



C&S PAPER CO.,LTD.

2 0 2 1

Third Quarter Report

Stock Code: 002511

Stock Abbreviation: C&S

Announcement No.: 2021-127

C&S Paper Co., Ltd.

Third Quarter Report 2021

The Company and all members of the Board of Directors hereby guarantee the truthfulness, accuracy and completeness of the information disclosed, and there are no false and misleading statements or material omissions.

Important Notice:

1. The Board of Directors and the Board of Supervisors of the Company and its directors, supervisors and senior management warrant that the information contained in this quarterly report is true, accurate and complete without any false and misleading statements or material omissions, and severally and jointly accept legal liability thereof.
2. The person in charge of the Company, the person in charge of accounting of the Company, and the person in charge of the accounting department of the Company have declared that they warrant the truthfulness, accuracy and completeness of the financial statements set out in this quarterly report.

Whether the Third Quarter Report has been audited

Yes No

I. Main Financial Data

(I) Main accounting data and financial indicators

Whether the Company needs to perform retrospective adjustment or restatement of accounting data for previous years

Yes No

| | Current period | Changes over same period of previous year | Beginning of the year to end of current period | Changes over same period of previous year |
|---|------------------|---|--|---|
| Operating income (RMB) | 2,027,210,890.87 | 4.54% | 6,274,852,727.25 | 12.95% |
| Net profit attributable to shareholders of the listed company (RMB) | 77,263,562.65 | -64.72% | 484,424,879.80 | -27.88% |
| Net profit attributable to shareholders of the listed company after deducting | 77,203,406.36 | -64.12% | 476,191,641.05 | -28.03% |

| | | | | |
|---|-----------------------|----------------------|-----------------------------------|---------|
| non-recurring profit and loss (RMB) | | | | |
| Net cash flow from operating activities (RMB) | — | — | 879,123,088.92 | 113.73% |
| Basic earnings per share (RMB/share) | 0.0596 | -64.90% | 0.3729 | -28.38% |
| Diluted earnings per share (RMB/share) | 0.0591 | -64.59% | 0.3698 | -27.77% |
| Weighted average return on net assets | 1.52% | -3.43% | 9.75% | -5.43% |
| | End of current period | End of previous year | Changes over end of previous year | |
| Total assets (RMB) | 7,481,516,961.44 | 7,478,439,747.77 | 0.04% | |
| Owner's equity attributable to shareholders of the listed company (RMB) | 4,850,775,440.29 | 5,042,146,076.42 | -3.80% | |

(II) Non-recurring items and amounts

Applicable Not applicable

Unit: RMB

| Item | Amount of current period | Amount from beginning of the year to end of current period | Description |
|---|--------------------------|--|--|
| Profits/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets) | -981,100.72 | -1,868,144.99 | |
| Governmental grants reckoned into current profits/losses (not including grants enjoyed in quota or ration according to national standards, which are closely relevant to the company's normal business) | 4,303,707.27 | 14,860,307.58 | |
| Profits/losses from assets entrusted to others for investment or management | | 358,473.15 | Returns on principal-protected wealth management products at maturity and reverse repo of treasury bonds |
| Other non-operating income and expenses except for the aforementioned items | -3,597,919.97 | -3,785,827.27 | |
| Less: Influence of income tax | -335,469.71 | 1,331,569.72 | |
| Total | 60,156.29 | 8,233,238.75 | -- |

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable Not applicable

The Company has no other profit and loss items that meet the definition of non-recurring profit and loss.

Descriptions where the Company defines any non-recurring profit and loss items listed in the *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profit and Loss* as recurring profit and loss items during the reporting period

Applicable Not applicable

The Company did not define any non-recurring profit and loss items listed in the *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profit and Loss* as recurring profit and loss items during the reporting period.

(III) Changes of main accounting data and financial indicators and reasons

Applicable Not applicable

Notes receivable: This item recorded an increase of RMB3,860,425.97 or 532.90% in the reporting period

compared with the end of 2020, mainly owing to the increase in bank acceptance bills received from customers during the reporting period.

Prepayments: This item recorded a decrease of RMB10,093,433.92 or 37.64% in the reporting period compared with the end of 2020, mainly owing to the decrease in prepayments for materials during the reporting period.

Other current assets: This item recorded a decrease of RMB44,731,370.70 or 44.03% in the reporting period compared with the end of 2020, mainly owing to the decrease in the principals of wealth management products during the reporting period.

Construction work in progress: This item recorded a decrease of RMB225,851,617.84 or 81.86% in the reporting period compared with the end of 2020, mainly owing to the fact that certain construction work in progress reached the usable state and was thereby transferred to fixed assets during the reporting period.

Right-of-use assets: This item recorded an increase of RMB11,328,528.08 or 100.00% in the reporting period compared with the end of 2020, mainly owing to the fact that leased assets were confirmed as right-of-use assets upon the adoption of the new lease standards during the reporting period.

Deferred income tax assets: This item recorded an increase of RMB70,346,172.66 or 63.17% in the reporting period compared with the end of 2020, mainly owing to the increase in equity incentives and deductible losses during the reporting period.

