

Company Code: 601231

Abbreviated Name: USI

Convertible Bond Code: 113045

Universal Scientific Industrial (Shanghai) Co., Ltd.
Quarterly Report for Q3 2021



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.

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 annual 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, chief financial officer and the person in charge of the accounting department (accounting officer) hereby guarantee that the financial statements set out in the quarterly report are true, accurate and complete.

The financial statements in the Quarterly Report for Q3 2021 are unaudited.

I. Key Accounting and Financial Performance Indicators

1. Key Financial Performance Indicators

Presented in RMB yuan

Items	Q3 2021	YoY (%)	January – September 2021	YoY (%)
Revenue	14,244,559,091.53	14.31	36,517,833,898.05	23.88
Net profit attributable to shareholders of the listed company	571,759,229.79	15.42	1,122,798,637.39	12.17
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	541,472,044.59	13.87	1,004,286,219.71	11.45
Net cash flow from operating activities	N/A	N/A	-1,844,143,631.60	N/A
Basic EPS (yuan per share)	0.26	13.04	0.51	10.87
Diluted EPS (yuan per share)	0.26	13.04	0.51	10.87
Weighted average return on equity (%)	4.60	Up 0.02 pct.	9.12	Down 0.3 pct.
	30 September 2021		31 December 2020	YoY (%)
Total assets	34,200,784,363.88		31,070,402,620.02	10.08

Owners' equity attributable to shareholders of the list company	12,333,988,051.41	12,049,820,179.95	2.36
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2. Non-recurring profit or loss

Items	Presented in RMB yuan		Note
	Q3 2021	January – September 2021	
Profit or loss on disposal of non-current assets (Including the write-off part of the provision for asset impairment)	-4,631,518.40	-4,095,819.22	
Government subsidies included in the profit or loss for the current period, excluding regular amount of subsidies regarding normal operations by the government according to laws and regulations	20,132,862.91	39,459,096.91	
Profits or loss of fair value from 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	20,018,751.70	93,730,622.00	
Non-operating income and expenses other than the above items	1,837,392.22	14,510,655.18	
Less: impact on the income tax	0.15	2,230.87	
Impact on minority shareholders' interests, net of tax	7,070,303.08	25,089,906.32	
Total	30,287,185.20	118,512,417.68	

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

Items	Change (%)	Main reasons
Items on Consolidated Balance Sheet		
Financial assets held for trading	169.45	Mainly due to the increase of accounts receivable factoring and wealth management products in the reporting period
Inventories	55.59	Mainly due to preparation for the customer's increasing purchase orders in Q4, the peak season for the industry
Non-current assets due within a year	30.87	Mainly due to the increase of lease receivables in the reporting period
Investments in other equity instruments	47.17	Mainly due to the changes in the fair value of industrial fund investment in the reporting period.
Construction in progress	69.11	Mainly due to the construction of new plants and the purchase of machinery and equipment to meet growing operational needs

Other non-current assets	327.69	Mainly due to the increase of prepaid expenses for equipment and construction costs in the reporting period
Short-term borrowings	479.79	Mainly due to the adjustment of the fund structure and the increase of short-term loans from overseas banks in the reporting period
Taxes payable	-34.24	Mainly due to settlement and payment in reporting period
Non-current liabilities due within one year	-46.68	Mainly due to the adjustment of the fund structure and the repayment of short-term loans from overseas banks in the reporting period
Derivative financial liabilities	-79.99	Mainly resulted from the changes in fair value caused by derivative financial products
Long-term borrowings	-49.12	Mainly due to the adjustment of the fund structure and the repayment of short-term loans from overseas banks in the reporting period
Bond payable	100.00	Mainly resulted from convertible corporate bonds in the reporting period
Less: Treasury stock	169.02	Mainly due to share buy-back in the reporting period
Other comprehensive income	N/A	Mainly due to changes in the fair value of overseas assets in the reporting period
Other equity instruments	100.00	Mainly due to recognition of the value of conversion rights from the issuance of convertible corporate bonds in the reporting period.
Items in the Income Statement:		
Sales expense	55.24	Mainly due to consolidation of financial statements and the increase in freight and premium of some products
Financial expenses	151.07	Mainly resulted from the increasing interest expenses of convertible corporate bonds in the reporting period
Loss on assets impairment	N/A	Mainly due to the reversal of inventory impairment reserve due to the continuous input and shipment of inventory in the current period
Loss on credit impairment	103.18	Mainly due to the increase in the provisions for losses on credit impairment in accordance with accounting policies in the reporting period
Income from change in fair value	N/A	Mainly due to the changes in fair value caused by the investment in industrials funds and the derivative financial products
Gain from disposal of assets	33.24	Mainly due to the increase in income from fixed asset disposal in the reporting period
Non-operating income	51.84	Mainly due to the income received from insurance claim from changes in lease in the reporting period
Less: non-operating expenses	178.96	Mainly due to the losses on assets retirement
Items in the Cash Flow Statement		
Net cash flow from operating activities	N/A	Mainly due to the significant increase of inventory to prepare for the customer's purchase orders

