

Stock Code: 603605

Stock Abbreviation: Proya

Bond Code: 113634

Bond Abbreviation: Proya Convertible Bond

## **Proya Cosmetics Co., Ltd.**

### **The First Quarter Report in 2023**

The Board of Directors and all directors of the Company warrant that this announcement does not contain any false records, misleading statements or material omissions, and shall be legally liable for the truthfulness, accuracy and completeness of the contents herein contained.

#### **Important Notes**

The Board of Directors, Board of Supervisors, directors, supervisors, and senior management of the Company warrant that this Quarterly Report is authentic, accurate and complete, and does not contain any false records, misleading statements or major omissions, and that they will be jointly and severally liable therefor.

The CEO, CFO and the head of accounting department of the Company warrant that all financial statement information in the Quarterly Report is authentic, accurate and complete.

Have the financial statements for Q1 been audited?

Yes" " No"

**I. Key Financial Data****(I) Key accounting data and financial indicators**

Unit: Yuan Currency: RMB

Item	In the current reporting period	Change over the same period last year (%)	
Operating revenue	1,621,514,039.25	29.27	
Net profit attributable to shareholders of the listed company	208,032,832.00	31.32	
Net profit attributable to shareholders of the listed company, net of non-recurring profit and loss	197,980,896.41	34.93	
Net cash flow from operating activities	409,773,960.44	19.78	
Basic earnings per share (RMB per share)	0.73	-7.59	
Diluted earnings per share (RMB per share)	0.72	-7.69	
Weighted average ROE (%)	5.69	Up by 0.33 percentage points	
	End of the reporting period	End of last year	Change over the same period last year (%)
Total assets	6,156,154,781.38	5,778,071,824.19	6.54
Owner's equity attributable to shareholders of the listed company	3,761,234,781.67	3,524,488,659.96	6.72

**(II) Items and amounts of non-recurring profit and loss**

Unit: Yuan Currency: RMB

Item	Amount for the current period	Remarks
------	-------------------------------	---------

Gain or loss on disposal of non-current assets		
Unauthorized approval, or no formal approval, or occasional tax refund or relief		
Government subsidies included in the current profit and loss, except for those closely related to the Company's normal operation and granted constantly at a fixed amount or quantity according to certain standard based on state policies	19,901,510.50	
Fund occupation fees payable by non-financial businesses including profit and loss in the current period		
Income generated in case the investment cost of acquiring any subsidiary, associated enterprise and joint venture is less than the net fair value of the investee's identifiable assets when an investment is acquired		
Gain and loss on exchange of non-monetary assets		
Gain and loss on authorizing others to invest or manage assets		
Provisions for various asset impairments due to force majeure factors such as natural disasters		
Gain and loss on restructuring of debts		
Restructuring expenses, such as re-settlement expenses and integration cost		

Profit and loss in excess of the fair value generated from obviously unfairly priced transactions		
Net profit and loss of subsidiaries generated from the merger of companies under common control from the beginning of the period to the date of merger		
Profit and loss arising from contingent events unrelated to the Company's normal operations		
Profit and loss from changes in fair value arising from holding of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment gain from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments, except for effective hedging related to the Company's normal operations		
Reversal of provision for impairment of receivables and contract assets individually tested for impairment		
Profit and loss from entrusted loans		
Profit and loss arising from changes in the fair value of investment property subsequently measured with the fair value model		

Impact of one-time adjustments on the current profit and loss according to the requirements of tax and accounting laws and regulations on the current profit and loss		
Custody fee income from entrusted operations		
Other non-operating revenue and expenses other than the items mentioned above	-1,311,028.15	
Other profit and loss items under the definition of non-recurring profit and loss		
Less: Income tax impact	4,813,770.60	
Impact of minority shareholders' equity (after tax)	3,724,776.16	
Total	10,051,935.59	

Description of non-recurring profit and loss items enumerated in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profit and Loss* defined as recurring profit and loss items

Applicable"  Not applicable"

(III) Changes in key accounting data and financial indicators and reasons

Applicable"  Not applicable"

Item	Change ratio (%)	Main reasons
Net profit attributable to shareholders of the listed company	31.32	Mainly because: (1) Total profit increased by 36.00% YOY: Sales revenue increased by 29.27% YOY, gross profit increased by 33.97% YOY (gross profit margin increased YOY), and expenses for four items for the period

		increased by 34.52% YOY. (2) Net profit increased by 31.15% or RMB52.77million YOY.
Net profit attributable to shareholders of the listed company, net of non-recurring profit and loss	34.93	Mainly because: (1) Net profit attributable to shareholders of the listed company increased by RMB49.61million or 31.32% YOY; (2) Non-recurring gain and loss attributable to shareholders of the listed company decreased by RMB1.64million YOY.

