

Stock Code: 601231

Abbreviated Name: USI

Convertible Bond Code: 113045

Abbreviated Name: USI Convertible Bond

Universal Scientific Industrial (Shanghai) Co., Ltd.

Summary of 2023 Interim Report



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 summary is a simplified version of the interim report. To comprehensively understand Universal Scientific Industrial (Shanghai) Co., Ltd. (“the Company”, “USI”) ‘s operating results, financial position and future development plans, investors shall refer to the website of the Shanghai Stock Exchange (www.sse.com.cn) to carefully read the full text of the report.

1.2 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 interim 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.

1.3 Absent directors

Position of absent directors	Name of absent directors	Reason for absence	Name of trustee
Independent director	Wei Guo	Work scheduling conflict	Jiangdong Huang

1.4 The interim report is unaudited.

1.5 There is no proposal of profit distribution or proposal of capitalizing capital reserves for the reporting period examined and reviewed by the Board during the reporting period.

II General Information of the Company

2.1 Overview

The Company's Stocks				
Stock class	Listed on	Abbreviated Name	Stock Code	Former Abbreviated Name
A-share	Shanghai Stock Exchange	USI	601231	None
Corporate bonds convertible into the Company's A shares	Shanghai Stock Exchange	USI Convertible Bond	113045	None

Contact	Secretary of the Board of Directors	Securities affairs representative
Name	Jinpeng Shi	Lily Liu
Tel.	021-58968418	021-58968418
Office address	F/5, Building B, 169 Shengxia Road, Pudong New Area, Shanghai	F/5, Building B, 169 Shengxia Road, Pudong New Area, Shanghai
Email	Public@usiglobal.com	Public@usiglobal.com

2.2 Key accounting and financial performance indicators

Unit: yuan Currency: RMB

	30 June 2023	31 December 2022	Change (%)
Total assets	37,531,641,816.13	38,574,464,731.16	-2.70
Net assets attributable to shareholders of the listed company	15,848,478,803.78	15,749,394,179.86	0.63
	January – June 2023	January – June 2022	YoY (%)
Revenue	26,865,634,172.78	28,940,502,267.63	-7.17
Net profits attributable to shareholders of the listed company	767,267,825.33	1,084,646,922.10	-29.26
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	693,856,091.83	1,094,959,847.50	-36.63
Net cash flows from operating activities	3,780,555,169.97	67,087,303.03	5,535.28
Weighted average return on equity (%)	4.81	8.06	Down 3.25 pct.
Basic EPS (yuan/share)	0.35	0.50	-30.00
Diluted EPS (yuan/share)	0.35	0.48	-27.08

2.3 Shareholding of top 10 shareholders

Total number of common shareholders by the end of the reporting period				43,727		
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 shareholder	Nature of shareholder	%	Number of Shares held	Restricted shares	Pledged or frozen shares	
USI Enterprise Limited	Foreign legal person	76.28	1,683,749,126		None	0
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	3.70	81,644,191		Unknown	
ASDI ASSISTANCE DIRECTION	Foreign legal person	1.18	25,939,972	25,939,972	Pledged	1,758,914
China Securities Finance Co., Ltd.	State-owned legal person	1.07	23,611,536		Unknown	
ASE (Shanghai) Inc.	Domestic non-state-owned legal person	0.82	18,098,476		None	0
Fuguo Enhanced Bond Securities Investment Fund - Industrial and	Other information	0.33	7,280,299		Unknown	

Commercial Bank of China limited						
Taikang Life Insurance Co.,Ltd. - Investment-linked Insurance - Industry Allocation	Other information	0.24	5,373,235		Unknown	
All China Bond - Ninety One Global Strategy Fund - Ninety One UK Ltd. - RQFII	Other information	0.19	4,290,291		Unknown	
Fuguo Double Enhanced Bond Securities Investment Fund - Postal Savings Bank Of China Corporation Limited	Other information	0.18	3,969,600		Unknown	
CSI 500 Exchange Traded fund - Agricultural Bank of China	Other information	0.17	3,775,100		Unknown	
Related or concert parties among the shareholders above	The actual controllers of the Company are Mr. Jason C.S. Chang and Mr. Richard H.P. Chang, 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.					
Particulars on the preference shareholders with voting rights restored and their shareholdings	None					

