

Company Code: 601231

Abbreviated Name: USI

Convertible Bond Code: 113045

Universal Scientific Industrial (Shanghai) Co., Ltd.
Quarterly Report for Q1 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.

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. (hereafter referred to “the Company”, or “USI”) hereby assure that the content set out in the quarterly report is truthful, accurate and complete, and contains no misrepresentations, misleading statements or material omissions, and are individually and collectively responsible for the content set out therein.
- 1.2 All directors attend the board meeting to review the quarterly report.
- 1.3 Chen Chang-I, legal representative of the Company, Liu Tan-Yang, CFO of the Company, and Li Ming-Hsiu, accounting officer, hereby guarantee that the financial statements set out in the quarterly report are true, accurate and complete.
- 1.4 The quarterly report of the Company is unaudited.

II. Corporate Information

2.1 Key accounting and financial performance indicators

Presented in RMB yuan

	31 Mar 2021	31 Dec 2020	QoQ (%)
Total assets	31,719,167,833.03	30,938,495,875.49	2.52%
Net assets attributable to shareholders of the listed company	12,807,618,309.89	12,049,820,179.95	6.29%
	Jan – Mar 2021	Jan – Mar 2020	YoY (%)
Net cash flow from operating activities	-217,236,055.57	328,147,983.21	-166.20%
Revenue	10,934,611,963.62	7,612,768,819.25	43.64%
Net profit attributable to shareholders of	271,906,070.22	191,270,786.65	42.16%

the listed company			
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	232,201,444.36	144,285,410.74	60.93%
Weighted average ROE (%)	2.22%	1.84%	Up 0.38 pct.
Basic EPS (yuan/share)	0.12	0.09	33.33%
Diluted EPS (yuan/share)	0.12	0.09	33.33%

Non-recurring profit or loss

Presented in RMB yuan

Items	Jan. – Mar. 2020	Note
Gains or losses from disposal of non-current assets	631,938.89	
Government subsidies included in the profit or loss for the reporting period, excluding regular amount of subsidies regarding normal operations by the government according to laws and regulations	8,067,491.52	
Profits or losses 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	35,372,070.79	
Non-operating income and expenses other than the above items	4,138,678.38	
Impact on minority shareholders' interests, net of tax	-587.73	
Impact on the income tax	-8,504,965.99	
Total	39,704,625.86	

2.2 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

Total number of common shareholders at the period-end	50,393
Shareholding of top 10 shareholders	

Shareholder name	Shareholding by 31 Mar. 2021	%	Restricted shares held	Pledged or frozen shares		Identity
				Share status	Number	
USI Enterprise Limited	1,683,749,126	76.20	0	NA	0	Foreign legal person
Hong Kong Securities Clearing Company Limited	78,879,951	3.57	0	Unknown		Unknown
China Securities Finance Co., Ltd.	36,750,069	1.66	0	Unknown		Unknown
ASDI ASSISTANCE DIRECTION	25,939,972	1.17	25,939,972	NA	0	Foreign legal person
ASE (Shanghai) Inc.	18,098,476	0.82	0	NA	0	Domestic non-state legal person
ChinaAMC CSI 5G Communication Theme ETF - Bank of China Limited	11,525,328	0.52	0	Unknown		Unknown
Buy-back securities account of USI	11,332,177	0.51	0	NA	0	Others
Fullgoal High-tech Industry Hybrid Securities Fund - Industrial and commercial bank of china limited	7,889,088	0.36	0	Unknown		Unknown
China A Share Fund - Morgan Stanley Investment Management	7,797,832	0.35	0	Unknown		Unknown
Zoomlion Runshi (Beijing) Investment Company Limited	5,993,765	0.27	0	Unknown		Unknown
Shareholding of top 10 shareholders subject to no selling restrictions						
Shareholder name	Number of shares subject to no selling restrictions		Type	Number		
USI Enterprise Limited	1,683,749,126		A-share	1,683,749,126		
Hong Kong Securities Clearing Company Limited	78,879,951		A-share	78,879,951		

China Securities Finance Co., Ltd.	36,750,069	A-share	36,750,069
ASE (Shanghai) Inc.	18,098,476	A-share	18,098,476
ChinaAMC CSI 5G Communication Theme ETF - Bank of China Limited	11,525,328	A-share	11,525,328
Securities account of Universal Scientific Industrial (Shanghai) Co., Ltd. for buy-back	11,332,177	A-share	11,332,177
Fullgoal High-tech Industry Hybrid Securities Fund - Industrial and commercial bank of china limited	7,889,088	A-share	7,889,088
China A Share Fund - Morgan Stanley Investment Management	7,797,832	A-share	7,797,832
Zoomlion Runshi (Beijing) Investment Company Limited	5,993,765	A-share	5,993,765
Bank of Korea - Self-owned funds	5,515,105	A-share	5,515,105
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.		

