

Company Code:601231
Convertible Bond Code: 113045

Abbreviated Name: USI
Abbreviated Name: USI Convertible Bond

Universal Scientific Industrial (Shanghai) Co., Ltd.

Quarterly Report for Q1 2022

<p>The Board of Directors and directors of the Company hereby assure that the content set out in the announcement 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.</p>
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Note: This Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Important Notice

The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of the Company hereby assure that the content set out in the report is truthful, accurate and complete and complete, and contains no misrepresentations, misleading statements or material omissions, and are individually and collectively responsible for the content set out therein.

The Company's legal representative, person in charge of accounting, and the person in charge of the accounting firm (accountant in charge) hereby guarantee that the financial statements set out in the quarterly report are true, accurate and complete.

The first quarter financial statements are unaudited.

I. Key accounting and financial performance indicators

1. Key Financial Performance Indicators

Presented in RMB yuan

Items	Q1 2022	Q1 2021		YoY (%)
		Before adjustment	After adjustment	After adjustment
Revenue	13,953,702,502.36	10,934,611,963.62	10,934,611,963.62	27.61
Net profits attributable to shareholders of the listed company	438,949,141.54	271,906,070.22	244,681,374.44	79.40
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	412,760,005.79	232,201,444.36	204,976,748.58	101.37
Net cash flow from operating activities	1,693,989,778.99	-217,236,055.57	-217,236,055.57	N/A
Basic EPS (yuan per share)	0.20	0.12	0.11	81.82
Diluted EPS (yuan per share)	0.20	0.12	0.11	81.82
Weighted average return on equity (%)	3.31	2.22	2.00	Up 1.31 pct.
	31 March 2022	31 December 2021		YoY (%)
		Before adjustment	After adjustment	After adjustment
Total assets	34,898,783,832.87	35,856,733,503.81	35,856,733,503.81	-2.67
Owners' equity attributable to shareholders of the list company	13,411,827,772.16	13,081,960,207.42	13,081,960,207.42	2.52

Additional data:

Item	Q1 2022	Q1 2021 (after adjustment)	YoY
Cash conversion cycle (days)	53	45	Up by 8 days
EBITDA (million)	785.25	584.99	34.23%

Note: EBITDA=net profit + income tax expense + (net) interest expense + depreciation and amortization expense

(net) interest expense =interest expense-interest income

Reasons for adjustment or restatement

(1) In accordance with the relevant provisions of Guidelines for the Application of Regulatory Rules—Accounting No. 2 issued by China Securities Regulatory Commission, the Company reclassified the transportation cost incurred in performing the customer's sales contract from "sales expense" to "operating costs" in 2021, and retroactively adjusted the financial statements of the same period of last year.

(2) the Company completed the acquisition of Financière AFG (FAFG) in December 2020, which is business combination not under common control; In July 2021, the Company obtained assessment report for the identifiable net assets, and retrospectively adjusted the financial statements for the same period of the previous year in accordance with the relevant accounting standards.

2. Non-recurring profit or loss

Presented in RMB yuan		
Items	Q1 2022	Note
Gains or losses from disposal of non-current assets	4,774,681.84	
Government grants included in current gains/losses, excluding those closely related to operating activities of the Company, or regular government grants in a certain quota in accordance with state policies	14,644,329.73	
Gain/loss from the change in fair value of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and return on investment into trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments, excluding hedging practices related to company businesses	11,070,100.85	
Non-operating income and expenses other than the above items	1,319,357.18	
Less: impact on the income tax	5,618,947.15	
Impact on minority shareholders' interests, net of tax	386.70	
Total	26,189,135.75	