Other non-current assets: This item recorded an increase of RMB64,263,127.87 or 229.28% in the reporting period compared with the end of 2020, mainly owing to the increase in prepayments for housing assets during the reporting period.

Tax and fees payable: This item recorded a decrease of RMB34,538,236.96 or 30.67% in the reporting period compared with the end of 2020, mainly owing to the decrease in corporate income tax during the reporting period.

Non-current liabilities due within one year: This item recorded an increase of RMB5,965,262.94 or 100.00% in the reporting period compared with the end of 2020, mainly owing to the increase in lease liabilities due within one year during the reporting period.

Lease liabilities: This item recorded an increase of RMB5,823,744.59 or 100.00% in the reporting period compared with the end of 2020, mainly owing to the confirmation of lease liabilities upon the adoption of the new lease standards during the reporting period.

Deferred income tax liabilities: This item recorded an increase of RMB11,058,266.56 or 30.80% in the reporting period compared with the end of 2020, mainly owing to the increase in temporary differences formed by fixed assets during the reporting period.

Treasury shares: This item recorded an increase of RMB599,549,983.07 or 621.42% in the reporting period compared with the end of 2020, mainly owing to the increase in the Company's repurchased shares during the reporting period.

(II) Income statement items

Operating cost: This item recorded an increase of RMB928,513,100.53 or 31.32% from the beginning of the year to the end of the reporting period compared with the same period in 2020, mainly owing to factors such as increase in operating income, increase in material prices, changes in category structure, increase in freight, etc.

during the reporting period.

Financial expenses: This item recorded an increase of RMB8,236,376.20 or 74.34% from the beginning of the year to the end of the reporting period compared with the same period in 2020, mainly owing to the increase in exchange losses and gains during the reporting period.

Return on investment: This item recorded a decrease of RMB3,463,447.64 or 90.62% from the beginning of the year to the end of the reporting period compared with the same period in 2020, mainly owing to the decrease in returns on wealth management products during the reporting period.

Credit impairment loss: This item recorded a decrease of RMB1,330,520.48 or 138.06% from the beginning of the year to the end of the reporting period compared with the same period in 2020, mainly owing to the decrease in accrued credit impairment losses caused by the decrease in accounts receivable during the reporting period.

Asset impairment loss: This item recorded an increase of RMB2,263,955.63 or 243.85% from the beginning of the year to the end of the reporting period compared with the same period in 2020, mainly owing to the increase in fixed asset impairment losses during the reporting period.

Return on disposal of assets: This item recorded an increase of RMB1,298,108.54 or 80.74% from the beginning of the year to the end of the reporting period compared with the same period in 2020, mainly owing to the increase in the income from fixed asset disposal during the reporting period.

Non-operating income: This item recorded a decrease of RMB1,398,990.80 or 31.51% from the beginning of the year to the end of the reporting period compared with the same period in 2020, mainly owing to the decrease in government grants during the reporting period.

Non-operating expense: This item recorded a decrease of RMB4,790,284.77 or 33.52% from the beginning of the year to the end of the reporting period compared with the same period in 2020, mainly owing to the decrease in donations during the reporting period.

Income tax expenses: This item recorded a decrease of RMB68,894,443.22 or 50.12% from the beginning of the year to the end of the reporting period compared with the same period in 2020, mainly owing to the decrease in total profit during the reporting period.

(III) Cash flow statement items

Net cash flows from operating activities: This item recorded an increase of RMB467,803,529.64 or 113.73% from the beginning of the year to the end of the reporting period compared with the same period in 2020, mainly owing to the increase in sales revenue during the reporting period.

Net cash flows from investing activities: This item recorded a decrease of RMB288,800,242.32 or 158.98% from the beginning of the year to the end of the reporting period compared with the same period in 2020, mainly owing to the decrease in the received principal of wealth management products and the increase in payment for engineering equipment during the reporting period.

Net cash flows from financing activities: This item recorded a decrease of RMB827,751,954.50 or 866.81% from the beginning of the year to the end of the reporting period compared with the same period in 2020, mainly owing to the decrease in cash received from borrowings and the increase in payment of repurchased shares during the reporting period.

II. Shareholder Information

(I) Total number of ordinary shareholders, number of preferred shareholders whose voting rights were resumed and shareholdings of top 10 shareholders

