

Stock Code: 603605

Stock Code: Proya



**Proya Cosmetics Co., Ltd.**  
**2021 Q1 Report**

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## I Important Notice

- 1.1 The Board of Directors, Board of Supervisors, directors, supervisors and senior management of the Company warrant that the contents of the quarterly report are true, accurate and complete, without any misrepresentation, misleading statements or material omissions, and will severally and jointly bear the legal responsibilities thereof.
- 1.2 All directors of the Company attended the Board meeting to review the quarterly report.
- 1.3 Hou Juncheng, the Chairman of the Company, Wang Li, CFO of the Company and Wang Li, the head of the public accountant (person in charge of accounting) warrant the truthfulness, accuracy and completeness of the financial report in this quarterly report.
- 1.4 The Q1 Report of the Company has not been audited.

## II General Information about the Company

### 2.1 Key financial data

Unit: Yuan Currency: RMB

Item	End of the Reporting Period	End of last year	Year-on-year change (%)
Total asset	3,473,279,571.50	3,636,882,185.29	-4.50
Net assets attributable to shareholders of the listed company	2,505,261,008.65	2,391,535,435.94	4.76
Item	From the beginning of the year to the end of the Reporting Period	From the beginning of last year to the end of the Reporting Period of last year	Year-on-year increase or decrease (%)

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Net cash flow generated from operating activities	55,030,968.90	-134,873,267.48	Not applicable
<b>Item</b>	<b>From the beginning of the year to the end of the Reporting Period</b>	<b>From the beginning of last year to the end of the Reporting Period of last year</b>	<b>Year-on-year increase or decrease (%)</b>
Revenue	905,464,673.13	608,193,650.94	48.88
Net profits attributable to shareholders of the listed company	109,895,944.66	77,728,276.22	41.38
Net profit attributable to shareholders of the listed companies, net of non-recurring gains and losses	107,715,991.57	83,469,428.49	29.05
Weighted average ROE (%)	4.49	3.75	Increase by 0.74 percentage points
Basic earnings per share (Yuan/share)	0.55	0.39	41.03
Diluted earnings per share (Yuan/share)	0.55	0.39	41.03

Items and Amounts of Non-recurring Gains or Losses

√ Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	the situation
Gains or losses on disposal of non-current assets	-1,416.28	
Tax returns and exemption with approval exceeding one's authority or without formal approval document, or on an accidental basis		
Government grants included in profits and losses for the	2,895,914.45	

current period, excluding those closely related to the normal business and of fixed amount or fixed quantity granted on an on-going basis in accordance with certain standards and in compliance with the State policies		
Fund possession cost from non-financial business included in current profit or loss		
Gains arising from investment costs for acquisition of subsidiaries, associates and joint ventures less than the fair values of attributable identifiable net assets of the invested entity at the time of acquisition		
Profit and loss from exchange of non-currency assets		
Gains or losses on entrusted investment or asset management		
Provision for asset impairment due to force majeure factors, such as natural disaster		
Profit and loss from restructuring of debts		
Enterprise restructuring charge, such as expenditure on staffing, integration cost		
Profit and loss of the part exceeding fair value generated from transaction with unreasonable transaction price		
Net current profit and loss of subsidiary generated from enterprise merger under common control from the beginning of the period to the date of merger		
Profit and loss generated from contingencies unrelated to normal business of company		
Investment income arising from		

changes in fair values held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment gains on the disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investment, except the Company normal operations related to effective hedging business		
Reversal of provision for impairment of receivables and contract assets which are individually tested for impairment		
Profit and loss obtained from entrusted loans		
Profit and loss generated from fair value change of investment real estate whose subsequent measurement is conducted with fair value model		
Influences on current profit and loss of one-time adjustment to current profit or loss pursuant to the laws and regulations on tax and accounting		
Trustee fee income obtained from entrusted operation		
Other net non-operating income and expenses, other than the above items	548,615.47	
Other profit and loss items conforming to the definition of non-recurring gains and losses		

Effect of minority equity (after-tax)	-574,005.20	
Effect of income tax	-689,155.35	
Total	2,179,953.09	

2.2 Total number of shareholders and shareholdings of the top ten shareholders and the top ten shareholders of shares in circulation (or shareholders not subject to selling restrictions) as at the end of the Reporting Period

