

Stock Code: 603605

Stock Abbreviation: Proya

Bond Code: 113634

Bond Abbreviation: Proya Convertible Bond

Proya Cosmetics Co., Ltd.

The Third Quarter Report in 2023

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

Important Note:

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

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

Have the financial statements for the third quarter been audited?

Yes No

I. Key Financial Data

(I) Key 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 revenue	1,621,577,872.94	21.36	5,248,569,751.16	32.47
Net profit attributable to shareholders of the listed company	246,469,143.36	24.24	745,963,141.07	50.60

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Net profit attributable to shareholders of the listed company, net of non-recurring profit and loss	246,996,239.57	25.95	725,888,091.84	52.18
Net cash flow from operating activities	N/A	N/A	799,016,528.87	3.52
Basic earnings per share (RMB per share)	0.62	-12.68	1.87	6.25
Diluted earnings per share (RMB per share)	0.61	-12.86	1.85	6.32
Weighted average ROE (%)	6.22	Decrease by 0.37 percentage point	19.52	Up by 3.01 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	6,875,342,521.69	5,778,071,824.19		18.99
Owner's equity attributable to shareholders of the listed company	3,938,300,114.87	3,524,488,659.96		16.02

Note: "The Reporting Period" refers to the three-month period from the beginning of this quarter to the end of this quarter, as follows.

(II) Items and amounts of non-recurring profit and 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	Remarks
Gains and losses from disposal of non-current assets		-217,694.21	
Unauthorized approval, or no formal approval, or occasional tax refund or relief			
Government subsidies included in profit or loss for the current	1,038,608.03	35,677,684.26	

period , except for those closely related to the Company's normal operation and granted constantly at a fixed amount or quantity according to certain standard based on state policies			
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, associates and joint venture is less than the net fair value of the investee's identifiable assets when an investment is acquired			
Gains or losses on exchange of non-monetary assets			
Gains or losses on authorizing others to invest or manage assets			
Provisions for various asset impairments due to force majeure factors such as natural disasters			
Profit 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 current 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 the holding of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment gain from the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments, except for effective hedging business related to the Company's normal operations			
Reversal of provision for impairment of receivables and contract assets		421,794.92	

individually tested for impairment			
Profit and loss from entrusted loans			
Profit and loss arising from changes in the fair value of investment property subsequently measured with the fair value model			
Impact of one-time adjustments on the current profit and loss according to the requirements of tax and accounting laws and regulations on the current profit and loss			
Custody fee income from entrusted operations			
Other non-operating revenue and expenses other than the items mentioned above	-1,216,705.15	-2,090,032.50	
Other profit and loss items under the definition of non-recurring profit and loss			
Less: Income tax impact	132,904.48	7,771,472.94	
Impact of minority interests (after tax)	216,094.61	5,945,230.30	
Total	-527,096.21	20,075,049.23	

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

Applicable Not applicable

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

Applicable Not applicable

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Item	Change ratio (%)	Primary reasons
Operating revenue (From the beginning of the year to the end of the Reporting Period)	32.47	Mainly because: 1. Operating revenue from online channel increased YOY; 2. Brands in the second growth curve grew rapidly.
Net profit attributable to shareholders of the listed company (From the beginning of the year to the end of the Reporting Period)	50.60	Mainly because: 1. Total profit increased by 57.59% YOY: Operating revenue increased by 32.47% YOY, gross profit increased by 35.81% YOY (gross profit margin increased YOY), and expenses for four items for the period increased by 32.15% YOY. 2. Net profit increased by 53.70% or RMB270.74million YOY.
Net profit attributable to shareholders of the listed company, net of non-recurring profit and loss (From the beginning of the year to the end of the Reporting Period)	52.18	The same as above.

II. Shareholders Information

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

Unit: Share

Total number of ordinary shareholders by the end of the Reporting Period	21,207	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	Pledged, marked or frozen	
					Share status	Number
HOU Juncheng	Domestic natural person	136,739,037	34.46	0	None	
HKSCC	Other	77,444,664	19.52	0	None	
FANG Yuyou	Domestic natural person	59,625,258	15.03	0	Frozen	17,041,269