Unit: share

| Total number of ordinary shareholders as at the end of the reporting period | | 160,792 | | Total number of preferred shareholders whose voting rights were resumed at the end of the reporting period (if any) | | 0 | |
|---|--|---------------------------------|------------------|---|---------------------------|------------------|--|
| Shareholdings of top 10 shareholders | | | | | | | |
| Name of shareholder | Nature of shareholder | Shareholding percentage (%) | Number of shares | Number of shares subject to selling restrictions | Pledged, marked or frozen | | |
| | | | | | Share status | Number of shares | |
| Guangdong Zhongshun Paper Group Co., Ltd. | Domestic non-state-owned legal person | 28.58% | 375,655,958 | 0 | | | |
| Chung Shun Co. | Foreign legal person | 20.28% | 266,504,789 | 0 | | | |
| Hong Kong Securities Clearing Co., Ltd. | Foreign legal person | 4.48% | 58,934,472 | 0 | | | |
| Ernest Partners LLC -- Client funds | Foreign legal person | 0.79% | 10,402,100 | 0 | | | |
| Yue Yong | Domestic natural person | 0.74% | 9,665,241 | 7,903,305 | | | |
| # Lin Zuohua | Domestic natural person | 0.67% | 8,787,510 | 0 | | | |
| Deng Yingzhong | Domestic natural person | 0.51% | 6,752,811 | 5,064,608 | | | |
| # Zhongshan Xinda Investment Management Co., Ltd. | Domestic non-state-owned legal person | 0.47% | 6,123,636 | 0 | | | |
| Ping An Insurance Company—Unit-linked—Personal insurance unit-linked | Others | 0.38% | 4,999,980 | 0 | | | |
| Deng Guanbiao | Domestic natural person | 0.38% | 4,957,473 | 3,718,105 | | | |
| Shareholdings of top 10 shareholders not subject to selling restrictions | | | | | | | |
| Name of shareholder | Number of shares not subject to selling restrictions | Type of shares | | | | | |
| | | Type of shares | Number of shares | | | | |
| Guangdong Zhongshun Paper Group Co., Ltd. | 375,655,958 | RMB-denominated ordinary shares | 375,655,958 | | | | |
| Chung Shun Co. | 266,504,789 | RMB-denominated ordinary shares | 266,504,789 | | | | |
| Hong Kong Securities Clearing Co., Ltd. | 58,934,472 | RMB-denominated ordinary shares | 58,934,472 | | | | |
| Ernest Partners LLC — Client funds | 10,402,100 | RMB-denominated ordinary shares | 10,402,100 | | | | |
| # Lin Zuohua | 8,787,510 | RMB-denominated ordinary shares | 8,787,510 | | | | |

| | | | |
|--|---|---------------------------------|-----------|
| # Zhongshan Xinda Investment Management Co., Ltd. | 6,123,636 | RMB-denominated ordinary shares | 6,123,636 |
| Ping An Insurance Company—Unit-linked—Personal insurance unit-linked | 4,999,980 | RMB-denominated ordinary shares | 4,999,980 |
| Chinan Asset Management Co.,Ltd.— Chinan 99 Chuancheng No. 1 Private Equity Securities Investment Fund | 4,499,913 | RMB-denominated ordinary shares | 4,499,913 |
| Li Hong | 4,297,300 | RMB-denominated ordinary shares | 4,297,300 |
| Chen Ruiqiang | 3,667,600 | RMB-denominated ordinary shares | 3,667,600 |
| Description on the related relationship or parties acting-in-concert arrangements among the above shareholders | <p>1. Among the top ten shareholders mentioned above, Guangdong Zhongshun Paper Group Co., Ltd. and Chung Shun Co. are the enterprises controlled by actual controllers of the Company, i.e. Deng Yingzhong, Deng Guanbiao and Deng Guanjie. That is, Guangdong Zhongshun Paper Group Co., Ltd. and Chung Shun Co. are related parties. Mr. Yue Yong is an incumbent senior manager of the Company.</p> <p>2. It is unknown to the Company whether there is related party relationship among other shareholders, or whether there is acting-in-concert among other shareholders as stipulated in the <i>Administrative Measures for the Disclosure of Information on Changes in Shareholders' Shareholding of Listed Companies</i>.</p> | | |
| Description on the top 10 shareholders' participation in margin trading and securities lending (if any) | <p>The Company's shareholder Lin Zuohua holds 8,787,510 shares through a client credit transaction guarantee securities account.</p> <p>The Company's shareholder Zhongshan Xinda Investment Management Co., Ltd. holds 6,120,602 shares through a client credit transaction guarantee securities account.</p> <p>Note: There is a special repurchase account "C&S Paper Special Repurchase Securities Account" among the top 10 shareholders. As of the end of the reporting period, this repurchase account held 24,952,887 shares, with a shareholding ratio of 1.9%. Pursuant to relevant regulations, it is not included in the list of top 10 shareholders.</p> | | |

(II) Total number of preferred shareholders and shareholdings of top 10 preferred shareholders