III. Important Issues

3.1 Major changes in the Company's key financial indicators and the reasons

(1) Analysis and descriptions of items in balance sheet statement changing more than 30%

Presented in RMB yuan

Items	Mar 31, 2021	Dec 31, 2020	QoQ (%)	Note
Cash and cash equivalents	9,383,558,352.80	6,332,982,117.63	48.17%	Mainly resulted from the issuance of convertible corporate bonds in the reporting period
Investments in other equity instruments	56,166,594.66	41,351,831.65	35.83%	Mainly due to the changes in the fair value of industrial fund investment in the reporting period
Other non-current assets	149,310,086.60	89,743,706.46	66.37%	Mainly due to the increase of prepaid expenses for equipment in the reporting period.

Other non-current financial assets	94,715,631.59	64,091,002.18	47.78%	Mainly due to the increasing investment in the industrials fund in the reporting period
Short-term borrowings	526,330,071.67	375,341,430.81	40.23%	Mainly due to the operating demand in the reporting period and the increase in short-term loans from overseas banks
Derivative financial liabilities	8,524,552.37	18,402,480.68	-53.68%	Mainly resulted from the changes in fair value caused by derivative financial products
Bond payable	3,021,061,718.28		100.00%	Mainly resulted from the issuance of convertible corporate bonds in the reporting period
Other comprehensive income	-30,140,124.41	-91,215,977.01	-66.96%	Mainly due to exchange rate changes in overseas assets in the reporting period
Other equity instruments	409,905,205.31		100.00%	Mainly refers to the value of conversion rights from the issuance of convertible corporate bonds in the reporting period

(2) Analysis and description of the items in the income statement changing more than 30%:

Presented in RMB yuan

Items	Jan – Mar 2021	Jan – Mar 2020	YoY (%)	Note
Revenue	10,934,611,963.62	7,612,768,819.25	43.64%	Mainly due to the increase in customer orders.
Operating cost	9,928,860,612.14	6,846,575,622.71	45.02%	Mainly due to the increase in costs from increasing customer orders.
Sales expense	108,209,410.53	68,544,587.13	57.87%	Mainly due to the increase in freight and premium of some products.
Interest expense	34,524,354.38	18,421,878.12	87.41%	Mainly resulted from the increasing interest expenses of convertible corporate bonds issued in the reporting period.
Loss on assets impairment	13,970,988.54	20,062,093.74	-30.36%	Mainly due to the decrease in the provisions for losses on inventory impairment in accordance with accounting

				policies in the reporting period.
Loss on credit impairment	-3,544,141.66	-604,085.13	486.70%	Mainly due to the recovery of accounts receivable in the reporting period and the reversal of the provision for credit impairment losses.
Income from change in fair value	17,448,949.12	1,521,748.02	1046.64%	Mainly resulted from the changes in fair value caused by the investment in industrials funds and the derivative financial products for hedging.
Investment income	17,904,017.30	10,609,535.41	68.75%	Mainly refers to the settlement income of derivative financial products for hedging in the reporting period and the equity investment income not included in the scope of the consolidated statements in the reporting period.
Other income	8,067,491.52	25,977,811.65	-68.94%	Mainly due to the decrease in government subsidies recognized in the reporting period.
Non-operating income	4,382,412.05	2,961,655.96	47.97%	Mainly the income arising from lease changes in the reporting period.
Income tax expense	79,600,670.21	23,716,230.05	235.64%	Mainly due to the increase in income tax provision from profit growth in the reporting period and the income tax on overseas dividends generated by subsidiaries.
Minority shareholders' interests	18,850.05	-2,442,317.52	-100.77%	Mainly because the minority interest of the subsidiary in Poland has been bought back in Q2, 2020.

