

Company Code:601231

Abbreviated Name: USI

Convertible Bond Code: 113045

Abbreviated Name: USI Convertible Bond

## Universal Scientific Industrial (Shanghai) Co., Ltd. Quarterly Report for Q1 2023

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.

*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 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 first quarter financial statements are unaudited.

### I. Key accounting and financial performance indicators

#### (I) Key Financial Performance Indicators

Unit: yuan Currency: RMB

Items	Q1 2023	YoY (%)
Revenue	12,998,168,439.83	-6.85

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Net profits attributable to shareholders of the listed company		277,457,152.84	-36.79
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses		219,683,026.20	-46.78
Net cash flows from operating activities		2,545,922,484.41	50.29
Basic EPS (yuan per share)		0.13	-36.72
Diluted EPS (yuan per share)		0.13	-35.77
Weighted average return on equity (%)		1.75	Down 1.56 pct.
	31 March 2023	31 December 2022	Change (%)
Total assets	36,872,150,137.05	38,574,464,731.16	-4.41
Owners' equity attributable to shareholders of the list company	15,999,724,979.05	15,749,394,179.86	1.59

Note: EPS is rounded to two decimal places, and YoY (%) is calculated based on the exact value.

(II) Non-recurring profit or loss

Unit: yuan Currency: RMB

Items	Current amount	Note
Gains/losses from disposal of non-current assets	982,919.84	
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	11,723,235.18	
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those used in the effective hedging activities relating to normal operating business	48,919,872.59	Mainly due to the investment income generated by financial assets in the current period
Other non-operating income or expenses other than the above	3,764,358.23	
Less: tax effects	7,615,894.98	
Effects attributable to minority interests (After tax)	364.22	
Total	57,774,126.64	

Explanation on defining a non-recurring gain/loss item listed in Interpretation Pronouncement on Information Disclosure Criteria for Public Companies No. 1 - Non-Recurring Gains/Losses as a recurring gain/loss item

Applicable  Not Applicable

(III) Major changes in the Company's key accounting indicators and the reasons

Item	Change in percentage (%)	Main reasons
Net profits attributable to shareholders of the listed company	-36.79	Mainly due to the YoY decrease in revenue and the increase in the provision for asset impairment losses
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-46.78	
Basic EPS (yuan per share)	-36.72	

Diluted EPS (yuan per share)	-35.77	and credit impairment losses in the current period
Net cash flows from operating activities	50.29	Mainly due to the shortening of accounts receivable turnover days and the collection of funds in the current period

## II. Shareholder Information

(I) 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	40,272	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	Shares held	%	Restricted shares held	Pledge, marking or freezing	
					Share status	Number
USI Enterprise Limited	Foreign legal person	1,683,749,126	76.29	0	None	0
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	68,887,558	3.12	0	Unknown	
China Securities Finance Co., Ltd.	State-owned legal person	27,845,173	1.26	0	Unknown	
ASDI ASSISTANCE DIRECTION	Foreign legal person	25,939,972	1.18	25,939,972	Pledged	1,758,914
ASE (Shanghai) Inc.	Domestic non-state-owned legal person	18,098,476	0.82	0	None	0
Fuguo Innovative Technology Hybrid Securities Fund - Industrial and Commercial Bank of China Limited	Others	5,055,299	0.23	0	Unknown	
All China Bond - Ninety One Global Strategy Fund - Ninety One UK Ltd. - RQFII	Others	4,354,203	0.2	0	Unknown	

