	4,292,798.39
Office allowance	4,075,522.21	3,920,143.92
Labor dispatch expenses	2,423,037.67	2,734,195.92
Scrapping of inventories	2,552,789.57	1,115,191.58
Consulting service fees	2,000,206.04	1,386,162.70
Depreciation of right-of-use assets	1,278,053.14	1,576,681.40
Utilities	1,138,017.76	1,445,281.77
Maintenance and decoration costs	1,009,817.04	340,319.83
Travelling expenses	937,752.62	954,322.44
Business entertainment expenses	801,369.99	2,986,554.00
Gains and losses on the counting	144,486.76	87,857.45
Property fees	509,313.36	243,308.45
Rental fee	181,575.61	299,464.85
Others	2,130,042.31	1,538,350.09
Total	46,136,415.37	37,502,995.96

32. Research and development expenses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Employee benefits	16,194,973.71	14,991,401.59
Materials fees	3,955,018.08	3,994,042.69
Software development fees	320,397.82	1,281,301.55
Total	20,470,389.61	20,266,745.83

33. Finance expenses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Interest expense	5,232.32	50,146.33
Including: Interest expense of lease liabilities	5,232.32	50,146.33

Less: Interest income	11,571,422.65	12,484,242.39
Net interest expense	-11,566,190.33	-12,434,096.06
Exchange losses	137,534.76	226,587.41
Less: Exchange gains		
Net loss on exchange	137,534.76	226,587.41
Financial institution charges	3,387,763.52	4,072,400.96
Including: Alipay service charges	3,224,566.43	3,929,233.20
Total	-8,040,892.05	-8,135,107.69

34. Other Income

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
I. Government grant recognised in other income	1,866,161.60	6,358,231.30
Including: Government grant related to deferred income (related to assets)	66,666.60	33,333.30
Government grant directly recognised in current profit or loss	1,799,495.00	6,324,898.00
II. Others related to daily operation activities and recognised in other income	82,922.37	46,142.14
Including: Charges of withholding individual income tax	62,253.81	14,582.52
Additional tax deductions for Input tax	20,668.56	31,559.62
Total	1,949,083.97	6,404,373.44

35. Investment income

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Gains on disposal of held-for-trading financial assets	38,061,196.16	40,009,346.45
Total	38,061,196.16	40,009,346.45

36. Gains from Changes in Fair Values

Unit: RMB

Sources of income from changes in fair value	Incurred in the current period	Incurred in the prior period
Financial assets held-for-trading	9,736,672.14	9,312,190.32
Total	9,736,672.14	9,312,190.32

37. Credit Impairment Losses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Bad debt of other receivables	6,112.02	23,422.95
Total	6,112.02	23,422.95

38. Asset Impairment Losses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Impairment of inventories	-67,568,625.27	-49,127,914.01
Total	-67,568,625.27	-49,127,914.01

39. Gains from Disposal of Assets

Unit: RMB

Source of asset disposal proceeds	Incurred in the current period	Incurred in the prior period
Gains from disposal of fixed assets	30,655.86	-

40. Non-operating income

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period	Recognised in current extraordinary gains and losses
Others	4,267.00	44,880.37	4,267.00
Total	4,267.00	44,880.37	4,267.00

41. Non-operating expenses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period	Recognised in current extraordinary gains and losses
Donations	460,000.00	450,000.00	460,000.00
Overdue fine	613,660.63		613,660.63
Others	59,643.14	33,434.57	59,643.14
Total	1,133,303.77	483,434.57	1,133,303.77

42. Income Tax Expenses

(1) Details of income tax expenses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Current income tax expense	26,674,555.90	49,902,317.81
Deferred income tax expense	-9,572,547.76	-5,941,278.87
Income taxes during the prior period	2,056,489.07	95,303.08
Total	19,158,497.21	44,056,342.02

(2) Reconciliation of accounting profit and income tax expenses

Unit: RMB

Item	Incurred in the current period
Profit before tax	103,877,895.12
Income tax expense at the statutory /applicable tax rate	25,969,473.78
Effect of different tax rate of subsidiaries	-47,200.20
Effect of adjustments to income taxes during the prior period	2,056,489.07
Effect of non-deductible costs, expenses or losses	463,594.66
R&D expenses plus deduction	-9,355,404.78
Expiration of unused taxable losses	71,544.68
Income tax expenses	19,158,497.21

43. Notes to the Statement of Cash Flow

(1) Other cash received relating to operating activities

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Interest income	7,202,929.50	12,052,735.54
Government grants	1,799,495.00	6,371,040.14
Return of advances	15,764,828.04	
Others	205,162.75	468,458.90
Total	24,972,415.29	18,892,234.58

Note: According to the fixed quantity purchase contract signed with Kangshen Group Co., Ltd., the company has correspondingly reduced the advance payment ratio based on the remaining purchase volume. This year, the company received an advance payment of 15,764,828.04 yuan corresponding to the adjusted ratio.