## II. Shareholders

- (I) Statement of the total number of ordinary shareholders, the number of preferred shareholders with restored voting rights, and shareholdings of top 10 shareholders

Unit: share

Total number of ordinary shareholders as of the end of the reporting period		13,080	Total number of preferred shareholders with restored voting rights as of the end of the reporting period (if any)		0	
Shareholdings of top 10 shareholders						
Name of shareholder	Nature of shareholder	Number of shares held	Shareholding ratio (%)	Number of shares held with restrictions on sales	Pledge, marking or freezing	
					Status	Number

HOU Juncheng	Domestic natural person	97,670,741	34.45	0	None	
HKSCC	Others	67,311,654	23.74	0	None	
FANG Yuyou	Domestic natural person	42,589,470	15.02	0	None	
CCB - Yinhua Fuyu Themed Hybrid Securities Investment Fund	Others	6,518,716	2.30	0	None	
CCB - CUAM Consumer Industry Hybrid Securities Investment Fund	Others	3,100,013	1.09	0	None	
Aberdeen Standard Investment Management (Asia) Limited - Aberdeen Standard - China A- Share Fund	Others	2,992,893	1.06	0	None	
ICBC - Invesco Great Wall Emerging Growth Hybrid Securities Investment Fund	Others	2,380,000	0.84	0	None	

ICBC - CUAM Consumer Upgrade Hybrid Securities Investment Fund	Others	1,500,089	0.53	0	None	
CAO Liangguo	Domestic natural person	1,362,537	0.48	0	None	
J. P. Morgan Securities PLC - Funds in the Hands of the Localities	Others	1,241,094	0.44	0	None	
Shareholdings of top 10 shareholders without restrictions on sales						
Name of shareholder	Number of unrestricted tradable shares held	Type and number of shares				
		Type of shares	Number			
HOU Juncheng	97,670,741	RMB ordinary shares	97,670,741			
HKSCC	67,311,654	RMB ordinary shares	67,311,654			
FANG Yuyou	42,589,470	RMB ordinary shares	42,589,470			
CCB - Yinhua Fuyu Themed Hybrid Securities Investment Fund	6,518,716	RMB ordinary shares	6,518,716			
CCB - CUAM Consumer Industry Hybrid Securities Investment Fund	3,100,013	RMB ordinary shares	3,100,013			

Aberdeen Standard Investment Management (Asia) Limited - Aberdeen Standard - China A-Share Fund	2,992,893	RMB ordinary shares	2,992,893
ICBC - Invesco Great Wall Emerging Growth Hybrid Securities Investment Fund	2,380,000	RMB ordinary shares	2,380,000
ICBC - CUAM Consumer Upgrade Hybrid Securities Investment Fund	1,500,089	RMB ordinary shares	1,500,089
CAO Liangguo	1,362,537	RMB ordinary shares	1,362,537
J. P. Morgan Securities PLC - Funds in the Hands of the Localities	1,241,094	RMB ordinary shares	1,241,094
Association or concerted action between the shareholders mentioned above	FANG Yuyou is the younger brother of HOU Juncheng's spouse FANG Aiqin, so HOU Juncheng and FANG Yuyou are associated.		