Applicable Not applicable

III. Other Significant Matters

Applicable Not applicable

| No. | Announcement time | Announcement name | Announcement number | Disclosure media |
|-----|-------------------|--|---------------------|--|
| 1 | July 01, 2021 | <i>Announcement on Reduction of Company Shares by Directors and Senior Management Through Block Transactions</i> | 2021-99 | <i>Securities Times, Securities Daily, China Securities Journal, and CNINF</i> |
| 2 | July 02, 2021 | <i>Announcement on Progress of Repurchase of Company Shares</i> | 2021-100 | |
| 3 | July 07, 2021 | <i>Announcement on the Deregistration Completion of Partial Stock Options Awarded in the First Grant under the 2018 Stock Option and Restricted Stock Incentive Plan</i> | 2021-101 | |
| 4 | July 07, 2021 | <i>Announcement on Progress of Repurchase of Company Shares</i> | 2021-102 | |
| 5 | July 10, 2021 | <i>Announcement on Progress of Repurchase of Company Shares</i> | 2021-103 | |
| 6 | July 13, 2021 | <i>Announcement on Commitments of None-Decrease of Shares by Vice President and Secretary of the Board of Directors of the Company</i> | 2021-104 | |
| 7 | July 13, 2021 | <i>Announcement on Resignation of the Company's Supervisor</i> | 2021-105 | |
| 8 | July 13, 2021 | <i>Announcement on Resolutions of the 7th Meeting of the Fifth Session of the Board of Directors</i> | 2021-106 | |
| 9 | July 13, 2021 | <i>Announcement on Appointment of the Vice President of the Company</i> | 2021-107 | |

| | | | |
|----|--------------------|--|----------|
| 10 | July 27, 2021 | Announcement on Progress of Repurchase of Company Shares | 2021-108 |
| 11 | July 30, 2021 | Announcement on Resolutions of the 8th Meeting of the Fifth Session of the Board of Directors | 2021-109 |
| 12 | July 30, 2021 | Announcement on Adjusting the Amount of the Company's Share Repurchase | 2021-110 |
| 13 | July 30, 2021 | Announcement on Resignation of the Secretary of the Board of Directors and Vice President of the Company | 2021-111 |
| 14 | August 03, 2021 | Announcement on Progress of the Phase III Employee Stock Ownership Plan of the Company | 2021-112 |
| 15 | August 03, 2021 | Announcement on Progress of Repurchase of Company Shares | 2021-113 |
| 16 | August 24, 2021 | Announcement on Resolutions of the 9th Meeting of the Fifth Session of the Board of Directors | 2021-114 |
| 17 | August 24, 2021 | Announcement on Appointment of the Vice President and Secretary of the Board of Directors of the Company | 2021-115 |
| 18 | August 31, 2021 | Announcement on Resolutions of the Board of Directors on the Semi-annual Report | 2021-116 |
| 19 | August 31, 2021 | Announcement on Resolutions of the Board of Supervisors on the Semi-annual Report | 2021-117 |
| 20 | August 31, 2021 | Summary of Semi-annual Report 2021 | 2021-118 |
| 21 | August 31, 2021 | Announcement on the Resignation of the Representative of Securities Affairs | 2021-119 |
| 22 | September 02, 2021 | Announcement on Progress of Repurchase of Company Shares | 2021-120 |
| 23 | September 02, 2021 | Announcement on Progress of the Phase III Employee Stock Ownership Plan of the Company | 2021-121 |
| 24 | September 07, 2021 | Announcement on Completion of the Industrial and Commercial Registration Amendment of the Company | 2021-122 |
| 25 | September 14, 2021 | Announcement on Progress of Repurchase of Company Shares | 2021-123 |

IV. Quarterly Financial Statements

(I) Financial statements

1. Consolidated balance sheet

Prepared by: C&S Paper Co., Ltd.

September 30, 2021

Unit: RMB

| Item | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
| Current assets: | | |
| Monetary funds | 811,606,154.48 | 1,125,196,199.56 |
| Settlement reserve | | |
| Lending to banks and other financial institutions | | |
| Tradable financial assets | | |
| Derivative financial assets | | |
| Notes receivable | 4,584,845.71 | 724,419.74 |
| Accounts receivable | 988,086,010.51 | 1,051,423,939.59 |
| Accounts receivable financing | | |
| Prepayments | 16,725,674.65 | 26,819,108.57 |

| | | |
|--|------------------|------------------|
| Premium receivable | | |
| Reinsurance payables | | |
| Reinsurance contract reserves receivable | | |
| Other receivables | 13,094,338.62 | 15,824,945.56 |
| Including: Interest receivable | | |
| Dividends receivable | | |
| Financial assets held under resale agreements | | |
| Inventory | 1,760,498,581.06 | 1,661,274,495.32 |
| Contract assets | | |
| Assets held for sale | 57,073,059.69 | 57,073,059.69 |
| Non-current assets due within one year | | |
| Other current assets | 56,853,198.60 | 101,584,569.30 |
| Total current assets | 3,708,521,863.32 | 4,039,920,737.33 |
| Non-current assets: | | |
| Loans and advances to customers | | |
| Investments in creditor's rights | | |
| Investments in other creditor's rights | | |
| Long-term receivable | | |
| Long-term equity investment | | |
| Investment in other equity instruments | | |
| Other non-current financial assets | | |
| Investment property | 33,497,702.79 | 34,575,365.94 |
| Fixed assets | 3,214,621,904.05 | 2,792,587,302.21 |
| Construction work in progress | 50,053,000.11 | 275,904,617.95 |
| Productive biological assets | | |
| Oil & gas assets | | |
| Right-of-use assets | 11,328,528.08 | |
| Intangible assets | 169,695,480.29 | 169,355,772.24 |
| Development expenses | | |
| Goodwill | 64,654.15 | 64,654.15 |
| Long-term deferred expenses | 19,729,213.31 | 26,635,983.14 |
| Deferred income tax assets | 181,713,535.32 | 111,367,362.66 |
| Other non-current assets | 92,291,080.02 | 28,027,952.15 |
| Total non-current assets | 3,772,995,098.12 | 3,438,519,010.44 |
| Total assets | 7,481,516,961.44 | 7,478,439,747.77 |
| Current liabilities: | | |
| Short-term borrowings | 162,547,892.71 | 142,942,941.34 |
| Borrowings from PBC | | |
| Placements from banks and other financial institutions | | |
| Tradable financial liabilities | | |
| Derivative financial liabilities | | |
| Notes payable | 274,447,555.96 | 234,887,563.22 |