Unit: Share

Total number of shareholders				20,423		
Shareholdings of the top ten shareholders						
Name of shareholder (full name)	Number of shares held as at the end of the period Number	Percentage (%)	Number of shares held subject to selling restrictions	Pledged or frozen		Nature of shareholder
				Share status	Number	
Hou Juncheng	71,875,631	35.74	0	None		Domestic natural person
Fang Yuyou	44,065,929	21.91	0	Pledge	14,900,000	Domestic natural person
Hong Kong Securities Clearing Company Limited	21,145,826	10.51	0	None		Others
Li Xiaolin	5,474,222	2.72	0	None		Domestic natural person
Xu Junqing	5,398,031	2.68	0	None		Domestic natural person
Cao Lianguo	4,078,938	2.03	0	None		Domestic natural person

China Construction Bank Corporation – Yinhua Fuyu Theme Hybrid Securities Investment Fund (中国建设银行股份有限公司—银华富裕主题混合型证券投资基金)	2,100,000	1.04	0	None		Others
Industrial and Commercial Bank of China Limited-Invesco Great Wall Emerging Mature and Hybrid Equity Investment Funds (中国工商银行股份有限公司—景顺长城新兴成长混合型证券投资基金)	1,700,000	0.85	0	None		Others
China Citic Bank Corporation Limited – China ABC-CA Strategy Selected Hybrid Securities Investment Fund (中信银行股份有限公司—农银汇理策略精选混合型证券投资基金)	1,069,641	0.53	0	None		Others
Abu Dhabi Investment Authority	997,598	0.50	0	None		Others
Shareholdings of the top ten shareholders of non-restricted circulating shares						

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Name of shareholder	Number of non-restricted circulating shares held	Type and number of shares	
		Type	Number
Hou Juncheng	71,875,631	Ordinary RMB Shares	71,875,631
Fang Yuyou	44,065,929	Ordinary RMB Shares	44,065,929
Hong Kong Securities Clearing Company Limited	21,145,826	Ordinary RMB Shares	21,145,826
Li Xiaolin	5,474,222	Ordinary RMB Shares	5,474,222
Xu Junqing	5,398,031	Ordinary RMB Shares	5,398,031
Cao Lianguo	4,078,938	Ordinary RMB Shares	4,078,938
China Construction Bank Corporation – Yinhua Fuyu Theme Hybrid Securities Investment Fund (中国建设银行股份有限公司—银华富裕主题混合型证券投资基金)	2,100,000	Ordinary RMB Shares	2,100,000
Industrial and Commercial Bank of China Limited—Invesco Great Wall Emerging Mature and Hybrid Equity Investment Funds (中国工商银行股份有限公司—景顺长城新兴成长混合型证券投资基金)	1,700,000	Ordinary RMB Shares	1,700,000
China Citic Bank Corporation Limited - ABC-CA Strategy Selected Hybrid Securities Investment Fund (中信银行股份有限公司—农银汇理策略精选混合型证券投资基金)	1,069,641	Ordinary RMB Shares	1,069,641
Abu Dhabi Investment Authority	997,598	Ordinary RMB Shares	997,598
Explanation on the related relationship or parties acting in concert among the above shareholders	Fang Yuyou is the younger brother of Hou Juncheng's spouse Fang Aiqin, so Hou Juncheng and Fang Yuyou are related.		

Explanation on the preference shareholders with voting rights restored and their shareholdings	None
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2.3 Total number of shareholders of preferred shares and shareholdings of the top ten shareholders of preferred shares and the top ten shareholders of preferred shares in circulation not subject to selling restrictions as at the end of the Reporting Period

Applicable  Not applicable

### III Major Events

3.1 Particulars and reasons for material changes in major accounting statement items and financial indicators of the Company

Applicable  Not applicable

Items in balance sheet	Amount as at the end of the Reporting Period	Amount as at the end of prior year	Change ratio (%)	Explanation
Receivables financing	7,523,263.60	5,531,997.32	36.00	Mainly due to the increase in the balance of bank bills receivable
Prepayment	129,292,973.26	82,742,815.92	56.26	Mainly due to the increase in online promotion fee prepaid in this quarter
Other receivables	64,220,393.52	48,733,527.35	31.78	Mainly due to the increase of tender security for “Huzhou Production Base Expansion Project”
Construction in progress	69,413,005.53	47,324,523.36	46.67	Mainly due to the investment for steel structure works of “Huzhou Expansion Project” in this