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	91.23	Mainly due to the cash received from the convertible corporate bonds in the reporting period

Note: The changes in the items on the Balance Sheet refer to the percentage of changes in data at the end of September 2021 compared to those in at the end of September 2020. The changes in the items in the income statement and cash flow statement refer to the changes of data from January to September 2021 compared with those in the same period of the previous year.

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	61,252	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						
Shareholder name	Identity	Shares held	%	Restricted shares held	Pledged or frozen shares	
					Share status	Number
USI Enterprise Limited	Foreign legal person	1,683,749,126	76.20	0	N/A	0
Hong Kong Securities Clearing Company Limited	Unknown	52,241,316	2.36	0	N/A	0
China Securities Finance Co., Ltd.	Unknown	36,750,069	1.66	0	N/A	0
ASDI ASSISTANCE DIRECTION	Foreign legal person	25,939,972	1.17	25,939,972	N/A	0
ASE (Shanghai) Inc.	Domestic non-state legal person	18,098,476	0.82	0	N/A	0
Zoomlion Runshi (Beijing) Investment Company Limited	Unknown	6,015,065	0.27	0	N/A	0
Bank of Korea - Self-owned funds	Unknown	5,752,405	0.26	0	N/A	0

ChinaAMC CSI 5G Communication Theme ETF - Bank of China Limited	Unknown	5,451,389	0.25	0	N/A	0
Wu Lei	Unknown	2,800,073	0.13	0	N/A	0
Lu Jinghua	Unknown	2,424,512	0.13	0	N/A	0
Shareholding of top 10 shareholders subject to no selling restrictions						
Shareholder name	Number of shares subject to no selling restrictions		Share type	Number		
USI Enterprise Limited	1,683,749,126		A-share	1,683,749,126		
Hong Kong Securities Clearing Company Limited	52,241,316		A-share	52,241,316		
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	6,015,065		A-share	6,015,065		
Bank of Korea - Self-owned funds	5,752,405		A-share	5,752,405		
ChinaAMC CSI 5G Communication Theme ETF - Bank of China Limited	5,451,389		A-share	5,451,389		
Wu Lei	2,800,073		A-share	2,800,073		
Lu Jinghua	2,424,512		A-share	2,424,512		
Goldman Sachs China Equity Fund - Goldman Sachs Asset Management International	1,586,800		A-share	1,586,800		
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	Zoomlion Runshi (Beijing) Investment Company Limited holds 4,602,065 shares on ordinary securities account and 1,413,000 shares on margin account, a total of 6,015,065 shares; Wu Lei holds 0 share on ordinary securities account and 2,800,073 shares on margin account, a total of 2,800,073 shares.					

Note: USI hold 27,093,255 shares on its securities account for buy-back, with a shareholding ratio of 1.23%, which is not included in the list of the top 10 shareholders.

III. Financial Statements

Consolidated Balance Sheet

30 September 2021

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

Presented in RMB yuan, unaudited

Items	Closing balance	Opening balance (Adjusted)
Current assets:		
Cash and cash equivalents	5,083,024,292.97	6,332,982,117.63
Financial assets held for trading	491,241,441.91	182,315,272.70
Bills receivable	34,693,359.87	70,395,770.23
Accounts receivable	10,030,684,721.79	10,468,619,520.16
Prepayments	52,060,538.07	41,561,467.16
Other receivables	157,243,168.01	125,282,807.18
Inventories	10,526,028,417.22	6,765,336,245.29
Non-current assets due within a year	1,064,987.12	813,785.46
Other current assets	693,160,152.58	596,958,856.20
Total current assets	27,069,201,079.54	24,584,265,842.01
Non-current assets:		
Long-term receivables	10,251,842.16	10,380,472.81
Long-term equity investments	531,766,752.84	531,527,769.52
Investments in other equity instruments	60,858,358.55	41,351,831.65
Other non-current financial assets	186,006,758.93	152,935,434.70
Fixed assets	3,131,991,759.02	2,928,598,187.59
Construction in progress	730,476,946.00	431,942,421.24
Right-of-use assets	546,470,583.91	629,762,039.36
Intangible assets	457,872,681.63	504,241,510.99
Goodwill	580,750,061.10	618,094,641.27
Long-term deferred expenses	225,174,516.11	250,549,262.26
Deferred income tax assets	286,137,491.39	297,009,500.16
Other non-current assets	383,825,532.70	89,743,706.46
Total non-current assets	7,131,583,284.34	6,486,136,778.01
Total assets	34,200,784,363.88	31,070,402,620.02