3. Major changes in the Company's key accounting indicators and the reasons

Items	YoY (%)	Main reasons
Items in the Balance Sheet:		
Other non-current assets	56.07	Mainly due to the increase of prepaid expenses for equipment in the current period.
Non-current liabilities due within one year	-81.46	Mainly due to the adjustment of the fund structure and the repayment of long-term loans from overseas banks in the reporting period
Derivative financial liabilities	929.79	Mainly due to changes in fair value caused by derivative financial products from a low initial amount in the same period of the previous year
Other non-current liabilities	-37.36	Mainly due to the reclassification of deposits to be repaid within one year to current liabilities
Other comprehensive income	N/A	Mainly due to the losses on foreign currency statement translation caused by changes in foreign exchange rate in the current period
Items in the Income Statement:		
R&D expenses	31.50	Mainly due to the increase in personnel costs and material costs for R&D of new products in the current period.
Financial expenses	188.77	Mainly due to the recognition of the amortization of the interest expense of convertible corporate bonds in the current period
Income from change in fair	-143.72	Mainly due to changes in fair value caused by derivative

value		financial products Mainly due to the gain from changes in fair value in the same period of the previous year and the loss from changes in fair value from derivative financial products in the current period
Investment income	37.93	Mainly due to the settlement income of derivative financial products for hedging in the current period and the equity investment income not included in the scope of the consolidated statements in the current period
Loss on assets impairment	N/A	Mainly due to the provisions for losses on inventory impairment in accordance with accounting policies in the current period
Loss on credit impairment	-73.19	Mainly due to the provisions for credit impairment in accordance with accounting policies in the current period
Gain from disposal of assets	611.67	Mainly due to the increase in income from fixed asset disposal in the current period based on a low initial amount in the same period of the previous year
Other income	81.52	Mainly due to the increase in government subsidies received in the current period
Non-operating expenses	525.25	Mainly due to the increase of miscellaneous expenditure in the current period based on a low initial amount in the same period of the previous year
Minority shareholders' interests	-119.82	Mainly due to the operating losses borne by the minority shareholders of the Company's partially-owned subsidiaries within the scope of the consolidated statements
Items in the Cash Flow Statement:		
Net cash flow from operating activities	N/A	Mainly due to the growth of revenue and payment for goods received in the current period
Net cash flow from investing activities	N/A	Mainly due to the decrease in income from wealth management products and the increase in fixed asset investment in the reporting period
Net cash flow from financing activities	-111.88	Mainly due to the adjustment of the fund structure and the repayment of short-term loans from overseas banks in the reporting period

II. Shareholder Information

Total number of common shareholders and preferred shareholders whose voting rights have been restored by the period-end

Total number of common shareholders by the period-end	54,290	Total number of preferred shareholders whose voting rights have been restored as of the end of the reporting period	0			
Shareholding of top 10 shareholders						
Name of shareholders	Identity	Shares held	%	Restricted shares held	Pledged or frozen shares	
					Share status	Number
USI Enterprise Limited	Foreign legal person	1,683,749,126	76.17		N/A	0