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Aberdeen Standard Investments (Asia) Limited - Aberdeen Standard - China A-Share Equity Fund	Other	5,491,413	1.38	0	None	
CCB - CUAM Consumer Industry Hybrid Securities Investment Fund	Other	4,400,018	1.11	0	None	
ICBC - Invesco Great Wall Emerging Growth Hybrid Securities Investment Fund	Other	3,332,000	0.84	0	None	
TEMASEK FULLERTON ALPHA PTE LTD	Other	2,983,902	0.75	0	None	
GIC PRIVATE LIMITED	Other	2,801,197	0.71	0	None	
National Social Security Fund Portfolio 109	Other	2,489,742	0.63	0	None	
China Life Insurance Company Limited - Traditional - General insurance products - 005L - CT001 Hu	Other	1,874,497	0.47	0	None	
Shareholdings of top 10 shareholders without restrictions on sales						
Name of shareholder	Number of unrestricted tradable shares held	Type and number of shares				
		Type of shares	Number			
HOU Juncheng	136,739,037	RMB ordinary shares	136,739,037			
HKSCC	77,444,664	RMB ordinary shares	77,444,664			
FANG Yuyou	59,625,258	RMB ordinary shares	59,625,258			
Aberdeen Standard Investments (Asia) Limited - Aberdeen Standard - China A-Share Equity Fund	5,491,413	RMB ordinary shares	5,491,413			

CCB - CUAM Consumer Industry Hybrid Securities Investment Fund	4,400,018	RMB ordinary shares	4,400,018
ICBC - Invesco Great Wall Emerging Growth Hybrid Securities Investment Fund	3,332,000	RMB ordinary shares	3,332,000
TEMASEK FULLERTON ALPHA PTE LTD	2,983,902	RMB ordinary shares	2,983,902
GIC PRIVATE LIMITED	2,801,197	RMB ordinary shares	2,801,197
National Social Security Fund Portfolio 109	2,489,742	RMB ordinary shares	2,489,742
China Life Insurance Company Limited - Traditional - General insurance products - 005L - CT001 Hu	1,874,497	RMB ordinary shares	1,874,497
Association or concerted action between the shareholders mentioned above	FANG Yuyou is the younger brother of HOU Juncheng's spouse FANG Aiqin, so HOU Juncheng and FANG Yuyou are associated.		
Top 10 shareholders and top 10 unrestricted shareholders participating in margin financing and securities lending and refinancing (if any)	None		

III. Other Notes

Other important information on the Company's operation during the Reporting Period to be made known to investors

Applicable Not applicable

IV. Quarterly Financial Statements

(I) Type of audit opinion

Applicable Not applicable

(II) Financial statements

Consolidated Balance Sheet

September 30, 2023

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	September 30, 2023	December 31, 2022
Current assets:		
Cash and cash equivalents	3,519,574,545.54	3,161,003,085.05
Balances with clearing agencies		
Placements with banks and other financial institutions		
Held-for trading financial assets		
Derivative financial assets		
Bill receivable		
Accounts receivable	201,147,221.97	102,157,898.41
Receivables financing	724,991.20	
Prepayments	247,344,514.02	91,483,523.15
Premiums receivable		
Reinsurance accounts receivable		
Provision for reinsurance contract receivable		
Other receivables	11,222,939.94	73,564,083.63
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventory	1,087,705,500.14	669,051,326.73
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	61,611,483.74	49,735,996.57
Total current assets	5,129,331,196.55	4,146,995,913.54
Non-current assets:		
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	132,484,844.54	138,533,377.46
Other equity instrument investments	146,402,400.00	146,402,400.00
Other non-current financial assets		
Investment property	63,230,281.56	68,654,700.81

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Fixed assets	553,708,433.05	570,376,309.67
Construction in progress	295,767,337.50	207,378,935.86
Productive biological assets		
Oil and gas assets		
Right-of-use assets	14,989,232.44	6,410,634.25
Intangible assets	408,546,300.29	420,316,883.26
Development cost		
Goodwill		
Long-term deferred expenses	21,302,279.91	19,142,604.46
Deferred tax assets	72,641,747.92	48,305,338.82
Other non-current assets	36,938,467.93	5,554,726.06
Total non-current assets	1,746,011,325.14	1,631,075,910.65
Total assets	6,875,342,521.69	5,778,071,824.19
Current liabilities:		
Short-term borrowings	200,155,555.56	200,195,890.41
Borrowings from the central bank		
Loans from banks and other financial institutions		
Trading financial liabilities		
Derivative financial liabilities		
Bills payable	56,180,884.74	69,626,352.12
Accounts payable	1,165,428,904.25	475,427,484.23
Advances from customers	85,670.30	464,328.26
Contract liabilities	137,764,033.04	174,602,833.91
Financial assets sold under repurchase agreements		
Due from customers and banks		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Employee benefits payable	100,451,240.42	124,938,749.36
Tax payable	72,726,688.95	152,918,871.45
Other payables	353,714,841.60	216,392,183.41
Including: Interest payable		
Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	3,867,523.52	2,549,452.14
Other current liabilities	5,567,497.36	10,820,499.59
Total current liabilities	2,095,942,839.74	1,427,936,644.88
Non-current liabilities:		

