

Stock Code: 603605

Abbreviation: Proya

Bond Code: 113634

Bond Abbreviation: Proya Convertible Bond

Proya Cosmetics Co., Ltd.

The First Quarter Report in 2022

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 severally and jointly liable for the truthfulness, accuracy and completeness of the contents herein contained.

Important Reminders

The Board of Directors, Board of Supervisors, directors, supervisors, and officers 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 therefore.

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	The current reporting period	Change over the same period of last year (%)
Operating revenue	1,254,357,336.99	38.53
Net profit attributable to shareholders of	158,420,986.20	44.16

the listed company			
Net profit attributable to shareholders of the listed company net of non-recurring profit and loss		146,724,879.18	36.21
Net cash flow from operating activities		342,107,055.69	521.66
Basic earnings per share (RMB/share)		0.79	43.64
Diluted earnings per share (RMB/share)		0.78	41.82
Weighted average ROE (%)		5.36	Increased by 0.87 percent
	End of the reporting period	End of last year	Change over the same period last year
Total assets	4,845,558,049.59	4,633,049,783.03	4.59
Owner's equity attributable to shareholders of the listed company	2,993,662,707.64	2,876,975,835.98	4.06

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

Unit: Yuan Currency: RMB

Item	Amount for the current period	Note
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, excluding 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	14,298,520.83	
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	271,742.01	
Other profit and loss items under the definition of non-recurring profit and loss		
Less: Impact of income tax	2,474,194.41	
Impact of minority shareholders' equity (after tax)	399,961.41	
Total	11,696,107.02	

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 the main reasons

Applicable" Not applicable"

Item	Change ratio (%)	Main reasons
Operating revenue	38.53	Mainly due to a YOY growth of prime operating revenue by 38.60%, dominated by the growth in online direct sales.
Net profit attributable to shareholders of the listed company	44.16	Mainly because: (1) Total profit increased by 57.26% YOY: Sales revenue increased by 38.53% YOY, gross profit increased by 45.34% YOY (gross profit margin increased YOY), expenses for four items for the period increased by 37.99% YOY, and other income increased YOY. (2) Net profit increased by 58.59% or RMB 62.58 million YOY. (3) The profit and loss of minority shareholders increased by RMB 14.06 million YOY, mainly due to increased amount of profit and loss recognized by the minority shareholders of some controlled subsidiaries.
Net profit attributable to shareholders of the listed company net	36.21	Mainly because: (1) Net profit attributable to shareholders of the listed company increased by RMB 48.52 million or 44.16% YOY; (2) Non-recurring gain and loss attributable to shareholders of the listed company increased by RMB 9.52 million YOY (mainly due to

of non-recurring profit and loss		a YOY growth in the amount of government subsidies received during the period).
Basic earnings per share (RMB/share)	43.64	The same reasons as above
Diluted earnings per share (RMB/share)	41.82	The same reasons as above
Net cash flow from operating activities	521.66	Net flow increased by RMB 287 million YOY, mainly because: (1) Factors of cash increase: Sales outstanding increased by RMB 245 million YOY (revenue increased YOY); payment for goods decreased by RMB 56 million YOY (the sum of accounts payable and bills payable as of the end of the current period increased from the beginning of this year, but decreased from the same period last year). (2) Factors of cash decrease: Taxes paid increased by RMB 44 million 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	10,570	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	69,764,815	34.71	0	None	

HKSCC	Others	46,410,868	23.09	0	None	
Fang Yuyou	Domestic natural person	36,347,843	18.08	0	None	
Cao Liangguo	Domestic natural person	3,769,938	1.88	0	None	
ICBC - GF Multi-Factor Flexible Allocation Hybrid Securities Investment Fund	Others	1,817,599	0.90	0	None	
CCB - Yinhua Fuyu Themed Hybrid Securities Investment Fund	Others	1,734,083	0.86	0	None	
CCB - CUAM Consumer Industry Hybrid Securities Investment Fund	Others	1,700,084	0.85	0	None	
ICBC - Invesco Great Wall Emerging Growth Hybrid Securities Investment Fund	Others	1,700,000	0.85	0	None	
Aberdeen Standard Investment Management (Asia) Limited - Aberdeen Standard - China A-Share Fund	Others	1,699,323	0.85	0	None	
Xu Junqing	Domestic natural person	1,235,999	0.61		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	69,764,815	RMB ordinary shares	69,764,815			
HKSCC	46,410,868	RMB ordinary shares	46,410,868			
Fang Yuyou	36,347,843	RMB ordinary shares	36,347,843			
Cao Liangguo	3,769,938	RMB ordinary shares	3,769,938			
ICBC - GF Multi-Factor Flexible Allocation Hybrid Securities Investment Fund	1,817,599	RMB ordinary shares	1,817,599			

