

Stock Code: 603605

Short Name: PROYA

## Proya Cosmetics Co., Ltd.

### The Third Quarter Report in 2021

The Board of Directors and all directors of the Company warrant that the contents herein are free from misrepresentations, misleading statements or material omissions, and they will be jointly and severally liable for the authenticity, accuracy and completeness thereof.

**Important Note:**

The Board of Directors, Board of Supervisors, directors, supervisors and officers of the Company warrant that the contents of the Quarterly Report are authentic, accurate and complete without any misrepresentations, misleading statements or material omissions, and they will be jointly and severally liable therefor.

The Chairman, the chief financial officer and the head of the accounting organization warrant that the financial statements herein is authentic, accurate and complete.

Whether the third quarter financial statements have been audited.

Yes     No

**I. Main Financial Data**

(I) Main Accounting Data and Financial Indicators

Unit: Yuan    Currency: RMB

Item	The Reporting Period	YOY change in the Reporting Period (%)	From the beginning of the year to the end of the Reporting Period	YOY change in the period from the beginning of the year to the end of the Reporting Period (%)
Operating income	1,094,533,358.54	20.71	3,012,251,856.14	31.48

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Net profit attributable to shareholders of the listed company	138,195,475.24	30.09	364,296,789.10	27.82
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss	136,116,085.45	28.64	356,396,478.73	23.63
Net cash flows from operating activities	N/A	N/A	490,488,496.76	137.07
Basic earnings per share (RMB/share)	0.69	30.19	1.82	28.17
Diluted earnings per share (RMB/share)	0.69	30.19	1.81	27.46
Weighted average return on equity (%)	5.42	An increase of 0.49 ppts yoy	14.50	An increase of 1.31 ppts yoy
Item	End of the Reporting Period	End of prior year		change at the end of the Reporting Period over the end of prior year (%)
Total assets	3,709,067,852.42	3,636,882,185.29		1.98
Owner's equity attributable to shareholders of the listed company	2,614,643,878.27	2,391,535,435.94		9.33

Note: "The Reporting Period" shall refer to the 3-month period ended September 30, 2021, as follow.

(II) Items and Amounts of Non-recurring Profit or Loss

Unit: Yuan    Currency: RMB

Item	Amount in the Reporting Period	Amount in the period from the beginning of the year to the end of the Reporting Period	Note
Gains or losses from disposal of non-current assets (including the write-off part of the provision for asset impairment)		-1,416.28	
Unauthorized examination and approval, or lack of official approval documents, or			

occasional tax revenue return and abatement			
Government grants recognized in profit or loss for the current period (excluding government grants that are closely related to the Company's business operations and gained at a fixed amount or quantity according to national uniform standards)	2,455,332.50	11,825,652.31	The YOY increase was mainly due to the increase in government grants such as tax revenue returns received
Capital occupation fees charged to the non-financial enterprises and included in profit or loss for the current period			
Gains when the investment cost of acquiring a subsidiary, an associate and a joint venture is less than the fair value of the identifiable net assets of the investee			
Gains or losses from exchange of non-monetary assets			
Gains or losses from entrusting others with investment or asset management			
Asset impairment provision made resulting from force majeure such as natural disasters			
Gains or losses from debt restructuring			
Enterprise restructuring fees, such as staffing expenses and integration fees			
Gains or losses that exceeds the fair value in transaction with unfair price			
Current net gains or losses of subsidiaries established by business combination involving enterprises under common control from the			

beginning of the period to the combination date			
Gains or losses on contingencies that have no relation with the normal operation of the Company			
Gains or losses from change in fair value by held-for trading financial assets and liabilities, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments, excluding the effective hedging businesses related with normal operations of the Company			
Reversal of impairment provision of accounts receivable and contract assets that have undergone impairment test alone			
Gains or losses from outward entrusted loaning			
Gains or losses from changes in the fair values of investment properties that are subsequently measured using the fair value model			
Impact of a one-time adjustment on current profit and loss according to the requirements of tax and accounting laws and regulations			
Custody fees of entrusted			

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operation			
Other non-operating income and expenses besides the above items	28,377.44	546,155.51	The YOY increase was mainly due to the large amount of non-operating expenses such as external donations in the same period of 2020
Other items that conform to the definition of non-recurring profit or loss			
Less: Effect of income tax	404,323.30	2,627,255.54	
Effect of minority equity (after tax)	-3.15	1,842,825.63	
Total	2,079,389.79	7,900,310.37	

Descriptions on classifying non-recurring profit and loss items defined in the *Explanatory Announcement No. 1 for Public Company Information Disclosures - Non-recurring Profit and Loss* as recurring profit and loss items.