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Payment of Selling and Distribution Expenses	87,246,236.15	99,982,376.87
Payment of General and Administrative Expenses	16,339,207.05	15,073,724.37
Payment of Research and Development Expenses	6,253,223.01	5,457,843.17
Payment of finance expenses - charges	3,387,763.52	4,072,400.96
Others	1,133,303.77	483,434.57
Total	114,359,733.50	125,069,779.94

(3) Cash relating to investing activities

Other important cash received relating to investing activities

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Finance products redemption	5,339,110,000.00	5,956,550,000.00
Total	5,339,110,000.00	5,956,550,000.00

Other important cash payments relating to investing activities

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Finance products purchase	4,895,010,000.00	6,240,550,000.00
Unlisted equity investments purchase	76,950,000.00	
Total	4,971,960,000.00	6,240,550,000.00

(3) Other cash payments relating to financing activities

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Payment for principal and interest of lease liabilities	1,954,161.72	3,212,832.37
Total	1,954,161.72	3,212,832.37

44. Supplementary Information to the Statement of Cash Flows

(1) Supplementary information to the statement of cash flows

Unit: RMB

Supplementary information	Incurred in the current period	Incurred in the prior period
1. Adjustments of net profit to cash flows from operating activities:		
Net profit	84,719,397.91	167,040,817.13
Add: Provisions for impairment of assets	67,568,625.27	49,127,914.01
Impairment Loss of Credit	-6,112.02	-23,422.95
Depreciation of fixed assets, Investment Properties ,oil and gas asset and productive biological assets	11,576,996.81	5,207,037.51
Depreciation of right to use assets	1,278,053.14	1,576,681.40
Amortisation of intangible assets	442,832.82	441,544.32
Amortisation of long-term deferred expenses	254,564.06	213,644.79
Losses /(gains) on disposal of fixed assets, intangible assets and other long-term assets	-30,655.86	
Losses /(gains) on changes in fair value	-9,736,672.14	-9,312,190.32
Finance costs /(income)	5,232.32	50,146.33
Investment losses /(income)	-38,061,196.16	-40,009,346.45
Decreases /(increases) in deferred tax assets	-10,313,139.23	-7,506,807.04
Increases /(decreases) in deferred tax liabilities	740,591.47	1,565,528.17
Decreases /(increases) in inventories	-77,485,946.55	-63,814,358.72
Decreases /(increases) in operating receivables	-4,326,334.96	468,458.90
Increases /(decreases) in operating payables	-33,903,797.35	20,316,706.88
Others	-66,666.60	-33,333.30
Net cash flows from operating activities	-7,344,227.07	125,309,020.66
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Assets under leases(other than leases under simplified method)		
3. Net increases in cash and cash equivalents:		
Cash at the end of the reporting period	145,553,208.66	142,243,947.86

Less: Cash at the beginning of the reporting period	142,243,947.86	370,350,218.44
Add: Cash equivalents at the end of the reporting period		
Less: Cash equivalents at the beginning of the reporting period		
Net increase in cash and cash equivalents	3,309,260.80	-228,106,270.58

The difference between ending balance of Cash and Cash Equivalents which listed in the cash flow as RMB 145,553,208.66 and the the ending balance of Cash and Cash Equivalents which listed in the Balance Sheet as RMB 150,353,208.66. The reason of the difference is the deduction of interest receivable (RMB 4,800,000.00) which fails to meet the standards for Cash and Cash Equivalents at the end of the period.