| | | |
|--|------------------|------------------|
| Accounts payable | 822,948,585.87 | 761,519,389.26 |
| Payments received in advance | | |
| Contract liabilities | 144,088,271.76 | 137,333,617.40 |
| Proceeds from financial assets sold under repo | | |
| Customer bank deposits and due to banks and other financial institutions | | |
| Funds from securities trading agency | | |
| Funds from securities underwriting agency | | |
| Employee remuneration payable | 136,303,770.44 | 123,524,627.11 |
| Tax and fees payable | 78,069,817.91 | 112,608,054.87 |
| Other payables | 825,301,021.04 | 754,844,580.09 |
| Including: Interests payable | | |
| Dividends payable | 1,594,446.41 | 1,437,466.77 |
| Transaction fee and commission receivable | | |
| Reinsurance payable | | |
| Liabilities held for sale | | |
| Non-current liabilities due within one year | 5,965,262.94 | |
| Other current liabilities | 18,661,924.62 | 17,628,086.63 |
| Total current liabilities | 2,468,334,103.25 | 2,285,288,859.92 |
| Non-current liabilities: | | |
| Insurance contract reserves | | |
| Long-term borrowings | | |
| Bonds payable | | |
| Including: Preference shares | | |
| Perpetual bonds | | |
| Lease liabilities | 5,823,744.59 | |
| Long-term payable | | |
| Long-term employee remuneration payable | | |
| Provision | | |
| Deferred income | 108,278,887.57 | 115,101,158.13 |
| Deferred income tax liabilities | 46,961,919.86 | 35,903,653.30 |
| Other non-current liabilities | | |
| Total non-current liabilities | 161,064,552.02 | 151,004,811.43 |
| Total liabilities | 2,629,398,655.27 | 2,436,293,671.35 |
| Owner's equity: | | |
| Share capital | 1,312,362,868.00 | 1,311,487,077.00 |
| Other equity instruments | | |
| Including: Preference shares | | |
| Perpetual bonds | | |
| Capital reserve | 958,636,710.60 | 907,006,505.05 |
| Less: Treasury shares | 696,030,894.36 | 96,480,911.29 |
| Other comprehensive income | | |
| Special reserves | | |

| | | |
|---|------------------|------------------|
| Surplus reserves | 61,469,258.27 | 61,469,258.27 |
| General reserves | | |
| Retained earnings | 3,214,337,497.78 | 2,858,664,147.39 |
| Total equity attributable to owners of the parent company | 4,850,775,440.29 | 5,042,146,076.42 |
| Equities of minority shareholders | 1,342,865.88 | |
| Total owner's equity | 4,852,118,306.17 | 5,042,146,076.42 |
| Total liabilities and owners' equities | 7,481,516,961.44 | 7,478,439,747.77 |

Legal representative: Liu Peng Person in charge of accounting: Dong Ye Person in charge of accounting department: Xu Xianjing

2. Consolidated income statement from beginning of the year to end of reporting period

Unit: RMB

| Item | Incurred in the current period | Incurred in the prior period |
|--|--------------------------------|------------------------------|
| I. Total Operating Income | 6,274,852,727.25 | 5,555,315,729.00 |
| Including: Operating income | 6,274,852,727.25 | 5,555,315,729.00 |
| Interest income | | |
| Gross earned premiums | | |
| Service charge and commission income | | |
| II. Total Operating Cost | 5,728,586,896.00 | 4,755,419,712.84 |
| Including: Operating costs | 3,893,455,731.93 | 2,964,942,631.40 |
| Interest expenses | | |
| Service charge and commission expenses | | |
| Surrender value | | |
| Net compensation expenses | | |
| Net appropriation of insurance reserve | | |
| Policy dividends expenses | | |
| Reinsurance costs | | |
| Tax and surcharges | 43,629,579.28 | 37,942,925.51 |
| Selling expenses | 1,385,553,454.23 | 1,342,148,313.68 |
| Administrative expenses | 261,274,849.11 | 283,890,975.47 |
| R&D expenses | 147,516,610.83 | 137,574,572.36 |
| Finance expenses | -2,843,329.38 | -11,079,705.58 |
| Including: Interest fees | 1,272,593.21 | 2,071,645.66 |
| Interest income | 8,553,063.14 | 5,956,376.08 |
| Plus: Other income | 15,977,069.84 | 18,797,424.09 |
| Return on investment ("-" indicates loss) | 358,473.15 | 3,821,920.79 |
| Including: Return on investment in associates and joint ventures | | |
| Income from the derecognition of financial assets measured at amortized cost | | |
| Exchange gains ("-" indicates | | |