Applicable  N/A

(III) Changes in Main Accounting Data and Financial Indicators and Main Cause

Applicable  N/A

Note: All figures on the table are on the YOY bases.

Item	Change ratio (%)	Primary cause
Net profit attributable to shareholders of the listed company (the Reporting Period)	30.09	July to September: 1. The operating income increased by 20.71% , of which the primary operating income online increased by 71.59%, and the overall consolidated gross profit margin was 66.10%, an increase of 1.61 ppts yoy; 2. The sales expense ratio was 41.56%, an increase of 1.73 ppts yoy; 3. The net profit margin was 12.65%, an increase of 1.36 ppts yoy.
Basic earnings per share (RMB/share) (the Reporting Period)	30.19	The specific reasons are the same as above.

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Diluted earnings per share (RMB/share) (the Reporting Period)	30.19	The specific reasons are the same as above.
Operating income (from the beginning of the year to the end of the Reporting Period)	31.48	January to September: The operating income increased by 31.48% , of which the primary operating income increased by 31.29% : Online: an increase by 74.25%, accounting for 81.85%; Offline: a decrease by 37.83%, accounting for 18.15%.
Net cash flow from operating activities (from the beginning of the year to the end of the Reporting Period)	137.07	January to September: An increase of RMB 284 million, or 137.07%: 1. Cash receipts from the sale of goods and the rendering of services increased by RMB 999 million or 42.09% ; Of which, the operating income increased by 31.48% , and the accounts receivable and receivable financing decreased by RMB 84 million in comparison to the beginning of the year; 2. Cash payments for the purchase of goods and received taxable services increased by RMB 103 million or 10.92% ; 3. Other cash payments relating to operating activities increased by RMB 502 million or 67.46%, mainly due to the increase in image publicity and promotion expenses.

## II. Shareholders Information

(I) Total Number of Common Shareholders, Number of Preferred Shareholders with Voting Rights, and the Shareholding of Top Ten Shareholders

Unit: share

Total number of common shareholders by the end of the Reporting Period	13,645	Total number of preferred shareholders with voting rights by the end of the Reporting Period (if any)	0			
Shareholding of top ten shareholders						
Name of shareholder	Nature of shareholder	Number of shares held	Shareholding ratio (%)	Number of restricted shares	Pledge, marking or freezing	
					Share status	Number

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HOU Juncheng	Domestic natural person	71,771,631	35.69	0	None	
FANG Yuyou	Domestic natural person	40,566,691	20.17	0	Pledge	9,210,000
Hong Kong Securities Clearing Company Limited	Other	38,946,885	19.37	0	None	
CAO Lianguo	Domestic natural person	3,769,938	1.87	0	None	
XU Junqing	Domestic natural person	2,313,499	1.15	0	None	
LI Xiaolin	Domestic natural person	2,188,310	1.09	0	None	
Industrial and Commercial Bank of China Limited - Jingshun Changcheng Emerging Growth Hybrid Securities Investment Fund	Other	1,700,000	0.85	0	None	
Industrial and Commercial Bank of China Limited - GF Multi-factor Flexible Allocation Hybrid Securities Investment Fund	Other	1,633,302	0.81	0	None	
Aberdeen Standard Investment Management (Asia) Co., Ltd. - Aberdeen Standard - China A-share Equity Fund	Other	1,499,323	0.75	0	None	
China Construction Bank Co., Ltd. - E Fund Vision Growth Hybrid Securities Investment Fund	Other	1,018,651	0.51	0	None	
Shareholding of top ten unrestricted shareholders						
Name of shareholder	Number of unrestricted outstanding shares held	Type and number of shares				
		Type	Number			
HOU Juncheng	71,771,631	RMB common stock	71,771,631			
FANG Yuyou	40,566,691	RMB common stock	40,566,691			
Hong Kong Securities Clearing Company Limited	38,946,885	RMB common stock	38,946,885			
CAO Lianguo	3,769,938	RMB common stock	3,769,938			
XU Junqing	2,313,499	RMB common stock	2,313,499			
LI Xiaolin	2,188,310	RMB common stock	2,188,310			

