

Ticker: 601231

Abbreviated Name: USI

**Universal Scientific Industrial (Shanghai) Co., Ltd.**  
**Quarterly Report for Q3 2020**



*Note: The English version is summarized from the original Chinese report disclosed on the Shanghai Stock Exchange. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.*

## I. Important Notice

1.1 The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of Universal Scientific Industrial (Shanghai) Co., Ltd. (hereinafter referred to as “the Company”, “USI”) hereby assure that the content set out in the quarterly report is true, accurate and complete, and free from any false record, misleading representation or material omission, and are individually and collectively responsible for the content set out therein.

1.2 All directors of the board of the Company attended the board meeting to review the quarterly report.

1.3 The general manager Chen Chang-Yi, Liu Tan-Yang, head of accounting affairs, and Li Ming-Hsiu, in charge of accounting service providers, hereby guarantee that the financial statements set out in this report are true, accurate and complete.

1.4 The quarterly report of the Company is unaudited.

## II. Changes in Company's Key Financial Indicators and Shareholders

### 2.1 Key accounting and financial performance indicators

Presented in RMB yuan

	30 September 2020	30 December 2019	30 September 2020 compared with 30 December 2019 (%)
Total assets	27,285,812,671.21	21,911,851,349.31	24.53
Net assets attributable to shareholders of the listed company	10,999,795,437.36	10,275,615,667.91	7.05
	January – September 2020	January – September 2019	YoY (%)
Net cash flow from operating activities	-221,696,075.77	342,471,361.10	-164.73

	January – September 2020	January – September 2019	YoY (%)
Revenue	29,478,665,116.36	25,970,821,876.75	13.51
Net profits attributable to shareholders of the listed company	1,000,961,409.29	860,827,129.61	16.28
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	901,075,716.50	716,385,130.47	25.78
Weighted average return on equity (%)	9.42	8.95	Up 0.47
Basic EPS (yuan per share)	0.46	0.40	15.00
Diluted EPS (yuan per share)	0.46	NA	NA

2.2 The total number of shareholders, top 10 shareholders and top 10 shareholders subject to no selling restrictions by the end of the reporting period

Total number of shareholders				50,648		
Shareholding of top 10 shareholders						
Name of shareholders	Shares held by the end of the reporting period	%	Restricted shares held	Pledged or frozen shares		Identity
				Share status	Number	
USI Enterprise Limited	1,683,749,126	77.14	0	NA	0	Foreign legal person
Hong Kong Securities Clearing Company Limited	82,523,399	3.78	0	NA	0	Unknown
China Securities Finance Co., Ltd.	36,750,069	1.68	0	NA	0	Unknown
ASE (Shanghai) Inc.	18,098,476	0.83	0	NA	0	Domestic non-state legal person
Central Huijin Investment Ltd.	12,736,500	0.58	0	NA	0	Unknown
Bank of China Investment Management Co., Ltd.: China Securities Index Trading Open-ended Securities Investment Fund	11,962,250	0.55	0	NA	0	Unknown
Securities account of Universal Scientific Industrial (Shanghai) Co., Ltd. for buy-back	11,756,877	0.54	0	NA	0	Domestic non-state legal person
Agricultural Bank of China: ICBCCS mixed high-quality securities investment fund	8,831,471	0.40	0	NA	0	Unknown

Norges Bank: self-owned funds	5,300,000	0.24	0	NA	0	Unknown
Bank of Korea: self-owned funds	5,206,905	0.24	0	NA	0	Unknown
Shareholding of top 10 shareholders subject to no selling restrictions						
Name of shareholders		Shares subject to no selling restrictions		Type of Shares	Number of shares held	
USI Enterprise Limited		1,683,749,126		RMB ordinary shares	1,683,749,126	
Hong Kong Securities Clearing Company Limited		82,523,399		RMB ordinary shares	82,523,399	
China Securities Finance Co., Ltd.		36,750,069		RMB ordinary shares	36,750,069	
ASE (Shanghai) Inc.		18,098,476		RMB ordinary shares	18,098,476	
Central Huijin Investment Ltd.		12,736,500		RMB ordinary shares	12,736,500	
Bank of China Investment Management Co., Ltd.: China Securities Index Trading Open-ended Securities Investment Fund		11,962,250		RMB ordinary shares	11,962,250	
Securities account of Universal Scientific Industrial (Shanghai) Co., Ltd. for buy-back		11,756,877		RMB ordinary shares	11,756,877	
Agricultural Bank of China: ICBCCS mixed high-quality securities investment fund		8,831,471		RMB ordinary shares	8,831,471	
Norges Bank: self-owned funds		5,300,000		RMB ordinary shares	5,300,000	
Bank of Korea: self-owned funds		5,206,905		RMB ordinary shares	5,206,905	
Descriptions of related relationship or acting in concert of shareholders		The actual controllers of the Company are Mr. Chang Chien-Shen and Mr. Chang Hung-Pen brothers, who control USI Enterprise Limited and ASE (Shanghai) Inc., the Company’s shareholders, through indirect shareholding, and ultimately control the Company. The Company does not know whether there are related relationships and concerted actions among other shareholders.				
Descriptions of preference shareholders whose voting rights are resumed and the number of preferred shares held		NA				