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Reserves for insurance contracts		
Long-term borrowings		
Bonds payable	748,969,592.17	724,491,557.93
Including: Preferred stock		
Perpetual bonds		
Lease liabilities	10,413,791.92	3,718,119.41
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities	9,802,669.15	59,282,928.68
Deferred income	5,187,008.83	6,399,811.33
Deferred tax liabilities	24,046,079.33	19,019,431.67
Other non-current liabilities		
Total non-current liabilities	798,419,141.40	812,911,849.02
Total liabilities	2,894,361,981.14	2,240,848,493.90
Owner's equity (or shareholders' equity):		
Paid-in capital (or share capital)	396,823,346.00	283,519,469.00
Other equity instruments	50,895,398.33	50,903,510.12
Including: Preferred stock		
Perpetual bonds		
Capital reserve	858,427,824.93	914,815,786.22
Less: Treasury stock	157,302,812.46	164,976,000.00
Other comprehensive income	-1,195,714.28	-1,918,603.07
Special reserve		
Surplus reserve	141,759,734.50	141,759,734.50
General risk reserve		
Undistributed profit	2,648,892,337.85	2,300,384,763.19
Total owner's equity (or shareholders' equity) attributable to the parent company	3,938,300,114.87	3,524,488,659.96
Minority interests	42,680,425.68	12,734,670.33
Total owner's equity (or shareholders' equity)	3,980,980,540.55	3,537,223,330.29
Total liabilities and owners' equity (or shareholders' equity)	6,875,342,521.69	5,778,071,824.19

The chairman of the Company: HOU Juncheng Person in charge of accounting: WANG Li Head of the Accounting Department: WANG Li

Consolidated Income Statement

January to September 2023

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

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Item	The first three quarters of 2023 (Jan. to Sep.)	The first three quarters of 2022 (Jan. to Sep.)
I. Gross revenue	5,248,569,751.16	3,962,074,031.96
Including: Operating revenue	5,248,569,751.16	3,962,074,031.96
Interest income		
Earned premium		
Fee and commission income		
II. Total operating expenses	4,204,094,774.90	3,246,045,594.62
Including: Operating expenses	1,512,852,437.64	1,211,286,056.12
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	48,632,492.30	35,018,710.91
Sales expenses	2,271,124,330.57	1,700,908,422.25
Administrative expenses	286,657,915.37	235,718,481.10
R&D expenses	128,863,076.27	95,367,183.34
Financial expenses	-44,035,477.25	-32,253,259.10
Including: Interest expenses	8,797,332.85	9,827,780.80
Interest income	52,008,372.20	42,468,258.19
Add: Other income	36,572,192.15	23,810,575.67
Investment income (“-” for losses)	-1,623,342.48	-6,661,294.54
Including: Income from investment in associates and joint ventures	-2,290,416.07	-6,658,316.04
Gains from derecognition of financial assets measured at amortized cost		
Exchange gains (“-” for losses)		
Net exposure hedging gains (“-” for losses)		
Income from changes in fair value (“-” for losses)		
Credit impairment losses (“-” for losses)	2,173,909.38	2,180,709.67
Asset impairment losses (“-” for losses)	-99,139,522.86	-113,537,444.60