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Industrial and Commercial Bank of China Limited - Jingshun Changcheng Emerging Growth Hybrid Securities Investment Fund	1,700,000	RMB common stock	1,700,000
Industrial and Commercial Bank of China Limited - GF Multi-factor Flexible Allocation Hybrid Securities Investment Fund	1,633,302	RMB common stock	1,633,302
Aberdeen Standard Investment Management (Asia) Co., Ltd. - Aberdeen Standard - China A-share Equity Fund	1,499,323	RMB common stock	1,499,323
China Construction Bank Co., Ltd. - E Fund Vision Growth Hybrid Securities Investment Fund	1,018,651	RMB common stock	1,018,651
Description of the association relationship or concerted action of the above shareholders	FANG Yuyou is the younger brother of HOU Juncheng's spouse FANG Aiqin, so HOU Juncheng and FANG Yuyou are related.		
Description of the participation of the top 10 shareholders and the top 10 unrestricted shareholders in the margin trading and refinancing business (if any)	None		

### III. Other Reminders

Other important information about the Company's business during the Reporting Period for the attentions of investors

Applicable  N/A

### IV. Quarterly Financial Statements

(I) Type of Audit Opinion

Applicable  N/A

(II) Financial Statements



**Consolidated Balance Sheet**

September 30, 2021

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

Item	September 30, 2021	December 31, 2020
<b>Current assets:</b>		
Cash and bank balances	1,389,265,414.72	1,416,654,640.93
Balances with clearing agencies		
Placements with banks and other financial institutions		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	203,098,599.96	284,878,419.58
Receivable financing	3,806,628.60	5,531,997.32
Prepayments	96,383,659.58	82,742,815.92
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Other receivables	51,308,116.89	48,733,527.35
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	478,074,579.65	468,641,017.75
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	40,301,160.54	35,235,811.27
Total current assets	2,262,238,159.94	2,342,418,230.12
<b>Non-current assets:</b>		
Loans and advances to customers		
Debt investments		
Other debt investments		

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Long-term receivables		
Long-term equity investments	186,713,508.52	58,220,059.60
Other investments in equity instruments	20,580,000.00	20,580,000.00
Other non-current financial assets		
Investment properties	71,099,928.39	72,237,610.10
Fixed assets	556,073,781.13	565,864,152.62
Construction in progress	116,507,623.22	47,324,523.36
Bearer biological assets		
Oil and gas assets		
Right of use assets		
Intangible assets	418,582,847.65	314,643,323.97
Development expenditure		
Goodwill		31,034,161.20
Long-term prepaid expenses	32,417,009.92	50,576,793.53
Deferred income tax assets	39,406,469.63	46,660,550.76
Other non-current Assets	5,448,524.02	87,322,780.03
Total non-current assets	1,446,829,692.48	1,294,463,955.17
Total assets	3,709,067,852.42	3,636,882,185.29
<b>Current liabilities:</b>		
Short-term borrowings	200,000,000.00	299,280,435.09
Loans from the central bank		
Taking from banks and other financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	40,624,882.02	64,580,000.00
Accounts payable	562,255,365.84	515,832,031.27
Receipts in advance		
Contract liabilities	49,240,151.14	30,618,778.99
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Funds from securities trading agency		
Funds from underwriting securities agency		
Employee benefits payable	65,849,995.93	70,828,239.70

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Taxes payable	70,285,767.83	71,335,290.77
Other payables	73,347,099.26	75,546,323.32
Including: Interest payable		
Dividends payable		
Fees and commissions payable		
Amounts payable under reinsurance contracts		
Held-for-sale liabilities		
Non-current liabilities due within one years		
Other current liabilities	2,062,864.84	1,439,262.02
Total current liabilities	1,063,666,126.86	1,129,460,361.16
<b>Non-current liabilities:</b>		
Insurance contract reserves		
Long-term borrowings		
Bonds payable		
Including: Preferred stock		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions	7,089,282.95	10,190,099.22
Deferred income	6,936,035.83	8,495,353.33
Deferred income tax liabilities	5,781,937.93	6,874,105.45
Other non-current liabilities		
Total non-current liabilities	19,807,256.71	25,559,558.00
Total liabilities	1,083,473,383.57	1,155,019,919.16
<b>Owner's equity (or shareholders' equity):</b>		
Paid-in capital (or share capital)	201,116,925.00	201,116,925.00
Other equity instruments		
Including: Preferred stock		
Perpetual bonds		
Capital reserve	836,092,076.05	837,034,836.69
Less: Treasury shares	7,361,933.60	12,653,905.25
Other comprehensive income	-1,002,437.91	-269,066.13
Special reserve		
Surplus reserve	100,634,780.00	100,634,780.00
General risk reserve		
Retained profits	1,485,164,468.73	1,265,671,865.63