(3) Analysis and descriptions of the items in the cash flow statement changing more than 30%:

Presented in RMB yuan

Items	Jan – Mar 2021	Jan – Mar 2020	QoQ (%)	Note
Cash received from the sale of goods and	14,111,822,206.98	9,162,981,439.03	54.01%	Mainly resulted from the consolidation of

rendering of services				FAFG's financial statement and the cash received from the increasing sales volume.
Cash paid for commodities and services	13,206,520,016.06	8,206,397,686.68	60.93%	Mainly resulted from the inventory purchased to meet customer demand.
Cash paid to and on behalf of employees	968,166,722.98	626,996,348.89	54.41%	Mainly resulted from the consolidation of FAFG's financial statement and the regular pay raise for employees in the reporting period.
Net cash flow from operating activities	-217,236,055.57	328,147,983.21	-166.20%	Mainly caused by inventory increase at the end of the reporting period.
Cash received from recovery of investments	1,220,349,080.74	3,044,544,307.00	-59.92%	Mainly resulted from the decrease of wealth management products purchased in the reporting period.
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	25,609,490.55	1,408,371.01	1718.38%	Mainly caused by the disposal of large quantities of equipment in the reporting period.
Cash paid for investments	1,213,292,337.89	3,076,556,877.38	-60.56%	Mainly resulted from the decrease of wealth management products purchased in the reporting period.
Net cash flow from investing activities	-228,523,338.02	-185,551,005.09	23.16%	Mainly due to the decrease in income from wealth management products and the increase in fixed asset investment in the reporting period.
Cash received from borrowings	4,510,522,331.27	1,519,054,059.10	196.93%	Mainly due to the cash received from the

				convertible corporate bonds issued in the reporting period.
Net cash flow from financing activities	3,523,811,614.15	-227,934,755.78	-1645.97%	Mainly due to the cash received from the convertible corporate bonds issued in the reporting period.

3.2 Analysis and description of the progress and impact of important issues and corresponding responses

The proposals related to the public issuance of convertible bonds (hereafter referred to as “CB”) by the Company were reviewed and approved by the third meeting of the fifth session of the Board of Directors of the Company on August 10, 2020, and the fifth meeting of the fifth session of Board of Directors on September 9, 2020, and was submitted to the General Meeting of Shareholders. On September 25, 2020, the proposals were deliberated and approved by the Second Extraordinary General Meeting of Shareholders in 2020. In January 2021, the company received the official document from China Securities Regulatory Commission approving the public issuance of CB by the Company. The Company completed the issuance of CB on March 10, 2021, and raised a total of RMB 3,429,570,000.00 yuan after deducting the underwriting and issuance fees. The CB were listed for trading on Shanghai Stock Exchange on April 2, 2021.

Company Name	Universal Scientific Industrial (Shanghai) Co., Ltd.
Legal Representative	Chen Chang-I
Date	April 26, 2021

Appendix: Financial statements

Consolidated Balance Sheet

Mar 31, 2021

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

Presented in RMB yuan, unaudited

Items	Mar 31, 2021	Dec 31, 2020
Current assets:		
Cash and cash equivalents	9,383,558,352.80	6,332,982,117.63
Financial assets held for trading	150,441,762.50	7,857,029.45
Bills receivable	20,286,547.90	70,395,770.23
Trade receivables	7,587,147,267.53	10,468,619,520.16
Prepayments	35,181,060.56	41,561,467.16
Other receivables	139,376,113.72	299,741,050.43
Including: interest receivables		
Dividend payable		
Inventories	7,450,478,361.88	6,748,388,264.49
Non-current assets due within a year	823,943.76	813,785.46
Other current assets	589,106,816.85	596,958,856.20
Total current assets	25,356,400,227.50	24,567,317,861.21
Non-current assets:		
Long-term receivables	10,164,510.50	10,380,472.81
Long-term equity investments	536,644,102.77	531,527,769.52
Investments in other equity instruments	56,166,594.66	41,351,831.65
Other non-current financial assets	94,715,631.59	64,091,002.18
Investment properties		
Fixed assets	2,539,532,341.11	2,642,484,120.80
Construction in progress	493,389,771.85	431,942,421.24
Biological assets for production		
Oil and gas assets		
Right-of-use assets	597,763,300.60	629,762,039.36
Intangible assets	278,308,478.68	290,364,337.33
Development expenditure		
Goodwill	1,051,163,627.10	1,091,971,550.51
Long-term deferred expenses	254,550,190.11	250,549,262.26
Deferred income tax assets	301,058,969.96	297,009,500.16
Other non-current assets	149,310,086.60	89,743,706.46
Total non-current assets	6,362,767,605.53	6,371,178,014.28
Total assets	31,719,167,833.03	30,938,495,875.49
Current liabilities:		
Short-term borrowings	526,330,071.67	375,341,430.81