Hong Kong Securities Clearing Company Limited	Foreign legal person	58,981,876	2.67		Unknown	
China Securities Finance Co., Ltd.	State-owned legal person	36,750,069	1.66		Unknown	
ASDI ASSISTANCE DIRECTION	Foreign legal person	25,939,972	1.17	25,939,972	Pledged	3,828,275
ASE (Shanghai) Inc.	Domestic non-state legal person	18,098,476	0.82		N/A	0
Zoomlion Runshi (Beijing) Investment Company Limited	Domestic non-state legal person	5,997,965	0.27		Unknown	
Bank of Korea - Self-owned funds	Foreign legal person	5,824,905	0.26		Unknown	
ChinaAMC CSI 5G Communication Theme ETF - Bank of China Limited	Others	4,832,669	0.22		Unknown	
Wu Lei	Domestic natural person	4,180,084	0.19		Unknown	
Li Yalian	Domestic natural person	3,644,294	0.16		Unknown	
Shareholding of top 10 shareholders subject to no selling restrictions						
Name of shareholders	Number of shares subject to no selling restrictions	Type of Shares		Number		
USI Enterprise Limited	1,683,749,126	A-share		1,683,749,126		
Hong Kong Securities Clearing Company Limited	58,981,876	A-share		58,981,876		
China Securities Finance Co., Ltd.	36,750,069	A-share		36,750,069		
ASE (Shanghai) Inc.	18,098,476	A-share		18,098,476		
Zoomlion Runshi (Beijing) Investment Company Limited	5,997,965	A-share		5,997,965		
Bank of Korea - Self-owned funds	5,824,905	A-share		5,824,905		
ChinaAMC CSI 5G Communication Theme ETF - Bank of China Limited	4,832,669	A-share		4,832,669		
Wu Lei	4,180,084	A-share		4,180,084		
Li Yalian	3,644,294	A-share		3,644,294		
Zhang Fangzheng	3,094,300	A-share		3,094,300		
Related or concert parties among the shareholders above	The actual controllers of the Company are Mr.Chang Chien-Shen and Mr. Chang Hung-Pen, who are brothers and ultimately control the Company through indirect shareholding by controlling USI Enterprise Limited and ASE (Shanghai) Inc., two of the Company’s shareholders. The Company does not know whether there are related relationships and concerted actions among other shareholders.					
Shareholding by margin trading of the top 10 shareholders and top 10 shareholders subject to no selling restrictions	Wu Lei held a total of 4,180,084 shares, including 520,000 on ordinary securities account and 3,660,084 on margin account; Li Yalian held a total of 3,644,294 shares, including 70,394 on ordinary securities account and 3,573,900 on margin account; Zhang Fangzheng held a total of 3,094,300 shares, including 4,300 on ordinary securities account and 3,090.00 on margin account;					

Note: The Company held 27,361,205 shares on its securities account for buy-back, with a shareholding ratio of 1.24%, which is not included in the list of the top 10 shareholders.

III. Other notable issues

Other important information on the Company's operation during the reporting period that investors should pay attention to

1. Revenue breakdown by product category for Q1 2022

Unit: RMB 10,000 yuan

Product category	Q1 2021	Q1 2022	Change	YoY
Communication products	408,157.85	553,206.12	145,048.26	35.54%
Consumer electronics	344,967.05	398,954.79	53,987.75	15.65%
Computer and storage	99,319.97	140,881.20	41,561.23	41.85%
Industrial products	165,992.49	190,444.58	24,452.09	14.73%
Automotive electronics	58,690.56	89,587.48	30,896.92	52.64%
Medical electronics	5,048.26	5,442.18	393.92	7.80%
Others	11,285.02	16,853.91	5,568.89	49.35%
Total	1,093,461.20	1,395,370.25	301,909.05	27.61%

2. Impacts on Q1 2022 earnings of Purchase Price Allocation (PPA) from the acquisition of FAFG and other factors

the one-time cost of repaying the loans for M&A of FAFG, and the increased interest cost of amortizing convertible bonds at market interest rates

Items		Q1 2022	Proportion in total revenue
PPA	Impact on gross operating profit	972	0.07%
	Impact on operating profit	1,235	0.09%
	Impact on net profit	936	0.07%
Additional cost of Huizhou factory and one-time cost of Shenzhen factory relocation		220	0.02%
Increased interest expense on convertible corporate bonds amortized at market interest rate (no impact on the actual interest payment)		3,281	0.24%

3. Guidance for Q2 2022

In Q2 2022, the Company aims to achieve year-on-year revenue growth of 20%-25%; As the Company's efforts in operating cost control since 2021 have paid off, the operating profit margin is expected to improve significantly year-on-year despite an increase in operating costs caused by the pandemic in the second quarter.

Note: the guidance for the Q2 2022 is the Company's plan and outlook according to its development strategy, business plan and market and business development status. The implementation of the plan and the realization of the targets are based on the premise of the improvement of the global pandemic situation, the stability of the international trade, the healthy development of the electronic manufacturing service industry, market expansion and order execution within expectations. Therefore, whether the operational targets can be realized in the future is uncertain. The operational targets do not constitute the Company's substantial commitment to its investors. Please be aware of investment risks and do not make investment decisions simply based on the guidance.