Consolidated Balance Sheet (Continued)

30 September 2021

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

Presented in RMB yuan, unaudited

Items	Closing balance	Opening balance (Adjusted)
Current liabilities:		
Short-term borrowings	2,176,187,759.81	375,341,430.81
Derivative financial liabilities	3,682,827.06	18,402,480.68
Accounts payables	12,091,135,936.85	11,835,239,734.29
Contract liabilities	299,761,066.44	300,864,893.86
Payroll payable	657,066,710.95	869,508,823.23
Taxes payable	117,710,643.58	179,000,709.13
Other payables	426,094,392.59	399,836,932.07
Non-current liabilities due within one year	498,528,013.42	934,981,355.04
Total current liabilities	16,270,167,350.70	14,913,176,359.11
Non-current liabilities:		
Long-term borrowings	1,532,452,694.87	3,011,668,944.64
Bond payable	3,084,042,805.20	-
Lease liabilities	461,927,515.65	534,968,764.47
Long-term payables	37,865,367.00	43,287,736.00
Long-time payroll payable	317,504,013.25	335,569,680.50
Estimated liabilities	9,622,370.40	11,353,780.46
Deferred income	41,521,137.13	32,724,563.92
Deferred income tax liabilities	107,179,632.69	132,486,298.52
Other non-current liabilities	4,120,200.42	4,960,300.38
Total non-current liabilities	5,596,235,736.61	4,107,020,068.89
Total liabilities	21,866,403,087.31	19,020,196,428.00
Shareholders' equity:		
Share capital	2,209,642,272.00	2,209,343,372.00
Other equity instruments	409,905,205.31	-
Capital reserve	2,214,483,273.23	2,180,964,177.00
Less: Treasury stock	362,396,048.48	134,707,206.58
Other comprehensive income	(46,742,655.08)	(91,215,977.01)
Surplus reserve	542,610,242.85	542,610,242.85
Undistributed profits	7,366,485,761.58	7,342,825,571.69
Total equity attributable to owners of the parent company	12,333,988,051.41	12,049,820,179.95
Minority shareholders' interests	393,225.16	386,012.07
Total shareholders' equity	12,334,381,276.57	12,050,206,192.02
Total liabilities and shareholders' equity	34,200,784,363.88	31,070,402,620.02

Consolidated Income Statement

January - September 2021

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

Presented in RMB yuan, unaudited

Items	January - September 2021	January - September 2020
I. Revenue	36,517,833,898.05	29,478,665,116.36
Less: Operating cost	32,926,045,171.67	26,522,253,482.73
Taxes and surcharges	38,714,632.01	44,047,185.95
Sales expense	345,826,065.03	222,769,187.64
Administrative expense	819,091,287.49	699,451,126.89
R&D expenses	1,125,535,718.83	905,108,539.67
Financial expenses	138,459,420.25	55,148,597.47
Including: interest expense	152,791,224.23	66,406,759.21
Interest income	52,929,123.33	42,763,216.65
Add: other income	39,459,096.91	54,575,841.38
Investment income	71,677,171.23	59,541,827.25
Including: investment income of associates and joint ventures	9,023,596.23	1,007,952.20
Income from change in fair value	31,077,047.00	(2,736,473.65)
Loss on credit impairment	(249,097.65)	7,830,232.10
Loss on assets impairment	3,544,437.93	(13,280,290.10)
Gain (loss) from disposal of assets	909,429.72	682,547.54
II. Operating profit	1,270,579,687.91	1,136,500,680.53
Add: non-operating income	15,731,153.48	10,360,137.33
Less: non-operating expenses	6,225,747.24	2,231,788.50
III. Total profit	1,280,085,094.15	1,144,629,029.36
Less: income tax expense	158,568,932.16	149,515,738.99
IV. Net profit	1,121,516,161.99	995,113,290.37
(I) Classified by continuous operation		
1. Net profit from continuous operation	1,121,516,161.99	995,113,290.37
2. Net profit from discontinued operation	-	-
(II) Classification by ownership		
Net profit attributable to owners of the parent company	1,122,798,637.39	1,000,961,409.29
Profit or loss attributable to minority shareholders	(1,282,475.40)	(5,848,118.92)
V. Other comprehensive income, net of tax	45,763,010.42	5,140,414.52
Other comprehensive income attributable to owners of the parent company, net of tax	44,473,321.93	5,175,659.06