| | | |
|--|----------------|----------------|
| loss) | | |
| Gains from net exposure hedging ("-" indicates loss) | | |
| Gains from changes in fair value ("-" indicates loss) | | |
| Credit impairment losses ("-" indicates loss) | 366,801.28 | -963,719.20 |
| Asset impairment losses ("-" indicates loss) | -3,192,363.87 | -928,408.24 |
| Return on disposal of assets ("-" indicates loss) | -309,646.72 | -1,607,755.26 |
| III. Operating Profit ("-" indicates loss) | 559,466,164.93 | 819,015,478.34 |
| Plus: Non-operating income | 3,041,051.40 | 4,440,042.20 |
| Less: Non-operating expenditure | 9,502,139.20 | 14,292,423.97 |
| IV. Total Profit ("-" indicates total loss) | 553,005,077.13 | 809,163,096.57 |
| Less: Income tax expense | 68,575,551.28 | 137,469,994.50 |
| V. Net Profit ("-" indicates net loss) | 484,429,525.85 | 671,693,102.07 |
| i. Classified by operation continuity | | |
| 1. Net profit from continued operation ("-" indicates net loss) | 484,429,525.85 | 671,693,102.07 |
| 2. Net profit from discontinued operation ("-" indicates net loss) | | |
| ii. Classified by attribution of ownership | | |
| 1. Net profit attributable to owners of the parent company | 484,424,879.80 | 671,693,102.07 |
| 2. Minority shareholders' profits and losses | 4,646.05 | |
| VI. Net Amount of Other Comprehensive Income after Tax | | |
| Total other comprehensive after-tax net income attributable to owners of the parent company | | |
| i. Other comprehensive income not able to be reclassified into the profit or loss | | |
| 1. Changes of re-measurement of the defined benefit plan | | |
| 2. Other comprehensive income that cannot be transferred into the profit or loss under equity method | | |
| 3. Changes in fair value of investment in other equity instruments | | |
| 4. Changes in fair value of credit risk of the enterprise | | |
| 5. Others | | |
| ii. Other comprehensive income reclassified into the profit or loss | | |
| 1. Other comprehensive income to be transferred into the profit or loss under equity method | | |
| 2. Changes in fair value of investment in other creditor's rights | | |

| | | |
|--|----------------|----------------|
| 3. Financial assets reclassified into other comprehensive income | | |
| 4. Impairment provision for credit of investment in other creditor's rights | | |
| 5. Reserve of cash flow hedge | | |
| 6. Converted difference in foreign currency financial statements | | |
| 7. Others | | |
| Total other comprehensive after-tax net income attributable to minority shareholders | | |
| VII. Total Comprehensive Income | 484,429,525.85 | 671,693,102.07 |
| Total comprehensive income attributable to owners of the parent company | 484,424,879.80 | 671,693,102.07 |
| Total comprehensive income attributable to minority shareholders | 4,646.05 | |
| VIII. Earnings per Share: | | |
| i. Basic earnings per share | 0.3729 | 0.5207 |
| ii. Diluted earnings per share | 0.3698 | 0.5120 |

For business combinations of the current period under common control, the net profit realized by the combined party before the combination is: RMB0.00; the net profit realized by the combined party in last period is: RMB0.00.

Legal representative: Liu Peng Person in charge of accounting: Dong Ye Person in charge of accounting department: Xu Xianjing

3. Consolidated cash flow statement from beginning of the year to end of reporting period

Unit: RMB

| Item | Incurred in the current period | Incurred in the prior period |
|--|--------------------------------|------------------------------|
| I. Cash Flows from Operating Activities: | | |
| Cash received from sale of goods or rendering of services | 6,360,944,202.22 | 5,535,241,894.34 |
| Net increase in deposits from customers, banks and non-bank financial institutions | | |
| Net increase in due to central banks | | |
| Net increase in placements from other financial institutions | | |
| Cash received from the premium of direct insurance contracts | | |
| Net cash from reinsurance business | | |
| Net increase in deposits and investment of the insured | | |
| Cash obtained from interest, net fee and commission | | |
| Net increase in placements from banks and other financial institutions | | |
| Net increase in repo service fund | | |