IV. Quarterly financial statements

Consolidated Balance Sheet

March 31, 2022

Prepared by Universal Scientific Industrial (Shanghai) Co., Ltd.

Presented in RMB yuan, unaudited

Items	March 31, 2022	31 December 2021
Current assets:		
Cash and cash equivalents	6,735,119,182.52	6,034,204,042.25
Financial assets held for trading	101,073,069.82	96,480,087.56
Bills receivable	19,559,921.98	78,960,907.84
Accounts receivable	9,301,145,455.92	12,459,388,852.15
Prepayments	49,961,476.21	51,467,608.39
Other receivables	135,583,268.89	129,254,194.21
Inventories	10,574,210,702.39	9,037,562,662.64
Non-current assets due within a year	999,884.99	991,195.08
Other current assets	607,871,463.19	606,392,327.15
Total current assets	27,525,524,425.91	28,494,701,877.27
Non-current assets:		
Long-term receivables	10,985,354.29	11,164,116.06
Long-term equity investments	550,804,454.39	542,549,818.63
Investments in other equity instruments	61,461,567.65	75,957,194.28
Other non-current financial assets	247,479,664.36	236,978,820.68
Fixed assets	3,686,598,351.26	3,442,205,758.01
Construction in progress	575,330,936.85	798,015,703.22
Right-of-use assets	535,160,978.43	562,990,794.23
Intangible assets	428,502,073.10	453,460,831.12
Goodwill	546,067,674.78	559,021,157.88
Long-term deferred expenses	208,180,946.06	227,576,284.98
Deferred income tax assets	309,162,439.03	315,295,836.27
Other non-current assets	213,524,966.76	136,815,311.18
Total non-current assets	7,373,259,406.96	7,362,031,626.54
Total assets	34,898,783,832.87	35,856,733,503.81
Current liabilities:		
Short-term borrowings	2,680,656,395.53	2,480,500,031.68
Derivative financial liabilities	10,054,989.79	976,413.16
Accounts payables	11,773,574,114.45	12,558,598,243.17
Contract liabilities	285,034,342.76	311,988,551.56
Payroll payable	790,575,984.21	831,186,986.48
Taxes payable	198,361,037.84	238,676,479.75
Other payables	461,498,766.22	423,509,465.51
Non-current liabilities due within one year	133,560,781.89	720,507,781.49
Total current liabilities	16,333,316,412.69	17,565,943,952.80
Non-current liabilities:		
Long-term borrowings	1,074,688,365.05	1,101,220,467.55
Bond payable	3,147,185,310.02	3,115,505,143.28
Lease liabilities	445,869,663.38	475,125,597.24
Long-term payables	38,450,034.61	45,581,055.62
Long-time payroll payable	288,529,733.61	297,331,160.14
Estimated liabilities	7,892,864.91	10,046,914.77
Deferred income	54,239,905.15	59,791,942.70

Deferred income tax liabilities	92,858,147.02	98,179,611.96
Other non-current liabilities	3,534,256.97	5,642,575.13
Total non-current liabilities	5,153,248,280.72	5,208,424,468.39
Total liabilities	21,486,564,693.41	22,774,368,421.19
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	2,210,392,683.00	2,210,172,782.00
Other equity instruments	409,900,690.42	409,902,116.17
Capital reserve	2,251,234,042.18	2,242,456,606.22
Less: Treasury stock	368,461,954.50	341,236,339.88
Other comprehensive income	-174,452,272.34	-83,600,398.95
Surplus reserve	738,004,669.96	738,004,669.96
Undistributed profits	8,345,209,913.44	7,906,260,771.90
Total equity attributable to owners (or shareholders) of the Parent Company	13,411,827,772.16	13,081,960,207.42
Minority shareholders' interests	391,367.30	404,875.20
Total owners' equity (or shareholders' equity)	13,412,219,139.46	13,082,365,082.62
Total owners' equity (or shareholders' equity)	34,898,783,832.87	35,856,733,503.81

Legal representative: Chen Chang-I

CFO: Liu Tan-Yang

Accounting officer: Chern Yuh-Huah

Consolidated Income Statement

January – March 2022

Prepared by Universal Scientific Industrial (Shanghai) Co., Ltd.