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Gains from disposal of assets (“-” for losses)	-217,694.21	
III. Operating profit (“-” for losses)	982,240,518.24	621,820,983.54
Add: Non-operating revenue	3,145,759.06	612,654.73
Less: Non-operating expenses	5,914,535.33	916,605.93
IV. Total profit (“-” for total losses)	979,471,741.97	621,517,032.34
Less: Income tax expenses	204,524,682.76	117,310,409.13
V. Net profit (“-” for net losses)	774,947,059.21	504,206,623.21
(I) Classified by continuity as a going concern		
1. Net profit from continuing as a going concern (“-” for net losses)	774,947,059.21	504,206,623.21
2. Net profit from discontinuing as a going concern (“-” for net losses)		
(II) Classified by ownership		
1. Net profit attributable to shareholders of the parent company (“-” for net losses)	745,963,141.07	495,315,157.18
2. Minority interest income (“-” for net losses)	28,983,918.14	8,891,466.03
VI. Other comprehensive income, net of tax	722,888.79	-364,148.31
(I) Other comprehensive income (net of tax) attributable to owners of the parent company	722,888.79	-364,148.31
1. Other comprehensive income that cannot be reclassified to profit or loss		
(1) Changes in re-measurement 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	722,888.79	-364,148.31
(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	722,888.79	-364,148.31
(7) Others		
(II) Other comprehensive income (net of tax) attributable to minority shareholders		
VII. Total comprehensive income	775,669,948.00	503,842,474.90
(I) Total comprehensive income attributable to owners of the parent company	746,686,029.86	494,951,008.87
(II) Total comprehensive income attributable to minority shareholders	28,983,918.14	8,891,466.03
VIII. Earnings per share:		
(I) Basic earnings per share (RMB per share)	1.87	1.76
(II) Diluted earnings per share (RMB per share)	1.85	1.74

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

The chairman of the Company: HOU Juncheng Person in charge of accounting: WANG Li Head of the Accounting Department: WANG Li

Consolidated Cash Flow Statement

January to September 2023

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	The first three quarters of 2023 (Jan. to Sep.)	The first three quarters of 2022 (Jan. to Sep.)
I. Cash flows from operating activities:		
Cash receipts from sales of goods and rendering of services	5,548,852,049.32	4,420,753,595.68
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 other financial institutions		
Cash received from premiums under original insurance contracts		
Net cash received from reinsurance operations		
Net increase in deposits and investments from policyholders		
Cash received from interest, fees and commissions		
Net increase in loans from banks and other financial institutions		
Net increase in repurchase operations		
Net cash received from vicariously traded securities		
Tax refund received	7,955,028.14	5,217,273.91
Other cash received relating to operating activities	163,946,919.02	94,308,291.64
Subtotal of cash inflows from operating activities	5,720,753,996.48	4,520,279,161.23
Cash paid for purchasing goods and accepting labor services	1,403,830,030.60	1,333,409,994.35
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		

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Net increase in placements with banks and other financial institutions		
Cash paid for interest, fees and commissions		
Cash paid for policy dividends		
Cash paid to and for employees	492,793,046.51	381,128,046.79
Cash paid for taxes and surcharges	720,756,917.19	398,116,900.07
Other cash paid relating to operating activities	2,304,357,473.31	1,635,750,886.35
Subtotal of cash outflows from operating activities	4,921,737,467.61	3,748,405,827.56
Net cash flow from operating activities	799,016,528.87	771,873,333.67
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 long-term assets	338,439.51	
Net cash received from the disposal of subsidiaries and other units	3,018,142.61	
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities		
Cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets	147,851,445.94	98,040,024.48
Cash paid for investments	6,818,181.82	104,185,427.27
Net increase in pledge loans		
Net cash paid for the acquisition of subsidiaries and other units		
Other cash paid relating to investing activities		
Subtotal of cash outflows from investing activities	154,669,627.76	202,225,451.75
Net cash flows from investing activities	-151,313,045.64	-202,225,451.75
III. Cash flows from financing activities:		
Cash received from attraction of investments		165,676,000.00
Including: Cash received from attraction of investments from minority shareholders		700,000.00
Cash received from borrowings	200,000,000.00	200,000,000.00

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Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	200,000,000.00	365,676,000.00
Cash paid for debt repayments	200,000,000.00	200,000,000.00
Cash paid for distribution of dividends and profits or payment of interests	250,827,139.38	178,569,824.95
Including: Dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid relating to financing activities	9,931,260.23	45,800,000.00
Subtotal of cash outflows from financing activities	460,758,399.61	424,369,824.95
Net cash flows from financing activities	-260,758,399.61	-58,693,824.95
IV. Effect of changes in exchange rates on cash and cash equivalents	-318,571.65	-364,148.31
V. Net increase in cash and cash equivalents	386,626,511.97	510,589,908.66
Add: Beginning balance of cash and cash equivalents	3,125,333,085.05	2,378,334,768.09
VI. Ending balance of cash and cash equivalents	3,511,959,597.02	2,888,924,676.75

The chairman of the Company: HOU Juncheng Person in charge of accounting: WANG Li Head of the Accounting Department: WANG Li

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

Applicable Not applicable

End of the announcement.

Board of Directors of Proya Cosmetics Co., Ltd
October 23, 2023