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				quarter
Deferred income tax assets	29,979,586.33	46,660,550.76	-35.75	Mainly due to the unlocking of 293,265 lock-up shares in the current period, and the decrease in the balance of deferred income tax assets calculated based on the share-based payment at the end of the period
Other non-current assets	16,782,105.25	87,322,780.03	-80.78	RMB 81.6 million paid for the land in Longwu, Hangzhou at the beginning of the year; the corresponding certificate has been issued in this quarter and it has been transferred to intangible assets
Short-term borrowings	200,000,000.00	299,280,435.09	-33.17	Mainly due to the repayment of the principal of RMB 99 million and interest for short-term borrowings from bank in this quarter
Accounts payable	319,300,759.09	515,832,031.27	-38.10	Mainly due to the arrival of payment date and payment of accounts payable, with the payment date yet to come at the end of prior year, in this quarter
Contract liabilities	58,240,788.42	30,618,778.99	90.21	Mainly due to the increase of over RMB 28 million in accounts received in advance
Employee benefits payable	45,100,485.24	70,828,239.70	-36.32	Mainly due to the payment of year-end performance bonus withheld at the end of prior in the current

				period and the decrease of balance
Other current liabilities	4,086,034.07	1,439,262.02	183.90	Mainly due to the increase of accounts received in advance in the contract liabilities and the corresponding increase of output taxes to be transferred
Treasury shares	7,688,928.80	12,653,905.25	-39.24	Mainly due to the unlocking of 293,265 lock-up shares in the current period, and the decrease in the balance of treasury shares calculated based on the grant price per share and dividend during the period
<b>Items in income statement</b>	<b>Amount from the beginning of the year to the end of the Reporting Period</b>	<b>Amount from the beginning of last year to the end of the reporting period of last year</b>	<b>Change ratio (%)</b>	<b>Explanation</b>
Revenue	905,464,673.13	608,193,650.94	48.88	Mainly due to the year-on-year increase of online sales
Cost of sales	322,264,228.48	243,860,039.98	32.15	Mainly due to the year-on-year increase of sales and the increase of operating cost
Taxes and surcharges	8,144,353.90	4,457,361.86	82.72	Mainly due to the year-on-year increase of VAT surcharge
Selling expenses	377,754,359.96	197,193,427.03	91.57	Mainly due to the year-on-year increase of 140.07% of image promotion expense in the current period
Financial expenses	1,606,197.54	-890,731.84	Not applicable	Mainly due to the year-on-year increase of interest expense

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Other income	3,530,669.17	5,359,718.92	-34.13	Mainly due to the year-on-year decrease of government grant
Credit impairment losses	2,274,620.44	3,762,697.79	-39.55	Mainly due to the changes in the balance of bad debt provisions calculated by account age of receivables
Asset impairment losses	-328,307.81	-3,654,227.45	Not applicable	Mainly due to the year-on-year decrease of inventory devaluation loss provisions
Non-operating expenses	54,523.45	12,284,163.50	-99.56	Mainly due to the donation of RMB 12.26 million against COVID-19 in the same period last year
<b>Items of the cash flow statement</b>	<b>Amount from the beginning of the year to the end of the Reporting Period</b>	<b>Amount from the beginning of last year to the end of the reporting period of last year</b>	<b>Change ratio (%)</b>	<b>Explanation</b>
Net cash flow generated from operating activities	55,030,968.90	-134,873,267.48	Not applicable	The year-on-year net flow increased by RMB 190 million, mainly due to the followings: 1. Cash inflow: The year-on-year increase of cash received from sales of goods achieved RMB 419 million; 2. Cash outflow: The cash paid for goods and services increased by RMB 45 million on year-on-year basis, and the cash paid related to other operating activities increased by RMB 195 million
Net cash flow generated from investing	-45,787,653.75	89,068,792.28	-151.41	The year-on-year net flow decreased by RMB 135 million, mainly due

activities				to the followings: 1. Increase of cash: (1) The investment of RMB 46 million on the associate - Jiaxing Woyong was paid in the same period last year; 2. Decrease of cash: (1) The redemption of wealth management products was RMB 161 million in the same period last year; (2) The year-on-year increase for the acquisition of fixed assets and construction in progress was RMB 17 million in the current period
Net cash flow from financing activities	-102,339,506.52	-114,181,810.61	Not applicable	The year-on-year net flow increased by RMB 11.84 million, mainly due to the followings: the changes in short-term borrowings from bank, repayment of principal and interest for short-term borrowings from bank on year-on-year basis
Cash received from sales of goods or rendering of services	1,089,758,485.27	670,762,842.24	62.47	Main reasons: 1. The year-on-year increase of online sales and the increase of payment collection; 2. The decrease of accounts receivable and the increase of payment collection
Tax rebates	3,124,105.70	209,178.37	1,393.51	Mainly due to the increase of incremental retention VAT rebate received in the current