Top 10 shareholders and top 10 unrestricted shareholders participating in margin financing and securities lending and refinancing (if any)	None
--	------

### III. Other Notes

Other important information on the Company's operation during the reporting period to be made known to investors

Applicable  Not applicable

### IV. Quarterly Financial Statements

(I) Type of audit opinion

Applicable  Not applicable

(II) Financial statements

#### Consolidated Balance Sheet

March 31, 2023

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	March 31, 2023	December 31, 2022
<b>Current assets:</b>		

Cash and cash equivalents	3,520,870,484.68	3,161,003,085.05
Provision for settlement		
Lendings to banks and other financial institutions		
Trading financial assets		
Derivative financial assets		
Bill receivable		
Accounts receivable	130,264,461.82	102,157,898.41
Receivables financing	2,787,324.36	
Prepayments	165,455,351.77	91,483,523.15
Premiums receivable		
Reinsurance accounts receivable		
Provision for reinsurance contract receivable		
Other receivables	40,105,357.34	73,564,083.63
Including: Interest receivable		
Dividends receivable		
Securities purchased under resale agreements		
Inventory	601,770,220.71	669,051,326.73
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	44,969,413.93	49,735,996.57
Total current assets	4,506,222,614.61	4,146,995,913.54
<b>Non-current assets:</b>		
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	133,775,260.61	138,533,377.46

Other equity instrument investments	146,402,400.00	146,402,400.00
Other non-current financial assets		
Investment property	66,997,150.63	68,654,700.81
Fixed assets	558,845,620.89	570,376,309.67
Construction in progress	237,679,319.49	207,378,935.86
Productive biological assets		
Oil and gas assets		
Right-of-use assets	5,891,766.97	6,410,634.25
Intangible assets	415,898,787.75	420,316,883.26
Development cost		
Goodwill		
Long-term deferred expenses	17,335,139.57	19,142,604.46
Deferred tax assets	61,696,773.57	48,305,338.82
Other non-current assets	5,409,947.29	5,554,726.06
Total non-current assets	1,649,932,166.77	1,631,075,910.65
Total assets	6,156,154,781.38	5,778,071,824.19
<b>Current liabilities:</b>		
Short-term bank loans	200,195,890.41	200,195,890.41
Borrowings from the central bank		
Loans from banks and other financial institutions		
Trading financial liabilities		
Derivative financial liabilities		
Bills payable	73,238,168.12	69,626,352.12
Accounts payable	646,031,687.27	475,427,484.23
Advances from customers	320,390.05	464,328.26
Contract liabilities	197,536,973.93	174,602,833.91
Securities sold under repurchase agreements		
Due from customers and banks		

Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Employee benefits payable	66,930,390.39	124,938,749.36
Tax payable	170,946,750.82	152,918,871.45
Other payables	223,414,478.54	216,392,183.41
Including: Interest payable		
Dividends payable		
Fees and commissions		
Reinsurance accounts payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	2,546,904.84	2,549,452.14
Other current liabilities	10,910,746.59	10,820,499.59
Total current liabilities	1,592,072,380.96	1,427,936,644.88
<b>Non-current liabilities:</b>		
Reserves for insurance contracts		
Long-term bank loans		
Bonds payable	732,523,152.82	724,491,557.93
Including: Preferred stock		
Perpetual bonds		
Lease liabilities	3,169,504.67	3,718,119.41
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities	16,161,718.09	59,282,928.68
Deferred income	5,880,038.83	6,399,811.33
Deferred tax liabilities	18,771,920.81	19,019,431.67
Other non-current liabilities		
Total non-current liabilities	776,506,335.22	812,911,849.02
Total liabilities	2,368,578,716.18	2,240,848,493.90

<b>Owner's equity (or Shareholders' equity):</b>		
Paid-in capital (or share capital)	283,520,262.00	283,519,469.00
Other equity instruments	50,895,917.94	50,903,510.12
Including: Preferred stock		
Perpetual bonds		
Capital reserve	943,231,816.87	914,815,786.22
Less: Treasury stock	164,976,000.00	164,976,000.00
Other comprehensive income	-1,614,544.83	-1,918,603.07
Special reserve		
Surplus reserve	141,756,976.00	141,756,976.00
General risk reserve		
Undistributed profit	2,508,420,353.69	2,300,387,521.69
Total owner's equity (or shareholders' equity) attributable to the parent company	3,761,234,781.67	3,524,488,659.96
Minority interests	26,341,283.53	12,734,670.33
Total owner's equity (or shareholders' equity)	3,787,576,065.20	3,537,223,330.29
Total liabilities and owners' equity (or shareholders' equity)	6,156,154,781.38	5,778,071,824.19