Presented in RMB yuan, unaudited

Items	Q1 2022	Q1 2021
I. Total operating revenue	13,953,702,502.36	10,934,611,963.62
Including: Operating revenue	13,953,702,502.36	10,934,611,963.62
II. Total cost of operations	13,486,474,690.16	10,656,864,358.60
Including: Operating cost	12,659,975,036.36	9,998,758,588.05
Taxes and surcharges	13,707,900.74	10,848,607.26
Sales expense	75,687,030.45	74,133,145.25
Administrative expense	287,713,508.38	256,838,784.44
R&D expenses	387,939,202.79	295,004,640.03
Financial expenses	61,452,011.44	21,280,593.57
Including: interest expense	47,363,025.34	34,524,354.38
Interest income	14,730,992.48	14,667,217.97
Add: other income	14,644,329.73	8,067,491.52
Investment income (losses are represented by '-')	24,694,749.27	17,904,017.30
Including: investment income of associates and joint ventures	5,996,690.80	-19,104.37
Income from change in fair value (losses are represented by '-')	-7,627,957.62	17,448,949.12
Loss on credit impairment (losses are represented by '-')	950,070.53	3,544,141.66
Loss on assets impairment (losses are represented by '-')	-5,176,804.61	-13,970,988.54
Gain from disposal of assets (losses are represented by '-')	4,853,017.05	681,918.36
III. Operating profit (losses are represented by '-')	499,565,216.55	311,423,134.44
Add: non-operating income	3,077,464.63	4,382,412.05
Less: non-operating expenses	1,836,442.66	293,713.15
IV. Total profit (total losses are represented by '-')	500,806,238.52	315,511,833.34
Less: income tax expense	61,860,833.97	70,811,608.85
V. Net profit (net losses are represented by '-')	438,945,404.55	244,700,224.49
(I) Classified by continuous operation		
1. Net profit from continuous operation (net losses are represented by '-')	438,945,404.55	244,700,224.49
1. Net profit from termination of operation (net losses are represented by '-')		
(II) Classified by ownership		
1. Net profit attributable to shareholders of the Parent Company (net losses are represented by '-')	438,949,141.54	244,681,374.44
2. Profit or loss attributable to minority shareholders (net losses are represented by '-')	-3,736.99	18,850.05
VI. Other comprehensive income, net of tax	-90,861,644.30	61,563,523.15
i) Other comprehensive income attributable to owners of the Parent Company, net of tax	-90,851,873.39	61,578,632.41
Other comprehensive income that cannot be reclassified into the profit or loss	-11,671,237.43	14,600,971.70
(1) Changes arising from re-measurement		

of defined benefit plans		
(2) Other comprehensive income that cannot be transferred into profit or loss under equity method		
(3) Changes in fair value of investments in other equity instruments	-11,671,237.43	14,600,971.70
(4) Changes in fair value of credit risks of the enterprise		
Other comprehensive income to be reclassified into the profit or loss	-79,180,635.96	46,977,660.71
(1) Other comprehensive income that can be transferred into profit or loss under equity method	4,106,351.61	2,089,408.26
(2) Changes in fair value of other debt investments		
(3) Reclassified financial assets that are credited to other comprehensive income		
(4) Credit impairment provision for other debt investments		
(5) Reserve for cash flow hedging		
(6) Differences on translation of financial statements denominated in foreign currencies	-122,387,854.52	-39,512,137.77
(7) Others	39,100,866.95	84,400,390.22
(ii) Total comprehensive income attributable to the minority shareholders	-9,770.91	-15,109.26
VII. Total comprehensive income	348,083,760.25	306,263,747.64
(i) Total comprehensive income attributable to the owners of the Parent Company	348,097,268.15	306,260,006.85
(ii) Total comprehensive income attributable to the minority shareholders	-13,507.90	3,740.79
VIII. Earnings per share:		
(i) Basic earnings per share (RMB/share)	0.20	0.11
(ii) Diluted earnings per share (RMB/share)	0.20	0.11