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				period
Cash paid for other operating activities	430,498,541.95	235,474,500.06	82.82	Mainly due to the year-on-year increase of image promotion expense in the current period
Cash received from disposal of investments		161,450,000.00	-100.00	Mainly due to the redemption of wealth management products in the same period last year
Cash received from returns on investments		2,584,761.19	-100.00	Mainly due to the earnings change from wealth management products
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	45,788,653.75	28,965,968.91	58.08	Mainly due to the project funds paid for steel structure of “Huzhou Expansion Project” paid in this quarter
Cash paid for investment		46,000,000.00	-100.00	Mainly due to the payment of investment of RMB 46 million on the associate - Jiaxing Woyong in the same period last year
Cash received from borrowings		99,000,000.00	-100.00	Mainly due to the short-term bank borrowings of RMB 99 million received in the same period last year
Cash repayments of borrowings	99,000,000.00	212,186,065.10	-53.34	Mainly due to the repayment decrease of short-term borrowings from bank
Dividends paid, profit distributed or interest paid	2,852,875.00	995,745.51	186.51	Mainly due to the year-on-year increase of the payment for interest on bank

				borrowings
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3.2 Analysis and explanation on the progress, impact and solutions of major events

Applicable ✓ Not applicable

3.3 Undertakings not fulfilled within the Reporting Period

Applicable ✓ Not applicable

3.4 Warning and explanation for the case when the accumulated net profit from the beginning of the year to the end of the next reporting period may be subject to loss or there are material changes compared with the same period of prior year

Applicable ✓ Not applicable

Company Name	Proya Cosmetics Co., Ltd.
Legal Representative	Hou Juncheng
Date	21 April 2021

#### IV Appendixes

4.1 Financial statements

##### Consolidated Balance Sheet

31 March 2021

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	31 March 2021	31 December 2020
<b>Current assets:</b>		
Cash and equivalents	1,323,394,271.80	1,416,654,640.93
Transaction settlement funds		
Lending funds		
Held-for-trading financial assets		
Derivative financial assets		
Bills receivable		
Accounts receivable	206,385,940.96	284,878,419.58
Receivables financing	7,523,263.60	5,531,997.32

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Prepayment	129,292,973.26	82,742,815.92
Premium receivable		
Reinsurance premium receivable		
Reserves for reinsurance contract receivable		
Other receivables	64,220,393.52	48,733,527.35
Where: Interest receivable		
Dividend receivable		
Financial assets purchased under agreements to resell		
Inventories	415,114,878.99	468,641,017.75
Contract assets		
Held for sale assets		
Non-current assets due within one year		
Other current assets	38,593,254.13	35,235,811.27
Total current assets	2,184,524,976.26	2,342,418,230.12
<b>Non-current assets:</b>		
Loans and advances to customers		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	58,061,005.12	58,220,059.60
Investments in other equity instruments	20,580,000.00	20,580,000.00
Other non-current financial assets		
Investment real estate	71,033,300.13	72,237,610.10
Fixed assets	559,652,167.42	565,864,152.62
Construction in progress	69,413,005.53	47,324,523.36
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	383,888,254.69	314,643,323.97
Development expenses		
Goodwill	31,034,161.20	31,034,161.20
Long-term prepaid expenses	48,331,009.57	50,576,793.53
Deferred income tax assets	29,979,586.33	46,660,550.76
Other non-current assets	16,782,105.25	87,322,780.03
Total non-current assets	1,288,754,595.24	1,294,463,955.17

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Total assets	3, 473, 279, 571. 50	3, 636, 882, 185. 29
<b>Current liabilities:</b>		
Short-term borrowings	200, 000, 000. 00	299, 280, 435. 09
Borrowings from central bank		
Placements from banks and other financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Bills payable	58, 678, 000. 00	64, 580, 000. 00
Accounts payable	319, 300, 759. 09	515, 832, 031. 27
Accounts received in advance		
Contract liabilities	58, 240, 788. 42	30, 618, 778. 99
Financial assets sold under repurchase agreements		
Deposits from customers and other banks		
Brokerage for trading securities		
Brokerage for underwriting securities		
Employee benefits payable	45, 100, 485. 24	70, 828, 239. 70
Taxes payable	90, 372, 398. 32	71, 335, 290. 77
Other payables	80, 192, 043. 39	75, 546, 323. 32
Where: Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsured accounts payable		
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities	4, 086, 034. 07	1, 439, 262. 02
Total current liabilities	855, 970, 508. 53	1, 129, 460, 361. 16
<b>Non-current liabilities:</b>		
Reserves for insurance contracts		
Long-term borrowings		
Bonds payable		
Where: Preference shares		
Perpetual bonds		
Lease liabilities		