Items	Mar 31, 2021	Dec 31, 2020
Derivative financial liabilities	8,524,552.37	18,402,480.68
Accounts payables	8,883,369,350.51	11,835,239,734.29
Prepayments		27,105.87
Contract liabilities	312,659,341.55	300,837,787.99
Payroll payable	836,795,866.40	869,508,823.23
Taxes payable	149,318,044.83	179,000,709.13
Other payables	415,068,735.26	399,836,932.07
Including: Interest payable	9,283,131.20	8,855,328.84
Dividend payable		
Non-current liabilities due within one year	905,768,406.79	934,981,355.04
Other current liabilities		
Total current liabilities	12,037,834,369.38	14,913,176,359.11
Non-current liabilities:		
Long-term borrowings	2,932,358,430.74	3,011,668,944.64
Bond payable	3,021,061,718.28	
Including: preferred shares		
Perpetual bond		
Lease liabilities	510,635,289.43	534,968,764.47
Long-term payables	37,134,722.33	43,287,736.00
Long-time payroll payable	326,543,569.16	335,569,680.50
Estimated liabilities	11,040,591.22	11,353,780.46
Deferred income	28,469,172.11	32,724,563.92
Deferred income tax liabilities	1,824,644.33	1,944,000.32
Other non-current liabilities	5,569,200.40	4,960,300.38
Total non-current liabilities	6,874,637,338.00	3,976,477,770.69
Total liabilities	18,912,471,707.38	18,889,654,129.80
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	2,209,609,072.00	2,209,343,372.00
Other equity instruments	409,905,205.31	
Including: preferred shares		
Perpetual bond		
Capital reserve	2,195,609,478.81	2,180,964,177.00
Less: Treasury stock	134,707,206.58	134,707,206.58
Other comprehensive income	-30,140,124.41	-91,215,977.01
Surplus reserve	542,610,242.85	542,610,242.85
Undistributed profits	7,614,731,641.91	7,342,825,571.69
Total equity attributable to owners (or shareholders) of the Parent Company	12,807,618,309.89	12,049,820,179.95

Items	Mar 31, 2021	Dec 31, 2020
Minority shareholders' interests	-922,184.24	-978,434.26
Total owners' equity (or shareholders' equity)	12,806,696,125.65	12,048,841,745.69
Total owners' equity (or shareholders' equity)	31,719,167,833.03	30,938,495,875.49

Legal representative: Chen Chang-I
CFO: Liu Tan-Yang
Accounting officer: Li Ming-Hsiu

Consolidated Income Statement

For 3 months ended Mar 31, 2021

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

Presented in RMB yuan, unaudited

Items	Jan – Mar 2021	Jan – Mar 2020
I. Total operating revenue	10,934,611,963.62	7,612,768,819.25
Including: Operating revenue	10,934,611,963.62	7,612,768,819.25
II. Total cost of operations	10,620,850,601.47	7,422,677,886.86
Including: Operating cost	9,928,860,612.14	6,846,575,622.71
Taxes and surcharges	10,848,607.26	8,808,910.97
Sales expense	108,209,410.53	68,544,587.13
Administrative expense	256,646,737.94	203,004,963.89
R&D expenses	295,004,640.03	267,894,718.77
Financial expenses	21,280,593.57	27,849,083.39
Including: interest expense	34,524,354.38	18,421,878.12
Interest income	14,667,217.97	12,809,271.47
Add: other income	8,067,491.52	25,977,811.65
Investment income (losses are represented by '-')	17,904,017.30	10,609,535.41
Including: investment income of associates and joint ventures	-19,104.37	-13,889,457.66
Income from termination of recognition of financial assets measured at amortized cost		
Exchange gain (losses are represented by '-')		
Net hedging gains (losses are represented by '-')		
Income from change in fair value (losses are represented by '-')	17,448,949.12	1,521,748.02
Loss on credit impairment (losses are represented by '-')	3,544,141.66	604,085.13
Loss on assets impairment (losses are represented by '-')	-13,970,988.54	-20,062,093.74
Gain from disposal of assets (losses are represented by '-')	681,918.37	957,732.50
III. Operating profit (losses are represented by '-')	347,436,891.58	209,699,751.36
Add: non-operating income	4,382,412.05	2,961,655.96
Less: non-operating expenses	293,713.15	116,708.14
IV. Total profit (total losses are represented by '-')	351,525,590.48	212,544,699.18