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CSI 500 Exchange Traded fund - Agricultural Bank of China	Others	4,071,600	0.18	0	Unknown	
China's National Social Security Fund Portfolio 401	Others	4,069,449	0.18	0	Unknown	
CCB Small-cap Pioneer Stock Securities Investment Fund - China Merchants Securities Co.,Ltd.	Others	3,980,000	0.18	0	Unknown	
<b>Shareholding of top 10 shareholders subject to no selling restrictions</b>						
Name of shareholder	Number of tradable shares held not subject to selling restrictions	Type and number of shares				
		Stock class	Number			
USI Enterprise Limited	1,683,749,126	RMB ordinary shares	1,683,749,126			
Hong Kong Securities Clearing Company Ltd.	68,887,558	RMB ordinary shares	68,887,558			
China Securities Finance Co., Ltd.	27,845,173	RMB ordinary shares	27,845,173			
ASE (Shanghai) Inc.	18,098,476	RMB ordinary shares	18,098,476			
Fuguo Enhanced Bond Securities Investment Fund - Industrial and Commercial Bank of China limited	5,055,299	RMB ordinary shares	5,055,299			
All China Bond - Ninety One Global Strategy Fund - Ninety One UK Ltd. - RQFII	4,354,203	RMB ordinary shares	4,354,203			
CSI 500 Exchange Traded Fund - Agricultural Bank of China	4,071,600	RMB ordinary shares	4,071,600			
China's National Social Security Fund Portfolio 401	4,069,449	RMB ordinary shares	4,069,449			
CCB Small-cap Pioneer Stock Securities Investment Fund - China Merchants Securities Co.,Ltd.	3,980,000	RMB ordinary shares	3,980,000			
ChinaAMC CSI 5G Communication Theme ETF - Bank of China Limited	3,487,169	RMB ordinary shares	3,487,169			
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	None					

Note: The Company held 23,717,545 shares on its securities account for buy-back, with a shareholding ratio of 1.07%, 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

Revenue breakdown by product category in Q1 2023

Unit: RMB 10,000 yuan

Product Category	Q1 2022 (Adjusted)	Q1 2023	Change	YoY
Communication electronics	554,566.00	457,556.33	-97,009.67	-17.49%
Consumer electronics	395,937.91	375,151.44	-20,786.47	-5.25%
Industrial products	187,767.13	216,361.45	28,594.32	15.23%
Cloud and storage products	140,881.20	109,418.67	-31,462.53	-22.33%
Automotive electronics	92,264.92	120,053.97	27,789.05	30.12%
Medical electronics	7,099.18	6,117.18	-982.00	-13.83%
Other information	16,853.91	15,157.80	-1,696.11	-10.06%
<b>Total</b>	<b>1,395,370.25</b>	<b>1,299,816.84</b>	<b>-95,553.41</b>	<b>-6.85%</b>

Note: As the company's products were reclassified, the revenue by product category in 2022 was restated to ensure the consistency of YoY growth.

2. Impacts on Q1 2023 earnings of Purchase Price Allocation (PPA) from the acquisition of FAFG and other factors

Unit: RMB 10,000 yuan

Items		2022				2023			
		Q1	%	Q4	%	Q1	%	QoQ	YoY
PPA	Impacts on operating gross profit	972.02	0.07	946.89	0.05	952.28	0.07	0.57	-2.03
	Impacts on operating profit	1,234.70	0.09	1,212.05	0.06	1,239.85	0.10	2.29	0.42
	Impacts on net profit	936.43	0.07	929.43	0.05	954.01	0.07	2.64	1.88
Additional cost of Huizhou factory and one-time cost of Shenzhen factory relocation	Impacts on operating gross profit	-	-	1,869.90	0.10	-	-	-100.00	-
	Impacts on operating profit	219.80	0.02	1,064.92	0.06	-	-	-100.00	-100.00
	Impacts on net profit	193.32	0.01	954.83	0.05	-	-	-100.00	-100.00
Increased interest expense on convertible corporate bonds amortized at market interest rate (no impact on the actual interest payment)		3,280.64	0.24	3,370.86	0.18	3,416.68	0.26	1.36	4.15

Note: The proportions (%) in the above table are the proportions to revenue.

3. Guidance for Q2 2023

In Q2 2023, the revenue will expectedly resume positive QoQ growth, with an expected growth rate within 10%, and the operating profit margin is expected to be slightly higher than that of Q2 2021.

