

Stock Code: 603605

Stock Abbreviation : Proya

Bond Code: 113634

Bond Abbreviation: Proya convertible bond

## Proya Cosmetics Co., Ltd.

### The Third Quarter Report in 2022

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 department 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	1,336,130,787.67	22.07	3,962,074,031.96	31.53
Net profit attributable to shareholders of the listed	198,375,641.64	43.55	495,315,157.18	35.96

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company				
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss	196,100,724.25	44.07	476,998,142.78	33.84
Net cash flow from operating activities	N/A	N/A	771,873,333.67	57.37
Basic earnings per share (RMB/share)	0.71	2.90	1.76	-3.30
Diluted earnings per share (RMB/share)	0.70	1.45	1.74	-3.87
Weighted average return on equity (%)	6.59	Up by 1.17 percentage points	16.51	Up by 2.01 percentage points
	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	5,461,758,028.57		4,633,049,783.03	17.89
Owner's equity attributable to shareholders of the listed company	3,178,288,666.18		2,876,975,835.98	10.47

Note: "The Reporting Period" shall refer to the 3-month period ended September 30, 2022, as follows.

(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			
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	3,140,446.53	23,580,544.90	

related to the Company's business operations and gained at a fixed amount or quantity according to national uniform standards)			
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, 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 operation			
Other non-operating income and expenses besides the above items	-66,506.02	214,968.49	

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Other items that conform to the definition of non-recurring profit or loss			
Less: Effect of income tax	806,896.17	4,416,105.71	
Effect of minority equity (after tax)	-7,873.05	1,062,393.28	
Total	2,274,917.39	18,317,014.40	

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 Reasons

Applicable N/A

Item	Change ratio (%)	Primary reasons
Operating income (from the beginning of the year to the end of the Reporting Period)	31.53	Mainly due to: 1. the YOY increase in the online channel income; 2. the rapid growth of the Second-growth-curve brands.
Net profit attributable to shareholders of the listed company (the Reporting Period)	43.55	Mainly due to: 1. the YOY increase in the online channel income; 2. the increase of gross profit margin and the YOY increase in gross profit, operating profit and total profit.
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss (the Reporting Period)	44.07	The specific reasons are the same as above.
Net profit attributable to shareholders of the listed company (from the beginning of the year to the end of the Reporting Period)	35.96	Mainly due to: 1. the YOY increase in the online channel income; 2. (1) Ningbo Timage Cosmetics Co., Ltd. (a controlled subsidiary of the Company) turned losses into profits during the Reporting Period; (2) Shanghai Healthlong Biochemical Technology Co., Ltd. (a controlled subsidiary of the Company) has ceased to be included in the consolidated financial statements since May 2021.
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss (from the beginning of the year to the end of the Reporting Period)	33.84	The specific reasons are the same as above.

Net cash flow from operating activities (from the beginning of the year to the end of the Reporting Period)	57.37	Mainly due to: the YOY increase in the operating income and the increase of cash inflows from operating activities.
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## 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	13,764	Total number of preferred shareholders with voting rights by the end of the Reporting Period (if any)	0			
Shareholdings of top ten shareholders						
Name of shareholder	Nature of shareholder	Number of shares held	Shareholding ratio (%)	Number of restricted shares	Pledged, placed with mark, lock-up or not	
					Share status	Number
HOU Juncheng	Domestic natural person	97,670,741	34.45	0	None	
Hong Kong Securities Clearing Company Limited	Other	65,496,052	23.10	0	None	
FANG Yuyou	Domestic natural person	49,639,480	17.51	0	None	
China Construction Bank Co., Ltd. - Yinhua Fuyu Theme Hybrid Securities Investment Fund	Other	5,900,165	2.08	0	None	
China Construction Bank Co., Ltd. - CUAM Consumer Industry Hybrid Securities Investment Fund	Other	2,600,058	0.92	0	None	
Aberdeen Standard Investment Management (Asia) Co., Ltd. - Aberdeen Standard - China A-share Equity Fund	Other	2,552,293	0.90	0	None	
Industrial and Commercial Bank of China Limited - Jingshun Changcheng Emerging Growth Hybrid Securities Investment Fund	Other	2,380,000	0.84	0	None	
CAO Liangguo	Domestic natural person	2,268,997	0.80	0	None	