(2) The components of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	145,553,208.66	142,243,947.86
Including: Cash on hand	367,974.55	907,807.77
Cash in bank available for immediate use	140,724,991.69	131,851,690.46
Other monetary funds available for immediate use	4,460,242.42	9,484,449.63
III. Cash and cash equivalents at the end of the reporting period	145,553,208.66	142,243,947.86

45. Leases

Applicable Not applicable

The Company as lessee

Item	Amount
Expenses for short-term lease under simplified method	191,866.71
Interest expense on lease liabilities	5,232.32
Cash outflows related to leases	1,789,251.66

VIII. Changes in the Scope of Consolidation

1. Other explanations:

There is no change in the consolidation scope during the current period.

IX. Interests in Other Entities

1. Interests in subsidiaries

(1) Composition of corporate group

Unit: RMB

Names of subsidiaries	Registered capital	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
					Direct	Indirect	
Shanghai Rumere	270,000,000	Shanghai	Shanghai	Brand management	100.00%		Business combinations involving entities under common control
Meicang Fashion	4,000,000	Changshu	Changshu	Clothing processing	100.00%		Business combinations involving entities under common control
Rumere International	5,000,000	Changshu	Changshu	Import of raw materials	100.00%		Acquired through establishment

X. Government Grants**1、Government grants recognized at the end of the reporting period in the amount receivable**

Applicable Not applicable

Reasons of government grants that failed to receive at the expected time

Applicable Not applicable

2、Liabilities involving government subsidies

Applicable Not applicable

Unit: RMB

Item	Opening balance	Increase during the reporting period	Decrease during the reporting period	Clothing balance	Related to assets/earnings
Government grants	1,966,666.70	-	66,666.60	1,900,000.10	Related to assets

3、Government grants recognised in profit or loss for the current period

Applicable Not applicable

Unit: RMB

Category	Reporting items	Incurred in the current period	Incurred in the prior period
Financial support funds	Other income	1,471,000.00	1,370,000.00
Subsidy for job stabilization	Other income	116,495.00	122,934.00
Quality Management Excellence Award	Other income	100,000.00	
Modern Manufacturing Service Base Project phase I funds	Other income	66,666.60	33,333.30
Attract subsidies and talent introduction subsidies of Human Resources and Social Security Bureau	Other income	62,000.00	
Special funds for business development and high-quality development	Other income	30,000.00	1,331,964.00
Vehicle retirement subsidy	Other income	20,000.00	
Listing incentive	Other income		3,500,000.00
Total		1,866,161.60	6,358,231.30

XI. Risks related to financial instruments

Risks related to the financial instruments of the Company arise from the recognition of various financial assets and financial liabilities during its operation, including credit risk, liquidity risk and market risk.

Management of the Company is responsible for determining risk management objectives and policies related to financial instruments. Operational management is responsible for the daily risk management through functional departments. Internal audit department is responsible for the daily supervision of implementation of the risk management policies and procedures, and report their findings to the audit committee in a timely manner.

Overall risk management objective of the Company is to establish risk management policies to minimize the risks without unduly affecting the competitiveness and resilience of the Company.

1. Credit risk

Credit risk is the risk of one party of the financial instrument face to a financial loss because the other party of the financial instrument fails to fulfill its obligation. The credit risk of the Company is related to cash and equivalent, and other receivables, etc. Credit risk of these financial assets is derived from the counterparty's breach of contract. The maximum risk exposure is equal to the carrying amount of these financial instruments.

Cash and cash equivalent of the Company has lower credit risk, as they are mainly deposited in such financial institutions as commercial bank, of which the Company thinks with higher reputation and financial position.

For other receivables, the Company establishes related policies to control their credit risk exposure. The Company assesses credit capability of its customers and determines their credit terms based on their financial position, possibility of the guarantee from third party, credit record and other factors . The Company monitors its customers' credit record periodically, and for those customers with poor credit record, the Company will take measures such as written call, shortening or cancelling their credit terms so as to ensure the overall credit risk of the Company is controllable.

(1) Determination of significant increases in credit risk

The Company assesses at each reporting date as to whether the credit risk on financial instruments has increased significantly since initial recognition. When the Company determines whether the credit risk has increased significantly since initial recognition, it considers based on reasonable and supportable information that is available without undue cost or effort, including quantitative and qualitative analysis of historical information, external credit ratings and forward-looking information. The Company determines the changes in the risk of a default occurring over the expected life of the financial instrument through comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition based on individual financial instrument or a group of financial instruments with the similar credit risk characteristics.