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Long-term payables		
Long-term employee benefits payable		
Estimated liabilities	10,190,099.22	10,190,099.22
Deferred income	7,975,580.83	8,495,353.33
Deferred income tax liabilities	6,874,105.45	6,874,105.45
Other non-current liabilities		
Total non-current liabilities	25,039,785.50	25,559,558.00
Total liabilities	881,010,294.03	1,155,019,919.16
<b>Owner's equity (or shareholders' equity):</b>		
Share capital	201,116,925.00	201,116,925.00
Other equity instruments		
Where: Preference shares		
Perpetual bonds		
Capital reserve	836,263,666.05	837,034,836.69
Less: Treasury shares	7,688,928.80	12,653,905.25
Other comprehensive income	-633,243.89	-269,066.13
Special reserve		
Surplus reserve	100,634,780.00	100,634,780.00
General risk provision		
Undistributed profit	1,375,567,810.29	1,265,671,865.63
Total equity attributable to the owners of the parent company	2,505,261,008.65	2,391,535,435.94
Minority equity	87,008,268.82	90,326,830.19
Total owners' equity (or shareholders' equity)	2,592,269,277.47	2,481,862,266.13
Total liabilities and owner's equity (or shareholders' equity)	3,473,279,571.50	3,636,882,185.29

Chairman of the Company: Hou Juncheng CFO of the Company: Wang Li Head of the public accountant: Wang Li

**Balance Sheet of Parent Company**

31 March 2021

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	31 March 2021	31 December 2020
<b>Current assets:</b>		

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Cash and equivalents	464,792,985.67	498,358,108.55
Held-for-trading financial assets		
Derivative financial assets		
Bills receivable		
Accounts receivable	541,632,449.10	565,037,411.15
Receivables financing		
Prepayment	7,088,676.64	9,389,481.27
Other receivables	227,301,760.07	236,585,409.48
Where: Interest receivable		
Dividend receivable		
Inventories	191,665,172.66	227,126,018.70
Contract assets		
Held for sale assets		
Non-current assets due within one year		
Other current assets	24,916,776.54	15,543,206.01
Total current assets	1,457,397,820.68	1,552,039,635.16
<b>Non-current assets:</b>		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	348,610,828.25	347,372,956.06
Investments in other equity instruments	20,580,000.00	20,580,000.00
Other non-current financial assets		
Investment real estate	333,650,384.63	339,018,465.70
Fixed assets	289,279,658.59	291,193,420.67
Construction in progress	64,966,852.87	46,993,562.96
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	378,768,727.42	308,401,627.24
Development expenses		
Goodwill		
Long-term prepaid expenses	36,192,726.23	34,817,495.54
Deferred income tax assets	13,533,451.10	15,889,636.90
Other non-current assets	17,009,134.56	87,545,799.42
Total non-current assets	1,502,591,763.65	1,491,812,964.49
Total assets	2,959,989,584.33	3,043,852,599.65
<b>Current liabilities:</b>		

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Short-term borrowings	200,000,000.00	200,163,972.59
Held-for-trading financial liabilities		
Derivative financial liabilities		
Bills payable	58,678,000.00	64,580,000.00
Accounts payable	246,891,372.87	403,605,887.84
Accounts received in advance		
Contract liabilities	12,687,161.32	10,212,194.96
Employee benefits payable	18,817,960.59	29,624,549.78
Taxes payable	64,955,589.40	34,953,057.88
Other payables	20,026,115.52	24,771,086.23
Where: Interest payable		
Dividend payable		
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	622,056,199.70	767,910,749.28
<b>Non-current liabilities:</b>		
Long-term borrowings		
Bonds payable		
Where: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	7,975,580.83	8,495,353.33
Deferred income tax liabilities	6,283,428.68	6,283,428.68
Other non-current liabilities		
Total non-current liabilities	14,259,009.51	14,778,782.01
Total liabilities	636,315,209.21	782,689,531.29
<b>Owner's equity (or shareholders' equity):</b>		
Share capital	201,116,925.00	201,116,925.00
Other equity instruments		
Where: Preference shares		

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Perpetual bonds		
Capital reserve	835,912,055.71	837,075,425.32
Less: Treasury shares	7,688,928.80	12,653,905.25
Other comprehensive income		
Special reserve		
Surplus reserve	100,634,780.00	100,634,780.00
Undistributed profit	1,193,699,543.21	1,134,989,843.29
Total owners' equity (or shareholders' equity)	2,323,674,375.12	2,261,163,068.36
Total liabilities and owner's equity (or shareholders' equity)	2,959,989,584.33	3,043,852,599.65