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Industrial and Commercial Bank of China Limited - CUAM Consumption Upgrade Hybrid Securities Investment Fund	Other	1,100,038	0.39	0	None	
XU Junqing	Domestic natural person	926,239	0.33	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	97,670,741	RMB common stock	97,670,741			
Hong Kong Securities Clearing Company Limited	65,496,052	RMB common stock	65,496,052			
FANG Yuyou	49,639,480	RMB common stock	49,639,480			
China Construction Bank Co., Ltd. - Yinhua Fuyu Theme Hybrid Securities Investment Fund	5,900,165	RMB common stock	5,900,165			
China Construction Bank Co., Ltd. - CUAM Consumer Industry Hybrid Securities Investment Fund	2,600,058	RMB common stock	2,600,058			
Aberdeen Standard Investment Management (Asia) Co., Ltd. - Aberdeen Standard - China A-share Equity Fund	2,552,293	RMB common stock	2,552,293			
Industrial and Commercial Bank of China Limited - Jingshun Changcheng Emerging Growth Hybrid Securities Investment Fund	2,380,000	RMB common stock	2,380,000			
CAO Liangguo	2,268,997	RMB common stock	2,268,997			
Industrial and Commercial Bank of China Limited - CUAM Consumption Upgrade Hybrid Securities Investment Fund	1,100,038	RMB common stock	1,100,038			
XU Junqing	926,239	RMB common stock	926,239			
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, 2022

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

Item	September 30, 2022	December 31, 2021
<b>Current assets:</b>		
Cash and cash equivalents	2,894,581,365.15	2,391,048,249.81
Balances with clearing agencies		
Placements with banks and other financial institutions		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	61,903,721.27	138,626,627.90
Receivable financing	3,031,831.88	3,242,000.00
Prepayments	174,958,003.94	58,406,647.11
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Other receivables	20,569,960.98	66,043,707.81
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	690,124,090.74	447,938,758.29
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	36,682,817.91	53,534,962.39
Total current assets	3,881,851,791.87	3,158,840,953.31
<b>Non-current assets:</b>		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		

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Long-term equity investments	151,406,031.44	169,959,536.27
Other investments in equity instruments	146,402,400.00	56,402,400.00
Other non-current financial assets		
Investment properties	69,349,497.02	70,321,868.00
Fixed assets	553,359,059.64	558,981,209.20
Construction in progress	177,430,957.16	108,678,896.27
Bearer biological assets		
Oil and gas assets		
Right of use assets		
Intangible assets	424,758,523.08	397,145,124.29
Development expenditure		
Goodwill		
Long-term prepaid expenses	22,255,673.60	29,756,474.11
Deferred income tax assets	30,463,707.85	38,796,018.02
Other non-current Assets	4,480,386.91	44,167,303.56
Total non-current assets	1,579,906,236.70	1,474,208,829.72
Total assets	5,461,758,028.57	4,633,049,783.03
<b>Current liabilities:</b>		
Short-term borrowings	200,251,506.85	200,251,506.85
Loans from the central bank		
Taking from banks and other financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	64,606,867.00	79,156,771.40
Accounts payable	678,833,258.07	404,026,241.16
Receipts in advance	527,929.95	173,769.85
Contract liabilities	115,157,348.57	91,151,985.32
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Funds from securities trading agencies		
Funds from underwriting securities agencies		
Employee benefits payable	117,186,385.92	78,649,049.72
Taxes payable	109,722,579.78	99,893,176.97