2.4 The total number of preferred shareholders and the top 10 preferred shareholders by the end of the reporting period

☐ Applicable ☒ Not Applicable

2.5 Changes of controlling shareholders and actual controllers

☐ Applicable ☒ Not Applicable

2.6 Status of existing corporate bonds on the date of approval of the interim report

☐ Applicable ☒ Not Applicable

III Important Issues

☐ Applicable ☒ Not Applicable

Appendix: Financial Statements**Consolidated Balance Sheet**

30 June 2023

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

Presented in RMB yuan, unaudited

Items	30 June 2023	31 December 2022
Current Assets:		
Cash and bank balances	9,760,305,769.11	7,695,016,173.40
Financial assets held for trading	192,764,939.18	271,243,519.53
Notes receivable	48,018,523.02	45,627,553.57
Accounts receivable	8,983,879,958.89	11,119,120,760.11
Prepayments	56,068,611.78	73,390,129.45
Other receivables	160,005,553.22	137,008,284.72
Inventory	9,578,992,309.48	10,909,893,675.82
Non-current assets due within one year	288,947.86	322,815.55
Other current assets	863,534,808.46	599,581,332.72
Total Current Assets	29,643,859,421.00	30,851,204,244.87
Non-current Assets:		
Long-term receivables	13,295,140.96	12,385,894.30
Long-term equity investments	490,303,054.39	611,007,676.15
Investments in other equity instruments	42,834,478.60	38,420,782.40
Other non-current financial assets	206,271,917.65	170,126,278.86
Fixed assets	4,585,643,115.52	4,456,780,136.30
Construction in progress	439,329,886.37	303,432,536.69
Right-of-use assets	439,618,623.05	479,869,246.55
Intangible assets	405,228,106.29	415,104,934.14
Goodwill	609,025,195.98	576,729,182.74
Long-term prepaid expenses	159,467,169.41	175,835,331.45
Deferred tax assets	346,722,826.79	358,956,591.39
Other non-current assets	150,042,880.12	124,611,895.32
Total non-current assets	7,887,782,395.13	7,723,260,486.29
Total assets	37,531,641,816.13	38,574,464,731.16
Current liabilities:		
Short-term borrowings	4,598,000,011.14	4,499,463,404.21
Derivative financial liabilities	4,192,561.93	3,118,891.32
Accounts payable	10,033,448,234.25	11,056,190,855.43
Contract liabilities	423,572,880.61	411,898,442.43
Employee benefits payable	811,557,389.67	1,161,885,093.89
Taxes payable	395,255,311.43	388,090,724.55
Other payables	809,215,234.42	716,932,703.77
Non-current liabilities due within one year	518,793,321.52	506,820,025.23

Other current liabilities	2,494,567.56	3,661,569.01
Total current liabilities	17,596,529,512.53	18,748,061,709.84
Non-current liabilities:		
Long-term borrowings	55,104,648.52	59,427,538.88
Bond payable	3,304,391,538.08	3,243,085,241.27
Lease liabilities	333,450,557.69	381,725,722.17
Long-term payables	25,464,876.41	31,113,295.71
Long-term employee benefits payable	209,035,829.94	199,342,510.02
Provisions	7,009,723.29	7,350,296.14
Deferred income	62,237,652.80	63,195,209.30
Deferred tax liabilities	86,291,378.64	87,631,726.67
Other non-current liabilities	3,178,424.54	3,692,335.61
Total Non-current Liabilities	4,086,164,629.91	4,076,563,875.77
Total liabilities	21,682,694,142.44	22,824,625,585.61
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	2,207,378,310.00	2,206,864,239.00
Other equity instruments	409,891,898.27	409,897,126.04
Capital reserve	2,244,029,104.33	2,234,529,885.62
Less: Treasury shares	327,082,476.93	351,392,965.86
Other comprehensive income	348,276,878.28	111,850,168.58
Surplus reserve	862,080,832.26	862,080,832.26
Retained profits	10,103,904,257.57	10,275,564,894.22
Total owners' equity attributable to equity holders of the Company	15,848,478,803.78	15,749,394,179.86
Minority interests	468,869.91	444,965.69
Total shareholders' equity	15,848,947,673.69	15,749,839,145.55
Total liabilities and owners' equity (or shareholders' equity)	37,531,641,816.13	38,574,464,731.16

Legal representative: Jeffrey Chen CFO: Tan-Yang Liu Accounting officer: Yuh-Huah Chern

Consolidated Income Statement

January – June 2023

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

Presented in RMB yuan, unaudited

Items	January – June 2023	January – June 2022
I. Total revenue	26,865,634,172.78	28,940,502,267.63
Including: Operating revenue	26,865,634,172.78	28,940,502,267.63
II. Total cost of operations	25,983,054,432.45	27,762,108,282.41
Including: Costs	24,339,839,280.55	26,067,820,625.54
Taxes and levies	43,688,222.11	25,141,285.56
Sales expenses	162,998,486.39	158,125,591.49
Administrative expenses	559,930,868.90	696,717,132.02
R&D expenses	811,292,226.70	810,510,024.60
Financial expenses	65,305,347.80	3,793,623.20
Including: Interest expenses	183,625,962.65	95,813,724.58
Interest income	109,916,527.01	31,097,671.59
Add: Other income	34,037,953.07	22,696,334.57
Investment income	53,727,629.81	20,074,967.70
Including: Income from investments in associates and joint ventures	(1,475,800.66)	20,362,203.61
Gains (losses) from changes in fair values	(15,271,042.69)	15,478,728.44
Impairment gains (losses) of credit	(14,204,083.65)	(6,732,713.02)
Impairment gains (losses) of assets	(89,798,873.29)	(16,562,964.14)
Gains (losses) from disposal of assets	3,040,824.12	6,350,284.52
III. Operating profit (losses are represented by '-')	854,112,147.70	1,219,698,623.29
Add: Non-operating income	11,123,484.96	5,980,654.34
Less: Non-operating expenses	2,636,539.26	2,823,804.63
IV. Total profit (total losses are represented by '-')	862,599,093.40	1,222,855,473.00
Less: Income tax expenses	95,332,629.90	138,194,427.18
V. Net profit (net losses are represented by '-')	767,266,463.50	1,084,661,045.82
(I) Net profit classified by operating continuity:		
1. Net profit from continuing operations (net losses are represented by '-')	767,266,463.50	1,084,661,045.82
2. Net profit from discontinued operations (net losses are represented by '-')	-	-
(II) Net profit classified by ownership ascription:		
1. Net profit attributable to owners of the Company (net losses are represented by '-')	767,267,825.33	1,084,646,922.10
2. Profit or loss attributable to minority shareholders (net losses are represented by '-')	(1,361.83)	14,123.72
VI. Other comprehensive income, net of tax	236,451,975.75	77,720,352.12