Legal representative: Chen Chang-I

CFO: Liu Tan-Yang

Accounting officer: Chern Yuh-Huah

Consolidated Cash Flow Statement

January – March 2022

Prepared by Universal Scientific Industrial (Shanghai) Co., Ltd.

Presented in RMB yuan, unaudited

Items	Q1 2022	Q1 2021
I. Net cash flow from operating activities		
Cash received from the sale of goods and rendering of services	17,200,731,236.58	14,111,822,206.98
Refunds of taxes	140,711,629.18	177,856,704.57
Cash paid to other operation activities	50,916,345.47	30,760,302.65
Sub-total of cash inflows from operating activities	17,392,359,211.23	14,320,439,214.20
Cash paid for commodities and services	14,417,544,177.24	13,206,520,016.06
Cash paid to and on behalf of employees	1,010,342,413.64	968,166,722.98
Cash paid for all types of taxes	136,557,878.85	181,337,047.11
Cash paid to other operation activities	133,924,962.51	181,651,483.62
Sub-total of cash outflows from operating activities	15,698,369,432.24	14,537,675,269.77
Net cash flow from operating activities	1,693,989,778.99	-217,236,055.57
II. Cash flow from investing activities:		
Cash received from recovery of investments	1,319,000,000.00	1,220,349,080.74
Cash received from return on investments	18,698,058.47	7,519,732.34
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	13,173,954.40	25,609,490.55
Cash received from other investing activities	-	17,606.00
Sub-total of cash inflows from operating activities	1,350,872,012.87	1,253,495,909.63
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	574,403,243.38	268,726,909.76
Cash paid for investments	1,330,000,000.00	1,213,292,337.89
Sub-total of cash outflows from investing activities	1,904,403,243.38	1,482,019,247.65
Net cash flow from investing activities	-553,531,230.51	-228,523,338.02
III. Cash flow from financing activities:		
Cash received from capital injections	2,791,014.96	4,128,978.00
Cash received from borrowings	3,887,431,036.78	1,083,221,283.55
Cash received from issuance of bond	-	3,427,301,047.72
Cash received from other financing activities	3,506,097.66	-
Sub-total of cash inflows from operating activities	3,893,728,149.40	4,514,651,309.27
Cash paid for debt repayment	4,228,170,017.70	925,387,093.80
Cash paid on distribution of dividends, profits or repayment of interest expenses	13,305,781.09	25,411,265.69
Cash paid on other financing activities	70,883,559.39	40,041,335.63
Sub-total of cash outflows from	4,312,359,358.18	990,839,695.12

financing activities		
Net cash flow from financing activities	-418,631,208.78	3,523,811,614.15
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-19,162,837.37	-24,596,801.58
V. Net increase in cash and cash equivalents	702,664,502.33	3,053,455,418.98
Add: balance of cash and cash equivalents at the beginning of the period	6,018,193,116.59	6,303,224,304.50
VI. Balance of cash and cash equivalents at the end of the period	6,720,857,618.92	9,356,679,723.48

Legal representative: Chen Chang-I

CFO: Liu Tan-Yang

Accounting officer: Chern Yuh-Huah

Board of Directors of Universal Scientific Industrial (Shanghai) Co., Ltd.

April 26, 2022