| | | |
|---|------------------|------------------|
| Net cash from agent securities trading | | |
| Tax rebates | | 7,205,724.03 |
| Cash received related to other operating activities | 57,981,575.27 | 95,719,026.24 |
| Sub-total of cash inflow from operating activities | 6,418,925,777.49 | 5,638,166,644.61 |
| Cash paid for goods purchased and services rendered | 3,837,395,641.87 | 3,819,517,900.19 |
| Net loans and advances to customers | | |
| Net increase in deposits with the central bank, banks and non-bank financial institutions | | |
| Cash paid for claims of direct insurance contracts | | |
| Net increase in placements with banks and non-bank financial institutions | | |
| Cash paid for interest, fee and commission | | |
| Cash paid for dividends of the insured | | |
| Cash paid to and on behalf of employees | 631,740,057.84 | 490,559,056.65 |
| Tax payments | 417,475,289.56 | 363,184,736.53 |
| Cash payments related to other operating activities | 653,191,699.30 | 553,585,391.96 |
| Sub-total of cash outflow from operating activities | 5,539,802,688.57 | 5,226,847,085.33 |
| Net cash flows from operating activities | 879,123,088.92 | 411,319,559.28 |
| II. Cash Flows from Investing Activities: | | |
| Cash from realization of investment | | |
| Cash received from the return on investments | 358,473.15 | 3,821,920.79 |
| Net cash received from the disposal of fixed assets, intangible assets, and other long-term assets | 10,642,476.47 | 38,795,131.20 |
| Net amount of cash received from the disposal of subsidiaries and other operating organizations | | |
| Cash received related to other investing activities | 50,000,000.00 | 127,105,000.00 |
| Sub-total of cash inflow from investing activities | 61,000,949.62 | 169,722,051.99 |
| Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets | 523,456,060.94 | 331,376,920.99 |
| Cash paid for investments | | |
| Net increase in pledged loans | | |
| Net amount of cash paid for acquisition of subsidiaries and other operating organizations | | |

| | | |
|---|------------------|------------------|
| Cash payments related to other investing activities | 8,000,000.00 | 20,000,000.00 |
| Sub-total of cash outflow from investing activities | 531,456,060.94 | 351,376,920.99 |
| Net cash flows from investing activities | -470,455,111.32 | -181,654,869.00 |
| III. Cash Flows from Financing Activities: | | |
| Cash received from capital contribution | 31,909,987.57 | 25,097,753.55 |
| Including: Proceeds received by subsidiaries from minority shareholders' investment | | |
| Cash received from borrowings | 187,245,860.18 | 383,892,976.77 |
| Cash received related to other financing activities | | |
| Sub-total of cash inflow from financing activities | 219,155,847.75 | 408,990,730.32 |
| Cash paid for repayments of borrowings | 167,703,551.03 | 168,952,706.91 |
| Cash payment for interest expenses and distribution of dividends or profits | 129,522,597.64 | 99,104,244.85 |
| Including: Dividend and profit paid by subsidiaries to minority shareholders | | |
| Cash payments related to other financing activities | 654,187,119.81 | 45,439,244.79 |
| Sub-total of cash outflow from financing activities | 951,413,268.48 | 313,496,196.55 |
| Net cash flows from financing activities | -732,257,420.73 | 95,494,533.77 |
| IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents | -3,507,754.36 | 206,510.56 |
| V. Net Increase in Cash and Cash Equivalents | -327,097,197.49 | 325,365,734.61 |
| Plus: Opening balance of cash and cash equivalents | 1,050,034,135.72 | 675,996,852.97 |
| VI. Closing Balance of Cash and Cash Equivalents | 722,936,938.23 | 1,001,362,587.58 |

(II) Explanation of adjustments for financial statements

1. Description on the adjustment of relevant items in the financial statements at the beginning of the year for the first time adoption of the new leasing standards since 2021

√ Applicable □ Not applicable

Whether to adjust the subjects of the balance sheet at the beginning of the year

√ Yes □ No

Consolidated balance sheet

Unit: RMB

| Item | December 31, 2020 | January 01, 2021 | Adjustment number |
|---|-------------------|------------------|-------------------|
| Current assets: | | | |
| Monetary funds | 1,125,196,199.56 | 1,125,196,199.56 | |
| Settlement reserve | | | |
| Lending to banks and other financial institutions | | | |

| | | | |
|---|------------------|------------------|---------------|
| Tradable financial assets | | | |
| Derivative financial assets | | | |
| Notes receivable | 724,419.74 | 724,419.74 | |
| Accounts receivable | 1,051,423,939.59 | 1,051,423,939.59 | |
| Accounts receivable financing | | | |
| Prepayments | 26,819,108.57 | 26,819,108.57 | |
| Premium receivable | | | |
| Reinsurance payables | | | |
| Reinsurance contract reserves receivable | | | |
| Other receivables | 15,824,945.56 | 15,824,945.56 | |
| Including: Interest receivable | | | |
| Dividends receivable | | | |
| Financial assets held under resale agreements | | | |
| Inventory | 1,661,274,495.32 | 1,661,274,495.32 | |
| Contract assets | | | |
| Assets held for sale | 57,073,059.69 | 57,073,059.69 | |
| Non-current assets due within one year | | | |
| Other current assets | 101,584,569.30 | 101,584,569.30 | |
| Total current assets | 4,039,920,737.33 | 4,039,920,737.33 | |
| Non-current assets: | | | |
| Loans and advances to customers | | | |
| Investments in creditor's rights | | | |
| Investments in other creditor's rights | | | |
| Long-term receivable | | | |
| Long-term equity investment | | | |
| Investment in other equity instruments | | | |
| Other non-current financial assets | | | |
| Investment property | 34,575,365.94 | 34,575,365.94 | |
| Fixed assets | 2,792,587,302.21 | 2,792,587,302.21 | |
| Construction work in progress | 275,904,617.95 | 275,904,617.95 | |
| Productive biological assets | | | |
| Oil & gas assets | | | |
| Right-of-use assets | | 10,611,654.31 | 10,611,654.31 |
| Intangible assets | 169,355,772.24 | 169,355,772.24 | |
| Development expenses | | | |
| Goodwill | 64,654.15 | 64,654.15 | |