2.3 The total number of preferred shareholders, top 10 preferred shareholders and top 10 shareholders subject to no selling restrictions by the end of the reporting period

☐Applicable ☒Not Applicable

### III. Important Issues

#### 3.1 Changes in key accounting and financial performance indicators and the reasons

☒ Applicable ☐ Not Applicable

The Company achieved total revenue of RMB 29.479 billion yuan for the first nine months of 2020, a year-on-year (YoY) increase of 13.51%, and revenue of RMB 12.462 billion in Q3 2020, a YoY increase of 9.63% and a Quarter-on-Quarter (QoQ) growth of 32.51%. In the first three quarters the revenue of communications products increased by more than 30% YoY, which were the main driving force for the company's overall revenue growth; the revenue of consumer electronics and storage products maintained an upward trend; the revenue of computer products, industrial products and automotive electronics products declined YoY; nevertheless, the revenue of industrial products in Q3 2020 bottomed out, increasing by about 9% YoY.

The Company's gross margin for the first three quarters of 2020 was 10.03%, an increase of 0.13 percentage points YoY, mainly due to the improved overall equipment efficiency and the decreased proportion of expenses during the period. Specifically, the gross margin in Q3 2020 was 10.14%, better than Q1 and Q2, with an increase of 0.29 percentage points QoQ and an increase of 0.01 percentage points YoY.

In the first three quarters of 2020, the Company achieved a net profit of RMB 995 million yuan, a YoY increase of 15.62%, and net profit attributable to shareholders of RMB 901 million yuan, a YoY increase of 25.78%. With Q3 seeing a strong shipment of products, the Company achieved a net profit of RMB 495 million yuan in Q3 2020, a YoY increase of 5.10% and QoQ increase of 59.27%.

#### 3.2 Progress of important issues and analysis of their impacts and solutions

☒ Applicable ☐ Not Applicable

##### **(1) The Company's purchase of 100% equity of Financière AFG S.A.S.**

By the end of the reporting period, USI's acquisition of 100% equity in FAFG has passed antitrust reviews in the Chinese mainland, the United States, the European Union, and Taiwan, as well as foreign investor reviews in some countries; the acquisition of 10.4% equity in FAFG through a share swap transaction has been approved by the China Securities Regulatory Commission, the progress basically in

line with expectations. After going through all government review and filing procedures, the Company is expected to complete equity delivery and closing procedures by the end of 2020.

**(2) Employee Stock Ownership Plans (ESOP)**

① In 2020, the ESOP for Key Employees acquired 1,280,600 shares from the securities account of USI for buy-back.

② The securities account of USI for the 2020 ESOP has been opened.

**(3) Incentive stock option (ISO) plan**

① 2015 ISO plan: During the reporting period, a total of 1,330,040 shares were exercised and registered. As of September 30, 2020, a total of 6,689,790 shares have been exercised and registered. For more details, please refer to the *Announcement on the Results of the Voluntary Exercise of the 2015 Stock Option Incentive Plan in Q3 2020 and Changes in Number of Shares (Lin No. 2020-076)* disclosed by the Company on the Shanghai Stock Exchange on October 10, 2020.

① 2019 ISO plan: By the end of the reporting period, the first portion of the vested stock options are still in the waiting period; the reserved stock options vested have not yet been registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch.

**3.3 Commitments unfulfilled within the reporting period**

☐Applicable ☒Not Applicable

**3.4 A warning on potential negative cumulative net profit from the beginning of the year to the end of the next reporting period or substantial changes YoY**

☐Applicable ☒Not Applicable

Company name	Universal Scientific Industrial (Shanghai) Co., Ltd.
Legal representative	Chen Chang-Yi
Date	October 28, 2020