When met one or more of the following quantitative or qualitative criteria, the Company determines that the credit risk on financial instruments has increased significantly: the quantitative criteria applied mainly because as at the reporting date, the increase in the probability of default occurring over the lifetime is more than a certain percentage since the initial recognition; the qualitative criteria applied if the debtor has adverse changes in business and economic conditions, early warning list of customer, and etc.

(2) Definition of credit-impaired financial assets

The criteria adopted by the Company for determination of credit impairment are consistent with internal credit risk management objectives of relevant financial instruments in considering both quantitative and qualitative indicators.

When the Company assesses whether the debtor has incurred the credit impairment, the main factors considered are as following: Significant financial difficulty of the issuer or the borrower; a breach of contract, e.g., default or past-due event; a lender having granted a concession to the borrower for economic or contractual reasons relating to the borrower's financial difficulty that the lender would not otherwise consider; the probability that the borrower will enter bankruptcy or other financial re-organisation; the disappearance of an active market for the financial asset because of financial difficulties of the issuer or the borrower; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The credit impairment of financial assets may be caused by the combination of multiple events, not necessarily by individually identifiable events.

(3) The parameter of expected credit loss measurement

The company measures impairment provision for different assets with the expected credit loss of 12-month or the lifetime based on whether there has been a significant increase in credit risk or credit impairment has occurred. The key parameters for expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company sets up the model of default probability, default loss rate and default risk exposure in considering the quantitative analysis of historical statistics and forward-looking information.

Relevant definitions are as following:

Default probability refers to the probability of the debtor will fail to discharge the repayment obligation over the next 12 months or the entire remaining lifetime;

Default loss rate refers to the Company's expectation of the loss degree of default risk exposure. The default loss rate varies depending on the type of counterparty, recourse method and priority, and the collateral. The default loss rate is the percentage of the risk exposure loss when default has occurred and it is calculated over the next 12 months or the entire lifetime;

The default risk exposure refers to the amount that the company should be repaid when default has occurred in the next 12 months or the entire lifetime. Both the assessment of significant increase in credit risk of forward-looking information and the calculation of expected credit losses involve forward-looking information. Through historical data analysis, the Company identifies key economic indicators that have impact on the credit risk and expected credit losses for each business.

The maximum exposure to credit risk of the Company is the carrying amount of each financial asset in the statement of financial position. The Company does not provide any other guarantees that may expose the Company to credit risk.

For the other receivables of the Company, the amount of top 5 clients represents 89.59% of the total (31 December 2022:100.00%)

2. Liquidity Risk

Liquidity risk is the risk of shortage of funds when fulfilling the obligation of settlement by delivering cash or other financial assets. The Company is responsible for the capital management of all of its subsidiaries, including short-term investment of cash surplus and dealing with forecasted cash demand by raising loans. The Company's policy is to monitor the demand for short-term and long-term floating capital and whether the requirement of loan contracts is satisfied so as to ensure to maintain adequate cash and cash equivalents.

As at 31 December 2023, the maturity profile of the Company's financial liabilities is as follows:

项目名称	December 31, 2023	
	Within 1 year	Within 1 year
Accounts payable	58,163,158.46	
Other payments	8,995,145.79	
合计	67,158,304.25	

(Continued)

项目名称	December 31, 2022	
	Within 1 year	Within 1 year
Accounts payable	82,251,827.41	11,354,443.77
Other payments	9,476,184.89	307,898.05
合计	91,728,012.30	11,662,341.82

3. Market risk

(1) Foreign currency risk

Foreign currency risk of the Company mainly arise from foreign currency assets and liabilities denominated in currency other than the Company's functional currency. The foreign currency risk the Company is subject to is mainly related to the purchase raw materials denominated in EUR and USD. Except for the operations of the Company's subsidiaries Rumere International are denominated and settled in USD and EUR, other main operations of the Company are settled in RMB.

(2) Interest rate risk

Interest rate risk of the Company primarily arises from bank debts. Financial liabilities with floating interest rate make the Company subject to cash flow interest rate risk, and financial liabilities with fixed interest rate make the Company subject to fair value interest rate risk. The Company determines the relative proportion of the fixed interest contracts and floating interest contracts based on the current market environment.

Finance department of the Company's headquarter monitors interest rate of the group continuously. Increase of the interest rate will result in the increase of the cost of new interest-bearing debts and the interest expense of the unpaid interest-bearing debts with floating rate, and subsequently lead to significant negative impact on the financial performance of the Company. The management makes adjustment in accordance with the update market condition in a timely manner.