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Total owners' equity (or shareholders' equity) attributable to equity holders of the parent company	2,614,643,878.27	2,391,535,435.94
Minority interests	10,950,590.58	90,326,830.19
Total owners' equity (or shareholders' equity)	2,625,594,468.85	2,481,862,266.13
Total liabilities and owners' equity (shareholders' equity)	3,709,067,852.42	3,636,882,185.29

Chairman: HOU Juncheng      Chief Financial Officer: WANG Li      Head of the Accounting Department: WANG Li

**Consolidated Income Statement**

January to September, 2021

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan    Currency: RMB    Audit Type: Unaudited

Item	First three quarters of 2021 (Jan. to Sep.)	First three quarters of 2020 (Jan. to Sep.)
I. Total operating income	3,012,251,856.14	2,291,070,947.47
Including: Operating income	3,012,251,856.14	2,291,070,947.47
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	2,570,351,426.19	1,901,928,563.23
Including: Operating costs	1,066,572,027.42	877,111,667.51
Interest expenses		
Fee and commission expenses		
Surrenders		
Claims and policyholder benefits (net of amounts recoverable from reinsurers)		
Charges in insurance contract reserves (net of reinsurers' share)		
Insurance policyholder dividends		
Expenses for reinsurance accepted		

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Taxes and levies	26,755,664.49	21,237,762.78
Selling expenses	1,262,122,598.38	818,606,103.63
General and administrative expenses	165,503,097.12	140,638,551.57
Research and development expenses	52,455,578.02	53,653,016.11
Financial expenses	-3,057,539.24	-9,318,538.37
Including: Interest expenses	7,219,717.71	5,423,653.63
Interest income	17,843,073.35	13,995,639.90
Add: Other income	12,758,859.43	9,715,292.80
Investment income (Loss is indicated by “-”)	-5,257,778.42	1,575,595.65
Including: Income from investments in associates and joint ventures	-5,254,232.18	-937,095.68
Income from derecognition of financial assets measured at amortized cost		
Foreign exchange gains (Loss is indicated by “-”)		
Net exposure hedging income (Loss is indicated by “-”)		
Income from changes in fair value (Loss is indicated by “-”)		
Impairment losses of credit (Loss is indicated by “-”)	-2,144,694.51	-22,446,199.48
Impairment losses of assets (Loss is indicated by “-”)	-20,365,487.85	-13,787,628.20
Income from disposal of assets (Loss is indicated by “-”)	-1,416.28	14,405.47
III. Operating profit (Loss is indicated by “-”)	426,889,912.32	364,213,850.48
Add: Non-operating income	144,171.60	581,866.88
Less: Non-operating expenses	63,373.82	16,183,979.14
IV. Total profit (Total loss is indicated by “-”)	426,970,710.10	348,611,738.22
Less: Income tax expenses	79,816,536.07	72,530,863.59
V. Net profit (Net loss is indicated by “-”)	347,154,174.03	276,080,874.63
(I) Categorized by the nature of continuing operation		
1. Net profit from continuing operations (Net loss is indicated by “-”)	347,154,174.03	276,080,874.63
2. Net profit from discontinued operations (Net loss is indicated by “-”)		
(II) Categorized by ownership		
1. Net profit attributable to shareholders of the parent company (Net loss is indicated by “-”)	364,296,789.10	284,999,721.17
2. Profit or loss attributable to minority interests (Net loss is indicated by “-”)	-17,142,615.07	-8,918,846.54

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VI. Other comprehensive income, net of tax	-733,371.78	-337,434.36
(I) Other comprehensive income attributable to owners of the parent company, net of tax	-733,371.78	-337,434.36
1. Other comprehensive income that cannot be subsequently reclassified to profit or loss		
(1) Changes from re-measurement of defined benefit plans		
(2) Other comprehensive income that cannot be reclassified to profit or loss under the equity method		
(3) Changes in fair value of other investments in equity instruments		
(4) Changes in fair value of enterprises' own credit risks		
2. Other comprehensive income that will be reclassified to profit or loss	-733,371.78	-337,434.36
(1) Other comprehensive income that will be reclassified to profit or loss under the equity method		
(2) Changes in fair value of other debt investments		
(3) Amounts of financial assets reclassified into other comprehensive income		
(4) Provision for credit impairment of other debt investments		
(5) Reserve for cash flow hedges		
(6) Translation differences of financial statements denominated in foreign currencies	-733,371.78	-337,434.36
(7) Others		
(II) Other comprehensive income attributable to minority interests, net of tax		
VII. Total comprehensive income	346,420,802.25	275,743,440.27
(I) Total comprehensive income attributable to owners of the parent company	363,563,417.32	284,662,286.81
(II) Total comprehensive income attributable to minority interests	-17,142,615.07	-8,918,846.54
VIII. Earnings per share		
(I) Basic earnings per share (RMB/share)	1.82	1.42
(II) Diluted earnings per share (RMB/share)	1.81	1.42

For business combinations involving enterprises under the common control in the current period, the net profit realized by the acquirees before the combinations is: RMB0.00, and the net profit realized thereby in the prior period is: RMB0.00.