Chairman of the Company: Hou Juncheng CFO of the Company: Wang Li Head of the public accountant: Wang Li

**Consolidated Income Statement**

January - March 2021

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Q1 2021	Q1 2020
I. Total operating income	905,464,673.13	608,193,650.94
Where: Revenue	905,464,673.13	608,193,650.94
Interest income		
Premium received		
Handling fee and commission income		
II. Total operating costs	779,738,541.63	505,558,891.36
Where: Cost of sales	322,264,228.48	243,860,039.98
Interest expenses		
Handling fee and commission expenses		
Payment on surrenders		
Net compensation expenses		
Net provision drawn for insurance contract		
Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	8,144,353.90	4,457,361.86
Selling expenses	377,754,359.96	197,193,427.03
Administrative expenses	52,312,582.26	45,018,968.95
R&D expenses	17,656,819.49	15,919,825.38
Financial expenses	1,606,197.54	-890,731.84

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Where: Interest expense	2,959,908.29	1,081,016.01
Interest income	5,773,529.43	4,889,638.38
Add: Other income	3,530,669.17	5,359,718.92
Income from investment (“-” refers to loss)	-83,299.74	527,717.70
Where: Investment income from associates and joint ventures	-79,753.50	-178,035.72
Derecognition of income from financial assets at amortized cost		
Exchange gains (“-” refers to loss)		
Net gain on exposure hedging (“-” refers to loss)		
Gain on change in fair value (“-” refers to loss)		
Losses on credit impairment (“-” refers to loss)	2,274,620.44	3,762,697.79
Losses on assets impairment (“-” refers to loss)	-328,307.81	-3,654,227.45
Gains from asset disposal (“-” refers to loss)	-1,416.28	
III. Operating profits (“-” refers to loss)	131,118,397.28	108,630,666.54
Add: Non-operating profits	30,582.33	24,332.92
Less: Non-operating expenses	54,523.45	12,284,163.50
IV. Total profits (“-” refers to total loss)	131,094,456.16	96,370,835.96
Less: Income tax expenses	24,279,745.48	19,640,938.36
V. Net profits (“-” refers to net loss)	106,814,710.68	76,729,897.60
(I) Classified by operation continuity		
1. Net profits from continuing activities (“-” refers to net loss)	106,814,710.68	76,729,897.60
2. Net profits from discontinuing activities (“-” refers to net loss)		
(II) Classified by ownership		
1. Net profits attributable to shareholders of the parent company (“-” refers to net loss)	109,895,944.66	77,728,276.22
2. Profit or loss attributable to minority shareholders (“-” refers to net loss)	-3,081,233.98	-998,378.62

VI. Net amount of other comprehensive income after tax	-364,177.76	631,177.97
(I) Net amount of other comprehensive income after tax attributable to owners of the parent company	-364,177.76	631,177.97
1. Other comprehensive income not to be reclassified into profit or loss		
(1) Change in re-measurement of defined benefit plans		
(2) Other comprehensive income that may not be reclassified to profit or loss under equity method		
(3) Change in fair value of investments in other equity instruments		
(4) Change in fair value of enterprise's own credit risk		
2. Other comprehensive income to be reclassified into profit or loss	-364,177.76	631,177.97
(1) Other comprehensive income that may be reclassified to profit or loss under equity method		
(2) Change in fair value of other debt investments		
(3) Amount included in other comprehensive income on reclassification of financial assets		
(4) Credit impairment provisions of other debt investments		
(5) Cash flow hedging reserve		
(6) Exchange differences from translation of financial statements	-364,177.76	631,177.97
(7) Others		
(II) Net amount of other comprehensive income after tax attributable to minority shareholders		
VII. Total comprehensive income	106,450,532.92	77,361,075.57
(I) Total comprehensive income attributable to owners of the parent company	109,531,766.90	78,359,454.19
(II) Total comprehensive income attributable to minority shareholders	-3,081,233.98	-998,378.62

VIII. Earnings per share:		
(I) Basic earnings per share (Yuan/share)	0.55	0.39
(II) Diluted earnings per share (Yuan/share)	0.55	0.39

In case of business merger under common control, net profit realized by the acquiree before the merger in the current period was: RMB 0; net profit realized by the acquiree in the prior period was: RMB 0.