(I) Other comprehensive income attributable to owners of the Company, net of tax	236,426,709.70	77,734,477.38
1. Other comprehensive income that cannot be subsequently reclassified to profit or loss	14,946,228.46	(27,963,774.02)
(1) Changes from re-measurement of defined benefit plans	-	-
(3) Changes in fair value of investments in other equity instruments	14,946,228.46	(27,963,774.02)
2. Other comprehensive income that will be reclassified to profit or loss	221,480,481.24	105,698,251.40
(1) Other comprehensive income that can be reclassified to profit or loss under the equity method	(14,863,917.72)	(16,642,871.10)
(6) Differences on translation of financial statements denominated in foreign currencies	273,029,302.71	(46,146,695.70)
(7) Others	(36,684,903.75)	168,487,818.20
(II) Total comprehensive income attributable to the minority shareholders, net of tax	25,266.05	(14,125.26)
VII. Total comprehensive income	1,003,718,439.25	1,162,381,397.94
(I) Total comprehensive income attributable to owners of the Company	1,003,694,535.03	1,162,381,399.48
(II) Total comprehensive income attributable to minority interests	23,904.22	(1.54)
VIII. Earnings per share		
(I) Basic earnings per share	0.35	0.50
(II) Diluted earnings per share	0.35	0.48

Legal representative: Jeffrey Chen CFO: Tan-Yang Liu Accounting officer: Yuh-Huah Chern

Consolidated Cash Flow Statement

January – June 2023

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

Presented in RMB yuan, unaudited

Items	January – June 2023	January – June 2022
I. Cash flows from operating activities:		
Cash receipts from the sale of goods and the rendering of services	29,728,402,400.52	30,225,655,541.40
Receipts of tax refunds	254,451,522.86	185,035,259.42
Other cash receipts relating to operating activities	204,902,214.95	57,439,699.31
Sub-total of cash inflows from operating activities	30,187,756,138.33	30,468,130,500.13
Cash payments for goods purchased and services received	23,226,281,650.60	27,450,733,274.74
Cash payments to and on behalf of employees	2,400,633,576.52	2,281,700,694.12
Payments of various types of taxes	705,760,856.01	555,380,253.31
Other cash payments relating to operating activities	74,524,885.23	113,228,974.93
Sub-total of cash outflows from operating activities	26,407,200,968.36	30,401,043,197.10
Net cash flows from operating activities	3,780,555,169.97	67,087,303.03
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	5,329,271,683.03	2,846,605,182.63
Cash receipts from investment income	76,019,131.59	64,243,062.45
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	18,319,427.97	24,495,500.06
Sub-total of cash inflows from investing activities	5,423,610,242.59	2,935,343,745.14
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	777,419,278.98	928,553,239.48
Cash payments to acquire investments	5,208,984,009.89	2,941,657,245.23
Sub-total of cash outflows from investing activities	5,986,403,288.87	3,870,210,484.71
Net cash flow from investment activities	(562,793,046.28)	(934,866,739.57)
Cash receipts from capital contributions	6,463,448.68	4,749,450.34
III. Cash flows from financing activities:		
Cash receipts from borrowings	8,209,996,967.40	9,609,003,899.51
Other cash receipts relating to financing activities	23,468,124.01	4,066,800.27
Sub-total of cash inflows from financing activities	8,239,928,540.09	9,617,820,150.12
Cash repayments of borrowings	8,291,655,210.40	8,937,510,276.57
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,043,837,361.74	151,160,045.47
Other cash payments relating to financing activities	76,191,347.41	188,368,323.44
Sub-total of cash outflows from financing	9,411,683,919.55	9,277,038,645.48

activities		
Net cash flow from financing activities	(1,171,755,379.46)	340,781,504.64
IV. Effect of foreign exchange rate changes on cash and cash equivalents	21,262,922.88	156,986,707.72
V. Net Increase (decrease) in cash and cash equivalents	2,067,269,667.11	(370,011,224.18)
Add: Opening Balance of Cash and Cash Equivalents	7,678,044,104.00	6,018,193,116.59
VI. Closing balance of cash and cash equivalents	9,745,313,771.11	5,648,181,892.41

Legal representative: Jeffrey Chen CFO: Tan-Yang Liu Accounting officer: Yuh-Huah Chern