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Other payables	227,670,691.33	62,162,153.55
Including: Interest payable		
Dividends payable		
Fees and commissions payable		
Amounts payable under reinsurance contracts		
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities	11,562,619.94	9,521,415.32
Total current liabilities	1,525,519,187.41	1,024,986,070.14
<b>Non-current liabilities:</b>		
Insurance contract reserves		
Long-term borrowings		
Bonds payable	718,644,660.27	695,586,778.80
Including: Preferred stock		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions	8,456,756.79	10,812,084.88
Deferred income	4,856,945.83	6,416,263.33
Deferred income tax liabilities	7,523,121.46	8,408,158.81
Other non-current liabilities		
Total non-current liabilities	739,481,484.35	721,223,285.82
Total liabilities	2,265,000,671.76	1,746,209,355.96
<b>Owner's equity (or shareholders' equity):</b>		
Paid-in capital (or share capital)	283,519,194.00	201,009,966.00
Other equity instruments	50,906,662.82	50,956,622.11
Including: Preferred stock		
Perpetual bonds		
Capital reserve	890,391,200.83	834,272,205.66
Less: Treasury shares	164,976,000.00	5,628,128.21
Other comprehensive income	-1,611,822.41	-1,247,674.10
Special reserve		
Surplus reserve	100,634,780.00	100,634,780.00

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General risk reserve		
Retained profits	2,019,424,650.94	1,696,978,064.52
Total owners' equity (or shareholders' equity) attributable to equity holders of the parent company	3,178,288,666.18	2,876,975,835.98
Minority interests	18,468,690.63	9,864,591.09
Total owners' equity (or shareholders' equity)	3,196,757,356.81	2,886,840,427.07
Total liabilities and owners' equity (shareholders' equity)	5,461,758,028.57	4,633,049,783.03

The chairman of the Company:  
HOU Juncheng

CFO of the Company: WANG  
Li

Head of Accounting  
Department: WANG Li

**Consolidated Income Statement**

January to September, 2022

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

Item	First three quarters of 2022 (Jan. to Sep.)	First three quarters of 2021 (Jan. to Sep.)
I. Total operating income	3,962,074,031.96	3,012,251,856.14
Including: Operating revenue	3,962,074,031.96	3,012,251,856.14
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	3,246,045,594.62	2,570,351,426.19
Including: Operating costs	1,211,286,056.12	1,066,572,027.42
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		
Taxes and surcharges	35,018,710.91	26,755,664.49

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Selling expenses	1,700,908,422.25	1,262,122,598.38
General and administrative expenses	235,718,481.10	165,503,097.12
Research and development expenses	95,367,183.34	52,455,578.02
Financial expenses	-32,253,259.10	-3,057,539.24
Including: Interest expenses	9,827,780.80	7,219,717.71
Interest income	42,468,258.19	17,843,073.35
Add: Other income	23,810,575.67	12,758,859.43
Investment income (Loss is indicated by “-”)	-6,661,294.54	-5,257,778.42
Including: Income from investments in associates and joint ventures	-6,658,316.04	-5,254,232.18
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 “-”)	2,180,709.67	-2,144,694.51
Impairment losses of assets (Loss is indicated by “-”)	-113,537,444.60	-20,365,487.85
Income from disposal of assets (Loss is indicated by “-”)		-1,416.28
III. Operating profit (Loss is indicated by “-”)	621,820,983.54	426,889,912.32
Add: Non-operating income	612,654.73	144,171.60
Less: Non-operating expenses	916,605.93	63,373.82
IV. Total profit (Total loss is indicated by “-”)	621,517,032.34	426,970,710.10
Less: Income tax expenses	117,310,409.13	79,816,536.07
V. Net profit (Net loss is indicated by “-”)	504,206,623.21	347,154,174.03
(I) Classified by the nature of continuing operations		
1. Net profit from continuing operations (Net loss is indicated by “-”)	504,206,623.21	347,154,174.03
2. Net profit from discontinued operations (Net loss is indicated by “-”)		
(II) Classified by ownership		
1. Net profit attributable to shareholders of the	495,315,157.18	364,296,789.10