Chairman of the Company: Hou Juncheng CFO of the Company: Wang Li Head of the public accountant: Wang Li

### Income Statement of Parent Company

January - March 2021

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Q1 2021	Q1 2020
I. Revenue	408,173,400.21	350,169,343.93
Less: Cost of sales	206,072,326.96	155,785,868.64
Taxes and surcharges	3,429,432.25	3,005,208.22
Selling expenses	39,382,263.41	35,872,263.41
Administrative expenses	46,201,997.53	33,343,034.03
R&D expenses	18,082,676.07	15,905,473.42
Financial expenses	-3,917,706.17	-3,120,213.72
Where: Interest expense	1,736,327.41	649,857.64
Interest income	5,532,382.16	3,801,738.94
Add: Other income	1,518,080.10	4,584,772.50
Income from investment (“-” refers to loss)	-35,243.81	611,430.53
Where: Investment income from associates and joint ventures	-35,243.81	-94,322.89
Derecognition of income from financial assets at amortized cost		
Net gain on exposure hedging (“-” refers to loss)		
Gain on change in fair value (“-” refers to loss)		
Losses on credit impairment (“-” refers to loss)	-32,993,248.87	-5,412,972.27
Losses on assets impairment (“-” refers to loss)	-429,753.06	-2,429,037.23
Gains from asset disposal (“-” refers to loss)		
II. Operating profits (“-” refers to	66,982,244.52	106,731,903.46

loss)		
Add: Non-operating profits	2,110.22	
Less: Non-operating expenses	9,975.00	12,263,883.37
III. Total profits (“-” refers to total loss)	66,974,379.74	94,468,020.09
Less: Income tax expenses	8,264,679.82	14,817,755.18
IV. Net profits (“-” refers to net loss)	58,709,699.92	79,650,264.91
(I) Net profits from continuing activities (“-” refers to net loss)	58,709,699.92	79,650,264.91
(II) Net profits from discontinuing activities (“-” refers to net loss)		
V. Net amount of other comprehensive income after tax		
(I) Other comprehensive income not to be reclassified into profit or loss		
1. Change in re-measurement of defined benefit plans		
2. Other comprehensive income that may not be reclassified to profit or loss under equity method		
3. Change in fair value of investments in other equity instruments		
4. Change in fair value of enterprise’s own credit risk		
(II) Other comprehensive income to be reclassified into profit or loss		
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount included in other comprehensive income on reclassification of financial assets		
4. Credit impairment provisions of other debt investments		
5. Cash flow hedging reserve		
6. Exchange differences from translation of financial statements		
7. Others		
VI. Total comprehensive income	58,709,699.92	79,650,264.91
VII. Earnings per share:		

(I) Basic earnings per share (Yuan/share)		
(II) Diluted earnings per share (Yuan/share)		

Chairman of the Company: Hou Juncheng CFO of the Company: Wang Li Head of the public accountant: Wang Li

### Consolidated Cash Flow Statement

January - March 2021

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Q1 2021	Q1 2020
<b>I. Cash flow from operating activities:</b>		
Cash received from sales of goods or rendering of services	1,089,758,485.27	670,762,842.24
Net increase in customer and interbank deposits		
Net increase in borrowings from central bank		
Net increase in placements from banks and other financial institutions		
Cash received from premiums under original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investments		
Cash received from interest, fees and commissions		
Net increase in borrowings		
Net increase in repurchase business capital		
Net cash received from securities trading agency services		
Tax rebates	3,124,105.70	209,178.37
Other cash received from operating activities	20,519,108.16	17,885,641.65
Sub-total of cash inflows from operating activities	1,113,401,699.13	688,857,662.26
Cash paid for goods and services	420,589,796.75	375,600,732.50
Net increase in customer loans		

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and advances		
Net increase in deposits with PBOC and interbank deposits		
Cash paid for compensation payments under original insurance contract		
Net increase in funds for lending		
Cash paid for interests, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	134,515,707.43	109,451,639.45
Taxes and fees paid	72,766,684.10	103,204,057.73
Cash paid for other operating activities	430,498,541.95	235,474,500.06
Sub-total of cash outflows from operating activities	1,058,370,730.23	823,730,929.74
Net cash flow generated from operating activities	55,030,968.90	-134,873,267.48
<b>II. Cash flow from investing activities:</b>		
Cash received from disposal of investments		161,450,000.00
Cash received from returns on investments		2,584,761.19
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,000.00	
Net cash received from disposal of subsidiaries and other operating entities		
Other cash received relating to investing activities		
Sub-total of cash inflows from investing activities	1,000.00	164,034,761.19
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	45,788,653.75	28,965,968.91
Cash paid for investment		46,000,000.00
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other operating		