CCB - Yinhua Fuyu Themed Hybrid Securities Investment Fund	1,734,083	RMB ordinary shares	1,734,083
CCB - CUAM Consumer Industry Hybrid Securities Investment Fund	1,700,084	RMB ordinary shares	1,700,084
ICBC - Invesco Great Wall Emerging Growth Hybrid Securities Investment Fund	1,700,000	RMB ordinary shares	1,700,000
Aberdeen Standard Investment Management (Asia) Limited - Aberdeen Standard - China A-Share Fund	1,699,323	RMB ordinary shares	1,699,323
Xu Junqing	1,235,999	RMB ordinary shares	1,235,999
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 Reminders

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, 2022

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	As of March 31, 2022	As of December 31, 2021
Current assets:		
Cash and cash equivalents	2,639,939,888.51	2,391,048,249.81
Provision for settlement		
Lendings to banks and other financial institutions		
Trading financial assets		
Derivative financial assets		
Bill receivable		
Accounts receivable	150,599,732.70	138,626,627.90
Receivables financing	6,627,703.00	3,242,000.00
Prepayments	48,181,175.17	58,406,647.11
Premiums receivable		
Reinsurance accounts receivable		
Provision for reinsurance contract receivable		
Other receivables	44,908,445.77	66,043,707.81
Including: Interest receivable		
Dividends receivable		
Securities purchased under resale agreements		
Inventory	426,288,519.14	447,938,758.29
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	47,786,244.41	53,534,962.39
Total current assets	3,364,331,708.70	3,158,840,953.31
Non-current assets:		
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	172,131,177.24	169,959,536.27
Investments in other equity instruments	56,402,400.00	56,402,400.00

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Other non-current financial assets		
Investment property	69,543,807.61	70,321,868.00
Fixed assets	560,326,096.14	558,981,209.20
Construction in progress	135,281,009.05	108,678,896.27
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	392,695,636.64	397,145,124.29
Development cost		
Goodwill		
Long-term deferred expenses	27,265,269.92	29,756,474.11
Deferred tax assets	24,172,820.31	38,796,018.02
Other non-current assets	43,408,123.98	44,167,303.56
Total non-current assets	1,481,226,340.89	1,474,208,829.72
Total assets	4,845,558,049.59	4,633,049,783.03
Current liabilities:		
Short-term bank loans	200,251,506.85	200,251,506.85
Borrowings from the central bank		
Loans from banks and other financial institutions		
Trading financial liabilities		
Derivative financial liabilities		
Bills payable	80,244,771.40	79,156,771.40
Accounts payable	477,350,760.31	404,026,241.16
Advances from customers	188,470.04	173,769.85
Contract liabilities	69,239,110.48	91,151,985.32
Securities sold under repurchase agreements		
Due from customers and banks		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Employee benefits payable	84,106,946.79	78,649,049.72
Tax payable	132,959,505.45	99,893,176.97
Other payables	58,330,633.84	62,162,153.55
Including: Interest payable		
Dividends payable		
Fees and commissions		
Reinsurance accounts payable		
Held-for-sale liabilities		
Non-current liabilities due within		

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one year		
Other current liabilities	1,574,450.01	9,521,415.32
Total current liabilities	1,104,246,155.17	1,024,986,070.14
Non-current liabilities:		
Reserves for insurance contracts		
Long-term bank loans		
Bonds payable	703,452,989.64	695,586,778.80
Including: Preferred stock		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities	8,925,936.88	10,812,084.88
Deferred income	5,896,490.83	6,416,263.33
Deferred tax liabilities	8,408,158.81	8,408,158.81
Other non-current liabilities		
Total non-current liabilities	726,683,576.16	721,223,285.82
Total liabilities	1,830,929,731.33	1,746,209,355.96
Owner's equity (or Shareholders' equity):		
Paid-in capital (or share capital)	201,009,966.00	201,009,966.00
Other equity instruments	50,956,622.11	50,956,622.11
Including: Preferred stock		
Perpetual bonds		
Capital reserve	787,017,211.57	834,272,205.66
Less: Treasury stock		5,628,128.21
Other comprehensive income	-1,354,922.76	-1,247,674.10
Special reserve		
Surplus reserve	100,634,780.00	100,634,780.00
General risk reserve		
Undistributed profit	1,855,399,050.72	1,696,978,064.52
Total owner's equity (or shareholders' equity) attributable to the parent company	2,993,662,707.64	2,876,975,835.98
Minority interests	20,965,610.62	9,864,591.09
Total owner's equity (or shareholders' equity)	3,014,628,318.26	2,886,840,427.07
Total liabilities and owners' equity (or shareholders' equity)	4,845,558,049.59	4,633,049,783.03