| | | | |
|--|------------------|------------------|---------------|
| Long-term deferred expenses | 26,635,983.14 | 26,635,983.14 | |
| Deferred income tax assets | 111,367,362.66 | 111,367,362.66 | |
| Other non-current assets | 28,027,952.15 | 28,027,952.15 | |
| Total non-current assets | 3,438,519,010.44 | 3,449,130,664.75 | 10,611,654.31 |
| Total assets | 7,478,439,747.77 | 7,489,051,402.08 | 10,611,654.31 |
| Current liabilities: | | | |
| Short-term borrowings | 142,942,941.34 | 142,942,941.34 | |
| Borrowings from PBC | | | |
| Placements from banks and other financial institutions | | | |
| Tradable financial liabilities | | | |
| Derivative financial liabilities | | | |
| Notes payable | 234,887,563.22 | 234,887,563.22 | |
| Accounts payable | 761,519,389.26 | 761,519,389.26 | |
| Payments received in advance | | | |
| Contract liabilities | 137,333,617.40 | 137,333,617.40 | |
| Proceeds from financial assets sold under repo | | | |
| Customer bank deposits and due to banks and other financial institutions | | | |
| Funds from securities trading agency | | | |
| Funds from securities underwriting agency | | | |
| Employee remuneration payable | 123,524,627.11 | 123,524,627.11 | |
| Tax and fees payable | 112,608,054.87 | 112,608,054.87 | |
| Other payables | 754,844,580.09 | 754,844,580.09 | |
| Including: Interests payable | | | |
| Dividends payable | 1,437,466.77 | 1,437,466.77 | |
| Transaction fee and commission receivable | | | |
| Reinsurance payable | | | |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | | 3,472,854.73 | 3,472,854.73 |
| Other current liabilities | 17,628,086.63 | 17,628,086.63 | |
| Total current liabilities | 2,285,288,859.92 | 2,288,761,714.65 | 3,472,854.73 |
| Non-current liabilities: | | | |
| Insurance contract reserves | | | |
| Long-term borrowings | | | |
| Bonds payable | | | |

| | | | |
|---|------------------|------------------|---------------|
| Including: Preference shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | | 7,138,799.58 | 7,138,799.58 |
| Long-term payable | | | |
| Long-term employee remuneration payable | | | |
| Provision | | | |
| Deferred income | 115,101,158.13 | 115,101,158.13 | |
| Deferred income tax liabilities | 35,903,653.30 | 35,903,653.30 | |
| Other non-current liabilities | | | |
| Total non-current liabilities | 151,004,811.43 | 158,143,611.01 | 7,138,799.58 |
| Total liabilities | 2,436,293,671.35 | 2,446,905,325.66 | 10,611,654.31 |
| Owner's equity: | | | |
| Share capital | 1,311,487,077.00 | 1,311,487,077.00 | |
| Other equity instruments | | | |
| Including: Preference shares | | | |
| Perpetual bonds | | | |
| Capital reserve | 907,006,505.05 | 907,006,505.05 | |
| Less: Treasury shares | 96,480,911.29 | 96,480,911.29 | |
| Other comprehensive income | | | |
| Special reserves | | | |
| Surplus reserves | 61,469,258.27 | 61,469,258.27 | |
| General reserves | | | |
| Retained earnings | 2,858,664,147.39 | 2,858,664,147.39 | |
| Total equity attributable to owners of the parent company | 5,042,146,076.42 | 5,042,146,076.42 | |
| Equities of minority shareholders | | | |
| Total owner's equity | 5,042,146,076.42 | 5,042,146,076.42 | |
| Total liabilities and owners' equities | 7,478,439,747.77 | 7,489,051,402.08 | 10,611,654.31 |

Explanation of adjustment

The Company started to adopt the New Lease Standards from January 1, 2021.

2. Description on the retrospective adjustment of previous comparable data at the first time adoption of the new leasing standards in 2021

Applicable Not applicable

(III) Report auditing

Whether the Third Quarter Report has been audited

Yes No

The Third Quarter Report of the Company has not been audited.

Board of Directors of C&S Paper Co., Ltd.

October 27, 2021

If there are any ambiguities, the Chinese version shall prevail.