XII. Fair value disclosure

1. Closing fair values of assets and liabilities measured at fair value

Unit: RMB

Item	Ending fair value			Total
	Fair value measurement with Level 1 inputs	Fair value measurement with Level 2 inputs	Fair value measurement with Level 3 inputs	
I. Recurring Fair Value Measurement	--	--	--	--
1. Financial assets held for trading	15,807,554.49	1,352,866,535.46		1,368,674,089.95
Including: Bank wealth management	15,032,519.27	1,010,910,575.77		1,025,943,095.04

products				
Trust wealth financial products	775,035.22	341,955,959.69		342,730,994.91
2. Other non-current financial assets		55,080,082.19	76,950,000.00	132,030,082.19
Including: Trust wealth financial products		55,080,082.19		55,080,082.19
Unlisted equity investments			76,950,000.00	76,950,000.00
Total	15,807,554.49	1,407,946,617.65	76,950,000.00	1,500,704,172.14
II. Non-recurring fair value measurement	--	--	--	--

2. Basis for determining the market price of recurring and non-recurring fair value measurements with Level 1 inputs

The Company's bank financial products amounted RMB15,032,519.27 are purchased open net worth financial products, and the bank provides continuous product market value. The Company's Trust wealth financial products amounted RMB775,035.22 are purchased open net worth financial products, and the Trust provides continuous product market value.

3. Qualitative and quantitative information on important parameters and valuation techniques used for recurring and non-recurring fair value measurements with Level 2 inputs

The fair value of the bank wealth management products of RMB1,010,910,575.77 and the fair value of the trust wealth management products of RMB397,036,041.88 of the Company are determined based on the expected rate of return of the product.

4. Qualitative and quantitative information on important parameters and valuation techniques used for recurring and non-recurring fair value measurements with Level 3 inputs

Item	Fair value as at December 31 2023	Valuation technique	Input values cannot be observed	Range (weighted average)
Equity investments				
Unlisted equity investments	76,950,000.00	Market method	EBITDA multiplier Revenue multiplier Liquidity discount control premium	10-15(11.3)1.5-2.0(1.7)5%-20%(17%)10%-30%(20%)

5. Financial assets and financial liabilities for which not measured at fair value

The financial assets and financial liabilities of the Company measured at amortised cost mainly include: cash and cash equivalents, accounts receivable, other receivables, accounts payable, other payables, etc.

The difference between the carrying amount and the fair value of other financial assets and financial liabilities not measured at fair value is very little.

XIII. Related parties and related party transactions

1. Information on the Parent Company of the Company

Name of the parent company	Registered address	Nature of business	Registered capital	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
Suzhou Rumere Group Co., Ltd.	Changshu	Investment company	RMB56,000,000	51.58%	51.58%

Information on the Company's Parent Company

Suzhou Rumere Group Co., Ltd., formerly known as Suzhou Rumere Ingenuity Fashion Co., Ltd., was established in February 2017, with Guo Jian and Wen Di respectively holding 50% of the Company's shares..

The ultimate controller of the Company is Guo Jian and Wen Di.

Guo Jian and Wen Di, who are a couple, directly and indirectly hold 73.68% of the Company's shares as of December 31, 2023.

2. The Company's subsidiaries

For details of the Company's subsidiaries, please see Note IX. Interests in other entities.

3. Information of other related parties

Name of other related parties	Relationship between other related parties and the Company
Yu Qingtao	Director, Deputy General Manager and

	directors and participating shareholders
Suzhou Rumere Furniture Co., Ltd. ^(Note 1)	A company controlled by the Company's controlling shareholders
Shanghai Rumere Model Agency Co., Ltd.	A company controlled by the Company's controlling shareholders
Key executives	Key executives

4. Information on related party transactions

(1) Lease

The Company as lessee:

Unit: RMB

The lessor	Type of assets	2023				
		Expenses for short-term lease and lease of low value asset under simplified method	Variable lease payments not included in lease liabilities	Lease payment for current period	Interest expense of lease liabilities	Increase in right-of-use assets
Wen Di, Guo Jian	Buildings			857,142.86		857,142.86

(continued)

Unit: RMB

The lessor	Type of assets	2022				
		Expenses for short-term lease and lease of low value asset under simplified method	Variable lease payments not included in lease liabilities	Lease payment for current period	Interest expense of lease liabilities	Increase in right-of-use assets
Wen Di, Guo Jian	Office floor			857,142.86	13,438.18	857,142.86

Information on related party leasing

The office floor leased by the company from Guo Jian and Wen Di is 2,316 square meters, equivalent to RMB 1.079 per square meter per day, which is in line with the local rental market price between RMB 1 and 1.1.