entities		
Other cash paid relating to investing activities		
Sub-total of cash outflows from investing activities	45,788,653.75	74,965,968.91
Net cash flow generated from investing activities	-45,787,653.75	89,068,792.28
<b>III. Cash flow from financing activities:</b>		
Proceeds received from financing activities		
Where: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings		99,000,000.00
Other cash received from financing-related activities		
Sub-total of cash inflows from financing activities		99,000,000.00
Cash repayments of borrowings	99,000,000.00	212,186,065.10
Dividends paid, profit distributed or interest paid	2,852,875.00	995,745.51
Where: Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing-related activities	486,631.52	
Sub-total of cash outflows from financing activities	102,339,506.52	213,181,810.61
Net cash flow from financing activities	-102,339,506.52	-114,181,810.61
<b>IV. Effects of exchange rate fluctuations on cash and cash equivalents</b>	-364,177.76	631,177.97
<b>V. Net increase in cash and cash equivalents</b>	-93,460,369.13	-159,355,107.84
Add: Cash and cash equivalents at the beginning of the period	1,401,850,754.88	1,099,092,785.07
<b>VI. Cash and cash equivalents at the end of the period</b>	1,308,390,385.75	939,737,677.23

Chairman of the Company: Hou Juncheng CFO of the Company: Wang Li Head of the public accountant: Wang Li

## Cash Flow Statement of Parent Company

January - March 2021

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Q1 2021	Q1 2020
<b>I. Cash flow from operating activities:</b>		
Cash received from sales of goods or rendering of services	480,216,369.75	492,805,384.33
Tax rebates	2,938,756.09	207,716.60
Other cash received from operating activities	7,876,767.73	10,381,506.87
Sub-total of cash inflows from operating activities	491,031,893.57	503,394,607.80
Cash paid for goods and services	325,323,478.45	252,752,839.96
Cash paid to and on behalf of employees	52,783,929.43	37,260,964.23
Taxes and fees paid	10,529,293.56	78,306,605.30
Cash paid for other operating activities	92,129,423.47	248,182,527.49
Sub-total of cash outflows from operating activities	480,766,124.91	616,502,936.98
Net cash flow generated from operating activities	10,265,768.66	-113,108,329.18
<b>II. Cash flow from investing activities:</b>		
Cash received from disposal of investments	506,383.08	160,000,000.00
Cash received from returns on investments		2,584,761.19
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating entities		
Other cash received relating to investing activities		
Sub-total of cash inflows from investing activities	506,383.08	162,584,761.19
Cash paid for purchase and construction of fixed assets, intangible assets and other	41,937,274.62	28,948,491.03

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long-term assets		
Cash paid for investment	500,000.00	47,000,000.00
Net cash paid for acquiring subsidiaries and other operating entities		
Other cash paid relating to investing activities		
Sub-total of cash outflows from investing activities	42,437,274.62	75,948,491.03
Net cash flow generated from investing activities	-41,930,891.54	86,636,270.16
<b>III. Cash flow from financing activities:</b>		
Proceeds received from financing activities		
Cash received from borrowings		
Other cash received from financing-related activities		
Sub-total of cash inflows from financing activities		
Cash repayments of borrowings		85,130,289.87
Dividends paid, profit distributed or interest paid	1,900,000.00	835,248.84
Other cash paid for financing-related activities		
Sub-total of cash outflows from financing activities	1,900,000.00	85,965,538.71
Net cash flow from financing activities	-1,900,000.00	-85,965,538.71
<b>IV. Effects of exchange rate fluctuations on cash and cash equivalents</b>		
<b>V. Net increase in cash and cash equivalents</b>	-33,565,122.88	-112,437,597.73
Add: Cash and cash equivalents at the beginning of the period	484,019,222.50	255,868,964.43
<b>VI. Cash and cash equivalents at the end of the period</b>	450,454,099.62	143,431,366.70

Chairman of the Company: Hou Juncheng CFO of the Company: Wang Li Head of the public accountant: Wang Li

4.2 Particulars on adjustment to the financial statements at the beginning of the year for the first implementation of new standards for lease from 2021

Applicable ✓ Not applicable

According to the *Notice on Revising and Issuing Accounting Standards for Business Enterprises No. 21 - leases* (CK [2018] No. 35) issued by the Ministry of Finance, the Company shall implement the above new standards for lease since 1 January 2021. The self-inspection of the Company indicates that implementation of the relevant standards has no impact on the statement items, so no retrospective adjustment is required.

4.3 Description on retrospective adjustment to previous comparative data for the first implementation of new standards for lease from 2021

Applicable ✓ Not applicable

4.4 Auditor' s report

Applicable ✓ Not applicable