Legal representative: Hou Juncheng

CFO: Wang Li

Head of accounting department: Wang Li

Consolidated Income Statement

January to March 2022

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Q1 2022	Q1 2021
I. Gross revenue	1,254,357,336.99	905,464,673.13
Including: Operating revenue	1,254,357,336.99	905,464,673.13
Interest income		
Earned premium		
Fee and commission income		
II. Total operating expenses	1,039,831,788.21	779,738,541.63
Including: Operating expenses	406,738,634.99	322,264,228.48
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	13,048,639.06	8,144,353.90
Sales expenses	531,525,291.08	377,754,359.96
Administrative expenses	64,720,039.25	52,312,582.26
R&D expenses	29,984,297.07	17,656,819.49
Financial expenses	-6,185,113.24	1,606,197.54
Including: Interest expenses	3,290,554.12	2,959,908.29
Interest income	11,156,538.55	5,773,529.43
Add: Other income	14,423,871.50	3,530,669.17
Investment income ("-" for losses)	-2,057,259.04	-83,299.74
Including: Income from investment in associates and joint ventures	-2,057,259.04	-79,753.50
Income from derecognition of financial assets measured at amortization		
Exchange gains ("-" for losses)		
Net exposure hedging gains ("-" for losses)		
Income from changes in fair value ("-" for losses)		
Credit impairment losses ("-" for losses)	-3,472,766.96	2,274,620.44
Asset impairment losses ("-" for losses)	-17,017,524.51	-328,307.81
Gains from disposal of assets ("-" for losses)		-1,416.28

losses)		
III. Operating profit ("-" for losses)	206,401,869.77	131,118,397.28
Add: Non-Operating revenue	414,527.62	30,582.33
Less: Non-operating expenses	661,221.54	54,523.45
IV. Total profit ("-" for total losses)	206,155,175.85	131,094,456.16
Less: income tax expenses	36,756,456.24	24,279,745.48
V. Net profit ("-" for net losses)	169,398,719.61	106,814,710.68
(I) Classification by continuity as a going concern		
1. Net profit from continuing as a going concern ("-" for net losses)	169,398,719.61	106,814,710.68
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)	158,420,986.20	109,895,944.66
2. Minority interest income ("-" for net losses)	10,977,733.41	-3,081,233.98
VI. Other comprehensive income, net of tax	-107,248.66	-364,177.76
(I) Other comprehensive income, net of tax attributable to owners of the parent company	-107,248.66	-364,177.76
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	-107,248.66	-364,177.76
(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	-107,248.66	-364,177.76
(7) Others		
(II) Other comprehensive income, net of tax attributable to minority shareholders		
VII. Total comprehensive income	169,291,470.95	106,450,532.92
(I) Total comprehensive income attributable to owners of the parent company	158,313,737.54	109,531,766.90
(II) Total comprehensive income attributable to minority shareholders	10,977,733.41	-3,081,233.98
VIII. EPS:		
(I) Basic earnings per share (RMB/share)	0.79	0.55
(II) Diluted earnings per share (RMB/share)	0.78	0.55

In the case of merger under common control in the current period, the net profit realized by the merged party before the merger was RMB 0.00, and the net profit realized by the merged party for the previous period was RMB 0.00.

Legal representative: Hou Juncheng CFO: Wang Li Head of accounting department: Wang Li

Consolidated Cash Flow Statement

January to March 2022

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Q1 2022	Q1 2021
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	1,334,925,554.96	1,089,758,485.27
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		

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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	3,124,105.70
Other cash received related to operating activities	38,518,490.99	20,519,108.16
Subtotal of cash inflows from operating activities	1,373,491,251.37	1,113,401,699.13
Cash received from purchasing goods and accepting labor services	364,344,313.82	420,589,796.75
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	140,426,002.53	134,515,707.43
Cash paid for taxes and surcharges	116,848,805.19	72,766,684.10
Cash paid for other operating activities	409,765,074.14	430,498,541.95
Subtotal of cash outflows from operating activities	1,031,384,195.68	1,058,370,730.23
Net cash flow from operating activities	342,107,055.69	55,030,968.90
II. Cash flows from investing activities:		
Cash back on investments		
Cash received from investment income		
Net cash received from the disposal of fixed assets, intangible assets and other		1,000.00

long-term assets		
Net cash received from the disposal of subsidiaries and other units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities		1,000.00
Cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets	35,510,518.32	45,788,653.75
Cash paid for investments	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	39,739,418.32	45,788,653.75
Net cash flows from investing activities	-39,739,418.32	-45,787,653.75
III. Cash flows from financing activities:		
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	
Cash received for other fundraising activities		
Subtotal of cash inflows from financing activities	100,250,000.00	
Cash paid for debt repayments	100,000,000.00	99,000,000.00
Cash paid for distribution of dividends and profits or payment of interests	1,898,750.01	2,852,875.00
Including: Dividends and profits paid by subsidiaries to minority shareholders		
Cash paid for other fundraising activities	45,000,000.00	486,631.52
Subtotal of cash outflows from financing activities	146,898,750.01	102,339,506.52
Net cash flows from financing	-46,648,750.01	-102,339,506.52

activities		
IV. Effect of changes in exchange rates on cash and cash equivalents	-107,248.66	-364,177.76
V. Net increase in cash and cash equivalents	255,611,638.70	-93,460,369.13
Add: Beginning balance of cash and cash equivalents	2,378,334,768.09	1,401,850,754.88
VI. Ending balance of cash and cash equivalents	2,633,946,406.79	1,308,390,385.75

Legal representative: Hou Juncheng CFO: Wang Li Head of accounting department: Wang Li

The initial implementation of the new accounting standards from 2022 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 20, 2022