Legal representative: HOU

Person in charge of accounting:

Head of the accounting

Juncheng

WANG Li

organization: WANG Li

**Consolidated Income Statement**

January to March 2023

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan

Currency: RMB

Audit type: Unaudited

<b>Item</b>	<b>Q1 2023</b>	<b>Q1 2022</b>
I. Gross revenue	1,621,514,039.25	1,254,357,336.99
Including: Operating revenue	1,621,514,039.25	1,254,357,336.99

Interest income		
Earned premium		
Fee and commission income		
II. Total operating expenses	1,337,795,468.79	1,039,831,788.21
Including: Operating expenses	485,918,295.64	406,738,634.99
Interest expenses		
Fee and commissions expenses		
Surrender value		
Net claims paid		
Net provision for insurance liability reserves		
Bond insurance expenses		
Reinsurance expenses		
Taxes and surcharges	17,803,764.91	13,048,639.06
Sales expenses	700,922,277.91	531,525,291.08
Administrative expenses	95,175,298.34	64,720,039.25
R&D expenses	51,874,237.80	29,984,297.07
Financial expenses	-13,898,405.81	-6,185,113.24
Including: Interest expenses	2,779,348.01	3,290,554.12
Interest income	16,622,896.43	11,156,538.55
Add: Other income	20,608,636.91	14,423,871.50
Investment income ("-" for losses)	-1,024,160.51	-2,057,259.04
Including: Income from investment in associates and joint ventures	-1,000,000.00	-2,057,259.04
Gains from derecognition of financial assets measured at amortized cost		
Exchange gains ("-" for losses)		
Net exposure hedging gains ("-" for losses)		
Income from changes in fair value ("-" for losses)		

Credit impairment losses ("-" for losses)	4,839,153.07	-3,472,766.96
Asset impairment losses ("-" for losses)	-25,945,268.31	-17,017,524.51
Gains from disposal of assets ("-" for losses)		
III. Operating profit ("-" for losses)	282,196,931.62	206,401,869.77
Add: Non-Operating revenue	603,802.94	414,527.62
Less: Non-operating expenses	2,431,554.13	661,221.54
IV. Total profit ("-" for total losses)	280,369,180.43	206,155,175.85
Less: income tax expenses	58,204,674.92	36,756,456.24
V. Net profit ("-" for net losses)	222,164,505.51	169,398,719.61
(I) Classification by continuity as a going concern		
1. Net profit from continuing as a going concern ("-" for net losses)	222,164,505.51	169,398,719.61
2. Net profit from discontinuing as a going concern ("-" for net losses)		
(II) Classification by ownership		
1. Net profit attributable to shareholders of the parent company ("-" for net losses)	208,032,832.00	158,420,986.20
2. Minority interest income ("-" for net losses)	14,131,673.51	10,977,733.41
VI. Other comprehensive income, net of tax	304,058.24	-107,248.66
(I) Other comprehensive income, net of tax attributable to owners of the parent company	304,058.24	-107,248.66
1. Other comprehensive income that cannot be reclassified to profit or loss		
(1) Changes arising from the re-measurement of net liabilities or net assets of defined benefit plans		
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
(3) Changes in the fair value of other equity instrument investments		

(4) Changes in the fair value of the Company's own credit risks		
2. Other comprehensive income that will be reclassified into profit or loss	304,058.24	-107,248.66
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method		
(2) Changes in the fair value of other debt investments		
(3) Amount of financial assets reclassified into other comprehensive income		
(4) Provision for credit impairment of other debt investments		
(5) Cash flow hedging reserve		
(6) Differences in translation of foreign currency financial statements	304,058.24	-107,248.66
(7) Others		
(II) Other comprehensive income, net of tax attributable to minority shareholders		
VII. Total comprehensive income	222,468,563.75	169,291,470.95
(I) Total comprehensive income attributable to owners of the parent company	208,336,890.24	158,313,737.54
(II) Total comprehensive income attributable to minority shareholders	14,131,673.51	10,977,733.41
VIII. EPS:		
(I) Basic EPS (RMB per share)	0.73	0.79
(II) Diluted EPS (RMB per share)	0.72	0.78

In the case of merger under common control in the current period, the net profit realized by the merged party before the merger was RMB0.00, and the net profit realized by the merged party for the previous period was RMB0.00.