(2) Key management personnel compensation

Unit: RMB Ten Thousand Yuan

Item	Amount incurred in the current period	Amount incurred in the Last period
Key management personnel compensation	556.87	625.96

XIV. Commitments and contingencies

1. Significant Commitments

The nature and amount of significant commitments existing at the balance sheet date:

(1) Capital commitments

Capital commitment with contract signed	December 31, 2023	December 31, 2022
Commitment for build long-term assets	2,839,049.70	4,100,980.67

(2) Operating lease commitment

The total future minimum lease payments under non-cancellable operating leases of the Group's properties	December 31, 2023	December 31, 2022
Within 1 year	1,128,840.97	1,175,196.01

2. Contingencies

As at December 31 2023, the Company has no significant contingencies need to be disclosed.

XV. Events after Balance Sheet Date

1. Profit Distribution

Unit: RMB

Dividend to be distributed per 10 shares	4.39
Dividend to be distributed per 10 shares after deliberation, approval and announcement	4.39
Profit distribution plan	According to the resolution of the 8st meeting of the 2th Board of Directors held on April 23, 2024, profit distribution proposal of the Company in 2023: based on the number of shares of the Company's total share capital as at the equity registration date of the implementation of this profitdistribution plan, distribute a cash dividend of RMB4.39 (tax included) for every 10 shares to all shareholders; no bonus shares will be issued and no capital reserve will be converted into sha re capital.

XVI. Other Significant matters**1. Others**

As at December 31 2023, the Company has no other significant matters need to be disclosed.

XVII. Notes to Major Items of Financial Statements of the Parent Company**1. Other receivables by category**

Unit: RMB

Item	Clothing balance	Opening balance
Other receivables	256,117.41	353,024.42
Total	256,117.41	353,024.42

(1) Other Receivables**1) Other receivables by category**

Unit: RMB

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Deposits receivable, security deposits, and imprest funds	246,233.00	371,604.65
Temporary payments and others	23,364.27	
Total	269,597.27	371,604.65

2) Other receivables by aging

Unit: RMB

Aging of account	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year	189,597.27	91,541.10
1-2 years	30,000.00	10,253.85
Over 3 years	50,000.00	269,809.70
3-4 years		51,637.40
4-5 years	50,000.00	218,172.30
Total	269,597.27	371,604.65

3) Classified disclosure according to method of bad debt provision

Applicable Not applicable

Unit: RMB

Category	Clothing balance					Opening balance				
	Book balance		Provision		Book value	Book balance		Provision		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Among:										
Provision for bad debts on a portfolio basis	269,597.27	100.00%	13,479.86	5.00%	256,117.41	371,604.65	100.00%	18,580.23	5.00%	353,024.42
Among:										
Deposits receivable, security deposits, and imprest funds	246,233.00	91.33%	12,311.65	5.00%	233,921.35	371,604.65	100.00%	18,580.23	5.00%	353,024.42
Temporary payments and others	23,364.27	8.67%	1,168.21	5.00%	22,196.06					
Total	269,597.27	100.00%	13,479.86	5.00%	256,117.41	371,604.65	100.00%	18,580.23	5.00%	353,024.42

Provision for bad debts on a portfolio basis: 13,479.86

Unit: RMB

Categories	Clothing balance		
	Book balance	Provision for bad debts	Proportion
Deposits receivable, security deposits, and imprest funds	246,233.00	12,311.65	5.00%
Temporary payments and others	23,364.27	1,168.21	5.00%
Total	269,597.27	13,479.86	

Provision for bad debts on a portfolio basis: 18,580.23

Unit: RMB

Categories	Opening balance		
	Book balance	Provision for bad debts	Proportion
Deposits receivable, security deposits, and imprest funds	371,604.65	18,580.23	5.00%
Total	371,604.65	18,580.23	

Provision for bad debts that made by expected credit losses

Unit: RMB

Provision for loss allowance	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired)	
Balance as at January 1, 2023	18,580.23			18,580.23
Balance as at January 1, 2023 January 1 changes in the reporting period				
Provision	1,168.21			1,168.21
Reversal	6,268.58			6,268.58
Balance as at December 31, 2023	13,479.86			13,479.86