Chairman: HOU Juncheng      Chief Financial Officer: WANG Li      Head of the Accounting Department: WANG Li

**Consolidated Cash Flow Statement**

January to September 2021

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan    Currency: RMB    Audit Type: Unaudited

Item	First three quarters of 2021 (Jan. to Sep.)	First three quarters of 2020 (Jan. to Sep.)
<b>I. Cash flows from operating activities:</b>		
Cash receipts from the sale of goods and the rendering of services	3,372,200,521.00	2,373,276,017.51
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from the central bank		
Net increase in taking from other financial institutions		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net cash receipts from reinsurance business		
Net cash receipts from policyholders' deposits and investment contract liabilities		
Cash receipts from interest, fees and commissions		
Net increase in taking from banks and other financial institutions		
Net increase in financial assets sold under repurchase arrangements		
Net cash received from securities trading agency		
Receipts of tax refunds	18,501,241.84	5,905,584.80
Other cash receipts relating to operating activities	59,335,619.38	41,790,311.05

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Sub-total of cash inflows from operating activities	3,450,037,382.22	2,420,971,913.36
Cash payments for goods purchased and services received	1,046,478,917.19	943,473,030.33
Net increase in loans and advances to customers		
Net increase in balance with the central bank and due from banks and other financial institution		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net increase in placements with banks and other financial institutions		
Cash payments for interest, fees and commissions		
Cash payments for insurance policyholder dividends		
Cash payments to and on behalf of employees	329,997,403.51	265,981,057.75
Payments of various types of taxes	336,370,801.47	260,143,803.59
Other cash payments relating to operating activities	1,246,701,763.29	744,477,741.05
Sub-total of cash outflows from operating activities	2,959,548,885.46	2,214,075,632.72
Net cash flow from operating activities	490,488,496.76	206,896,280.64
<b>II. Cash flows from investing activities:</b>		
Cash receipts from disposals and recovery of investments		211,450,000.00
Cash receipts from investment income		4,145,309.14
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	1,000.00	
Net cash receipts from disposals of subsidiaries and other business entities		
Other cash receipts relating to investing activities		
Sub-total of cash inflows from investing activities	1,000.00	215,595,309.14
Cash payments to acquire or construct fixed assets, intangible assets	163,266,984.07	61,017,722.22



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and other long-term assets		
Cash payments to acquire investments	34,206,800.00	66,580,000.00
Net increase in pledged loans receivables		
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash payments relating to investing activities	61,087,857.19	1,579,710.89
Sub-total of cash outflows from investing activities	258,561,641.26	129,177,433.11
Net cash flow from investing activities	-258,560,641.26	86,417,876.03
<b>III. Cash flows from financing activities:</b>		
Cash receipts from capital contributions	450,000.00	1,466,300.00
Including: cash receipts from capital contributions from minority owners of subsidiaries	450,000.00	1,466,300.00
Cash receipts from borrowings	200,000,000.00	299,000,000.00
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	200,450,000.00	300,466,300.00
Cash repayments of borrowings	299,000,000.00	212,186,065.10
Cash payments for distribution of dividends or profits or settlement of interest expenses	151,549,422.10	126,023,183.02
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		
Other cash payments relating to financing activities	1,647,883.50	
Sub-total of cash outflows from financing activities	452,197,305.60	338,209,248.12
Net cash flow from financing activities	-251,747,305.60	-37,742,948.12
<b>IV. Impact of foreign exchange rate changes on cash and cash equivalents</b>	-733,371.78	-337,434.36
<b>V. Net increase in cash and cash equivalents</b>	-20,552,821.88	255,233,774.19
Add: Opening balance of cash and cash equivalents	1,299,818,901.99	1,099,092,785.07

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<b>VI. Closing balance of cash and cash equivalents</b>	1,279,266,080.11	1,354,326,559.26
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Chairman: HOU Juncheng    Chief Financial Officer: WANG Li    Head of the Accounting Department: WANG Li

(III) In 2021, the company restates financial statements for the beginning of the year due to the implementation of the new lease standards

Applicable     N/A

Please be notified of above.

Board of Director of Proya Cosmetics Co., Ltd.

October 27, 2021