Less: income tax expense	79,600,670.21	23,716,230.05
V.Net profit (net losses are represented by '-')	271,924,920.27	188,828,469.13
(I) Classified by operation continuity		
1.Net profit from continuous operation (net losses are represented by '-')	271,924,920.27	188,828,469.13
1.Net profit from termination of operation (net losses are represented by '-')		
(II) Classification by ownership		
1. Net profit attributable to shareholders of the Parent Company (net losses are represented by '-')	271,906,070.22	191,270,786.65
2. Profit or loss attributable to minority shareholders (net losses are represented by '-')]	18,850.05	-2,442,317.52
VI. Other comprehensive income, net of tax	61,113,252.55	13,167,839.08
i) Other comprehensive income attributable to owners of the Parent Company, net of tax	61,075,852.60	14,431,702.97
Other comprehensive income that cannot be reclassified into the profit or loss	14,600,971.70	-443,046.04
(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	14,600,971.70	-443,046.04
(4) Changes in fair value of credit risks of the enterprise		
Other comprehensive income to be reclassified into the profit or loss	46,474,880.90	14,874,749.01
(1) Other comprehensive income that can be transferred into profit or loss under equity method	2,089,408.26	-107,713.36
(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	44,385,472.64	14,982,462.37
(7) Others		

(ii) Total comprehensive income attributable to the minority shareholders	37,399.95	-1,263,863.89
Total comprehensive income	333,038,172.82	201,996,308.21
(i) Total comprehensive income attributable to the owners of the Parent Company	332,981,922.82	205,702,489.62
(ii) Total comprehensive income attributable to the minority shareholders	56,250.00	-3,706,181.41
VIII. Earnings per share:		
(i) Basic earnings per share (RMB/share)	0.12	0.09
(ii) Diluted earnings per share (RMB/share)	0.12	0.09

In case of business combination under common control in the reporting period, the net profit realized by the combined party before the combination is 0 yuan, and the net profit realized by the combined party in the previous period is 0 yuan.

Legal representative: Chen Chang-I
CFO: Liu Tan-Yang
Accounting officer: Li Ming-Hsiu

Consolidated Cash Flow Statement

For 3 months ended Mar 31, 2021

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

Presented in RMB yuan, unaudited

Items	Jan – Mar 2021	Jan – Mar 2020
Net cash flow from operating activities		
Cash received from the sale of goods and rendering of services	14,111,822,206.98	9,162,981,439.03
Refunds of taxes	177,856,704.57	73,153,924.98
Cash paid to other operation activities	30,760,302.65	60,874,164.78
Sub-total of cash inflows from operating activities	14,320,439,214.20	9,297,009,528.79
Cash paid for commodities and services	13,206,520,016.06	8,206,397,686.68
Cash paid to and on behalf of employees	968,166,722.98	626,996,348.89
Cash paid for all types of taxes	181,337,047.11	58,248,485.63
Cash paid to other operation activities	181,651,483.62	77,219,024.38
Sub-total of cash outflows from operating activities	14,537,675,269.77	8,968,861,545.58
Net cash flow from operating activities	-217,236,055.57	328,147,983.21
II. Cash flow from investing activities:		
Cash received from recovery of investments	1,220,349,080.74	3,044,544,307.00
Cash received from return on investments	7,519,732.34	24,498,993.07
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	25,609,490.55	1,408,371.01
Cash received from other investing activities	17,606.00	36,093.26
Sub-total of cash inflows from operating activities	1,253,495,909.63	3,070,487,764.34
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	268,726,909.76	179,481,892.05
Cash paid for investments	1,213,292,337.89	3,076,556,877.38
Net cash paid for acquiring subsidiaries and other business units		
Cash paid on other investing activities		
Sub-total of cash outflows from investing activities	1,482,019,247.65	3,256,038,769.43

Items	Jan – Mar 2021	Jan – Mar 2020
Net cash flow from investing activities	-228,523,338.02	-185,551,005.09
III. Cash flow from financing activities:		
Cash received from capital injections	4,128,978.00	31,797,171.00
Including: cash received from capital contributions by minority shareholders of subsidiaries		
Cash received from borrowings	4,510,522,331.27	1,519,054,059.10
Cash received from other financing activities		
Sub-total of cash inflows from operating activities	4,514,651,309.27	1,550,851,230.10
Cash paid for debt repayment	925,387,093.80	1,741,177,531.82
Cash paid on distribution of dividends, profits or repayment of interest expenses	25,411,265.69	11,939,937.66
Including: dividends and profits paid by subsidiaries to minority shareholders		
Cash paid on other financing activities	40,041,335.63	25,668,516.40
Sub-total of cash outflows from financing activities	990,839,695.12	1,778,785,985.88
Net cash flow from financing activities	3,523,811,614.15	-227,934,755.78
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-24,596,801.58	13,245,899.90
V. Net increase in cash and cash equivalents	3,053,455,418.98	-72,091,877.76
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	9,356,679,723.48	6,010,548,147.42

Legal representative: Chen Chang-I
CFO: Liu Tan-Yang
Accounting officer: Li Ming-Hsiu