Description of changes in the book balance where there are significant changes in provision for the current period

Applicable Not applicable

4) Bad debt reserve that is set aside, recovered or transferred back in the reporting period

Bad debt reserve of the reporting period:

Unit: RMB

Category	Opening balance	Changes in current period				Clothing balance
		Provision	Recovery or reversal	Write-off	Others	
Deposits receivable, security deposits, and imprest funds	18,580.23		6,268.58			12,311.65
Temporary payments and others		1,168.21				1,168.21
Total	18,580.23	1,168.21	6,268.58			13,479.86

5) Top five debtors in closing balance of other receivable

Unit: RMB

Entity name	Nature of the amount	Clothing balance	Aging	Percentage in total balance of other receivables at the end of the	Balance of bad debt reserve at the end of the period
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				period	
Zhejiang Tmall Technology Co., Ltd.	Security deposit	110,000.00	Less than 1 year, more than 3 years	40.80%	5,500.00
Wework Information Consulting (Shanghai) Co., Ltd.	Security deposit	48,000.00	Less than 1 year	17.80%	2,400.00
Weimeng Chuangke Network Technology (China) Co., Ltd.	Security deposit	30,000.00	1-2 years	11.13%	1,500.00
China Securities Depository and Clearing Co., Ltd. Shenzhen Branch	Temporary payments	22,105.99	Less than 1 year	8.20%	1,105.30
Changshu Qinhong Real Estate Co., Ltd.	Security deposit	20,000.00	Less than 1 year	7.42%	1,000.00
Total		230,105.99		85.35%	11,505.30

2. Long-term Equity Investments

Unit: RMB

Item	Clothing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Subsidiaries	269,886,865.58		269,886,865.58	886,865.58		886,865.58
Total	269,886,865.58		269,886,865.58	886,865.58		886,865.58

(1) Investments in subsidiaries

Unit: RMB

Investee	Opening balance (book value)	Increase/decrease in the period				Clothing balance (book value)	Clothing balance of impairment provision
		Increase in investment	Decrease in investment	Impairment Provision	Others		
Sanghai Rumere	389,702.72	269,000,000.00				269,389,702.72	
Meicang Fashion	497,162.86					497,162.86	
Total	886,865.58	269,000,000.00				269,886,865.58	

3. Revenue and Cost of Sales

Unit: RMB

Item	Incurred in the current period		Incurred in the prior period	
	Revenue	Costs of sales	Revenue	Costs of sales

Principal activities	764,987,796.97	471,315,177.49	945,187,284.99	569,534,668.37
Other activities	1,427,641.61	790,530.00	2,533,049.72	1,413,157.00
Total	766,415,438.58	472,105,707.49	947,720,334.71	570,947,825.37

4. Investment income

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Gains on disposal of held-for-trading financial assets	38,061,196.16	40,009,346.45
Total	38,061,196.16	40,009,346.45

XVII. Supplementary Information

1. Extraordinary Gains or Losses

 Applicable Not applicable

Unit: RMB

Item	Amount	Description
Gain or loss on disposal of illiquid assets	30,655.86	
Government grants recognised in current profit or loss (except government grants that is closely related to operations and determined based on a fixed scale according to the national unified standard)	1,866,161.60	
Gains /(losses) arising from changes in fair value of financial assets held-for-trading, derivative financial assets, other non-current financial assets, financial liabilities held-for-trading and derivative financial liabilities during the holding period and investment income arising from disposal of held-for-trading financial assets, derivative financial assets, other non-current financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investment except effective hedging transactions related to the Company's principal activities	47,797,868.30	
Other non-operating income/expenses except for items mentioned above	-1,046,114.40	
Less: tax effect	12,378,019.60	
Total	36,270,551.76	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

 Applicable Not applicable

The Company has no other profit and loss items that qualified the definition of non-recurring profit and loss.

Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profit and Loss as recurring profit and loss items during the reporting period.

Applicable Not applicable

2. Return on Net Assets and Earnings Per Share ('EPS')

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic	Diluted
Net profit attributable to ordinary shareholders	3.29%	0.37	0.37
Net profit attributable to ordinary shareholders after extraordinary gains and losses	1.88%	0.21	0.21