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parent company (Net loss is indicated by “-”)		
2. Profit or loss attributable to minority interests (Net loss is indicated by “-”)	8,891,466.03	-17,142,615.07
VI. Other comprehensive income, net of tax	-364,148.31	-733,371.78
(I) Other comprehensive income attributable to owners of the parent company, net of tax	-364,148.31	-733,371.78
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	-364,148.31	-733,371.78
(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	-364,148.31	-733,371.78
(7) Others		
(II) Other comprehensive income attributable to minority interests, net of tax		
VII. Total comprehensive income	503,842,474.90	346,420,802.25
(I) Total comprehensive income attributable to owners of the parent company	494,951,008.87	363,563,417.32
(II) Total comprehensive income attributable to minority interests	8,891,466.03	-17,142,615.07
VIII. Earnings per share		

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(I) Basic earnings per share (RMB/share)	1.76	1.82
(II) Diluted earnings per share (RMB/share)	1.74	1.81

In case of business combination under common control, net profit realized by the combined before the combination in the current period was RMB0.00; net profit realized by the combined in the previous period was RMB0.00.

The chairman of the  
Company: HOU Juncheng

CFO of the Company: WANG Li

Head of Accounting  
Department: WANG Li

**Consolidated Cash Flow Statement**

January to September 2022

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

Item	First three quarters of 2022 (Jan. to Sep.)	First three quarters of 2021 (Jan. to Sep.)
<b>I. Cash flows from operating activities:</b>		
Cash receipts from the sale of goods and the rendering of services	4,420,753,595.68	3,372,200,521.00
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	5,217,273.91	18,501,241.84
Other cash receipts relating to operating activities	94,308,291.64	59,335,619.38
Sub-total of cash inflows from operating activities	4,520,279,161.23	3,450,037,382.22

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Cash payments for goods purchased and services received	1,333,409,994.35	1,046,478,917.19
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	381,128,046.79	329,997,403.51
Payments of various types of taxes	398,116,900.07	336,370,801.47
Other cash payments relating to operating activities	1,635,750,886.35	1,246,701,763.29
Sub-total of cash outflows from operating activities	3,748,405,827.56	2,959,548,885.46
Net cash flow from operating activities	771,873,333.67	490,488,496.76
<b>II. Cash flows from investing activities:</b>		
Cash receipts from disposals and recovery of investments		
Cash receipts from investment income		
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
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	98,040,024.48	163,266,984.07
Cash payments to acquire investments	104,185,427.27	34,206,800.00
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
Sub-total of cash outflows from investing activities	202,225,451.75	258,561,641.26
Net cash flow from investing activities	-202,225,451.75	-258,560,641.26
<b>III. Cash flows from financing activities:</b>		
Cash receipts from capital contributions	165,676,000.00	450,000.00
Including: cash receipts from capital contributions from	700,000.00	450,000.00



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minority owners of subsidiaries		
Cash receipts from borrowings	200,000,000.00	200,000,000.00
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	365,676,000.00	200,450,000.00
Cash repayments of borrowings	200,000,000.00	299,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	178,569,824.95	151,549,422.10
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		
Other cash payments relating to financing activities	45,800,000.00	1,647,883.50
Sub-total of cash outflows from financing activities	424,369,824.95	452,197,305.60
Net cash flow from financing activities	-58,693,824.95	-251,747,305.60
<b>IV. Impact of foreign exchange rate changes on cash and cash equivalents</b>	-364,148.31	-733,371.78
<b>V. Net increase in cash and cash equivalents</b>	510,589,908.66	-20,552,821.88
Add: Opening balance of cash and cash equivalents	2,378,334,768.09	1,401,850,754.88
<b>VI. Closing balance of cash and cash equivalents</b>	2,888,924,676.75	1,381,297,933.00

The chairman of the Company: CFO of the Company: Head of Accounting Department:  
HOU Juncheng WANG Li WANG Li

In 2022, the company restates financial statements for the beginning of the year due to the implementation of new accounting standards or interpretation thereof

Applicable N/A

Please be notified of above.

Board of Director of Proya Cosmetics Co., Ltd.

October 27, 2022