(I) Other comprehensive income that cannot be reclassified into profit or loss	18,674,855.55	(369,046.93)
1. Changes arising from re-measurement of defined benefit plans	-	-
2. Changes in fair value of investments in other equity instruments	18,674,855.55	(369,046.93)
(II) Other comprehensive income to be reclassified into the profit or loss	25,798,466.38	5,544,705.99
1. Other comprehensive income that can be transferred into profit or loss under equity method	2,362,396.41	4,370,028.18
2. Differences on translation of financial statements denominated in foreign currencies	(102,924,750.46)	52,749,038.14
3. Hedges of a net investment in a foreign operation	126,360,820.43	(51,574,360.33)
Total comprehensive income attributable to the minority shareholders, net of tax	1,289,688.49	(35,244.54)
VIII. Total comprehensive income	1,167,279,172.41	1,000,253,704.89
Total comprehensive income attributable to the owners of the parent company	1,167,271,959.32	1,006,137,068.35
Total comprehensive income attributable to minority shareholders	7,213.09	(5,883,363.46)
Earnings per share		
Basic earnings per share	0.51	0.46
Diluted earnings per share	0.51	0.46

Consolidated Cash Flow Statement

January - September 2021

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

Presented in RMB yuan, unaudited

Items	January - September 2021	January - September 2020
Net cash flow from operating activities		
Cash received from the sale of goods and rendering of services	37,513,615,055.84	27,981,173,915.56
Refunds of taxes	435,794,658.95	268,324,958.98
Cash paid to other operation activities	138,023,380.09	124,793,680.46
Sub-total of cash inflows from operating activities	38,087,433,094.88	28,374,292,555.00
Cash paid for commodities and services	35,885,451,341.84	25,886,494,259.59
Cash paid to and on behalf of employees	3,040,581,186.12	2,126,180,224.26
Cash paid for all types of taxes	338,534,929.57	205,154,750.48
Cash paid to other operation activities	667,009,268.95	378,159,396.44
Sub-total of cash outflows from operating activities	39,931,576,726.48	28,595,988,630.77
Net cash flow from operating activities	(1,844,143,631.60)	(221,696,075.77)
II. Cash flow from investing activities:		
Cash received from recovery of investments	5,223,757,185.63	8,289,238,232.59
Cash received from return on investments	44,941,787.27	65,028,579.17
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	39,137,502.70	7,514,516.21
Cash received from other investing activities	-	1,591,592.35
Sub-total of cash inflows from operating activities	5,307,836,475.60	8,363,372,920.32
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	1,238,558,307.44	1,055,783,277.88
Cash paid for investments	5,433,192,337.89	8,322,714,312.13
Sub-total of cash outflows from investing activities	6,671,750,645.33	9,378,497,590.01
Net cash flow from investing activities	(1,363,914,169.73)	(1,015,124,669.69)
III. Cash flow from financing activities:		
Cash received from capital injections	4,644,906.00	56,402,067.49
Cash received from borrowings	7,446,782,389.94	9,995,586,377.74
Cash received from recovery of investments	3,427,301,047.73	-
Sub-total of cash inflows from operating activities	10,878,728,343.67	10,051,988,445.23
Cash paid for debt repayment	7,352,850,383.99	8,500,718,815.45

Cash paid on distribution of dividends, profits or repayment of interest expenses	1,162,800,570.83	423,136,878.74
Cash paid on other financing activities	332,640,552.47	66,369,621.16
Sub-total of cash outflows from financing activities	8,848,291,507.29	8,990,225,315.35
Net cash flow from financing activities	2,030,436,836.38	1,061,763,129.88
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	(57,412,090.10)	(54,745,909.22)
V. Net increase in cash and cash equivalents	(1,235,033,055.05)	(229,803,524.80)
Add: balance of cash and cash equivalents at the beginning of the period	6,303,224,304.50	6,082,640,025.18
VI. Balance of cash and cash equivalents at the end of the period	5,068,191,249.45	5,852,836,500.38