Legal representative: HOU Juncheng      Person in charge of accounting: WANG Li      Head of the accounting organization: WANG Li

### Consolidated Cash Flow Statement

January to March 2023

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan      Currency: RMB      Audit type: Unaudited

Item	Q1 2023	Q1 2022
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering of services	1,837,791,496.56	1,334,925,554.96
Net increase in deposits from customers and due to banks and other financial institutions		
Net increase in borrowings from the central bank		
Net increase in loans from banks and other financial institutions		
Cash received from premiums under original insurance contracts		
Net cash received from reinsurance operations		
Net increase in deposits and investments from policyholders		
Cash received from interest, fees and commissions		
Net increase in loans from banks and other financial institutions		
Net increase in repurchase operations		

Net cash received from vicariously traded securities		
Tax refund		47,205.42
Other cash received related to operating activities	62,019,541.04	38,518,490.99
Subtotal of cash inflows from operating activities	1,899,811,037.60	1,373,491,251.37
Cash received from purchasing goods and accepting labor services	313,127,083.34	364,344,313.82
Net increase in loans and advances to customers		
Net increase in deposits with the central bank and other banks		
Cash paid for original insurance contract claims		
Net increase in lendings to banks and other financial institutions		
Cash received from interest, fees and commissions		
Cash paid for policy dividends		
Cash paid to and for employees	208,007,778.64	140,426,002.53
Cash paid for taxes and surcharges	199,179,137.21	116,848,805.19
Cash paid for other operating activities	769,723,077.97	409,765,074.14
Subtotal of cash outflows from operating activities	1,490,037,077.16	1,031,384,195.68
Net cash flow from operating activities	409,773,960.44	342,107,055.69
<b>II. Cash flows from investing activities:</b>		
Cash back on investments		

Cash received from investment income		
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	338,439.51	
Net cash received from the disposal of subsidiaries and other units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	338,439.51	
Cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets	42,428,654.52	35,510,518.32
Cash paid for investments	6,818,181.82	4,228,900.00
Net increase in pledge loans		
Net cash paid for the acquisition of subsidiaries and other units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	49,246,836.34	39,739,418.32
Net cash flows from investing activities	-48,908,396.83	-39,739,418.32
<b>III. Cash flows from financing activities:</b>		
Cash received from attraction of investments		250,000.00
Including: Cash received from attraction of investments from minority shareholders		250,000.00
Cash received from borrowings	100,000,000.00	100,000,000.00

Cash received for other fundraising activities		
Subtotal of cash inflows from financing activities	100,000,000.00	100,250,000.00
Cash paid for debt repayments	100,000,000.00	100,000,000.00
Cash paid for distribution of dividends and profits or payment of interests	1,302,222.22	1,898,750.01
Including: Dividends and profits paid by subsidiaries to minority shareholders		
Cash paid for other fundraising activities		45,000,000.00
Subtotal of cash outflows from financing activities	101,302,222.22	146,898,750.01
Net cash flows from financing activities	-1,302,222.22	-46,648,750.01
<b>IV. Effect of changes in exchange rates on cash and cash equivalents</b>	304,058.24	-107,248.66
<b>V. Net increase in cash and cash equivalents</b>	359,867,399.63	255,611,638.70
Add: Beginning balance of cash and cash equivalents	3,125,333,085.05	2,378,334,768.09
<b>VI. Ending balance of cash and cash equivalents</b>	3,485,200,484.68	2,633,946,406.79

Legal representative: HOU

Juncheng

Person in charge of

accounting: WANG Li

Head of the accounting

organization: WANG Li

(III) The initial implementation of the new accounting standards from 2023 by adjusting the financial statements at the beginning of the year of the initial implementation

Applicable" " Not applicable"

End of the announcement.

Board of Directors of Proya Cosmetics Co., Ltd

April 21, 2023