Note: The guidance for the Q2 2023 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 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

(I) Type of auditor's opinion

Applicable  Not Applicable

(II) Financial statements

#### Consolidated Balance Sheet

31 March 2023

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

Presented in RMB yuan, unaudited

Items	31 March 2023	31 December 2022
<b>Current assets:</b>		
Cash and bank balances	9,981,077,691.02	7,695,016,173.40
Financial assets held for trading	257,137,565.16	271,243,519.53
Notes receivable	58,754,664.86	45,627,553.57
Accounts receivable	8,014,731,951.16	11,119,120,760.11
Prepayments	71,651,308.90	73,390,129.45
Other receivables	105,004,441.80	137,008,284.72
Inventory	9,970,519,228.25	10,909,893,675.82
Non-current assets due within one year	282,400.62	322,815.55
Other current assets	755,889,111.16	599,581,332.72
Total Current Assets	29,215,048,362.93	30,851,204,244.87
<b>Non-current assets:</b>		
Long-term receivables	12,534,917.72	12,385,894.30
Long-term equity investments	492,647,519.17	611,007,676.15
Investments in other equity instruments	44,575,876.60	38,420,782.40
Other non-current financial assets	184,259,489.62	170,126,278.86
Fixed assets	4,430,544,035.73	4,456,780,136.30
Construction in progress	375,232,940.70	303,432,536.69
Right-of-use assets	457,883,109.80	479,869,246.55
Intangible assets	404,339,947.05	415,104,934.14
Goodwill	579,636,409.84	576,729,182.74
Long-term prepaid expenses	173,634,472.07	175,835,331.45
Deferred tax assets	361,464,450.51	358,956,591.39
Other non-current assets	140,348,605.31	124,611,895.32
Total non-current assets	7,657,101,774.12	7,723,260,486.29
Total assets	36,872,150,137.05	38,574,464,731.16
<b>Current liabilities:</b>		
Short-term borrowings	4,542,624,365.57	4,499,463,404.21
Derivative financial liabilities	-	3,118,891.32
Accounts payable	9,189,953,700.49	11,056,190,855.43
Contract liabilities	484,654,946.13	411,898,442.43
Employee benefits payable	1,001,141,685.93	1,161,885,093.89
Taxes payable	356,917,199.46	388,090,724.55

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Other payables	719,715,662.06	716,932,703.77
Non-current liabilities due within one year	508,607,015.18	506,820,025.23
Other current liabilities	1,161,638.00	3,661,569.01
Total current liabilities	16,804,776,212.82	18,748,061,709.84
<b>Non-current liabilities:</b>		
Long-term borrowings	56,047,303.13	59,427,538.88
Bond payable	3,274,457,663.72	3,243,085,241.27
Lease liabilities	355,943,410.19	381,725,722.17
Long-term payables	24,662,620.43	31,113,295.71
Long-term employee benefits payable	199,684,691.47	199,342,510.02
Provisions	6,666,284.55	7,350,296.14
Deferred income	61,549,309.24	63,195,209.30
Deferred tax liabilities	84,963,272.90	87,631,726.67
Other non-current liabilities	3,216,284.01	3,692,335.61
Total non-current liabilities	4,067,190,839.64	4,076,563,875.77
<b>TOTAL LIABILITIES</b>	<b>20,871,967,052.46</b>	<b>22,824,625,585.61</b>
<b>Owners' equity (or shareholders' equity):</b>		
Paid-in capital (or share capital)	2,207,147,357.00	2,206,864,239.00
Other equity instruments	409,892,254.71	409,897,126.04
Capital reserve	2,239,232,118.73	2,234,529,885.62
Less: Treasury shares	327,082,476.93	351,392,965.86
Other comprehensive income	55,424,890.25	111,850,168.58
Surplus reserve	862,080,832.26	862,080,832.26
Retained profits	10,553,030,003.03	10,275,564,894.22
Total owners' equity attributable to equity holders of the Company	15,999,724,979.05	15,749,394,179.86
Minority interests	458,105.54	444,965.69
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>16,000,183,084.59</b>	<b>15,749,839,145.55</b>
Total liabilities and owners' equity (or shareholders' equity)	36,872,150,137.05	38,574,464,731.16

Legal representative: Jeffrey Chen  
Person in charge of accounting: Tan-Yang Liu  
Person in charge of the accounting firm: Yuh-Huah Chern

**Consolidated Income Statement**

January – March 2023

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

Presented in RMB yuan, unaudited

Items	Q1 2023	Q1 2022
I. Total revenue	12,998,168,439.83	13,953,702,502.36
Including: Operating revenue	12,998,168,439.83	13,953,702,502.36
II. Total cost of operations	12,664,760,123.13	13,486,474,690.16
Less: Costs	11,817,436,153.01	12,659,975,036.36
Taxes and levies	21,693,460.75	13,707,900.74
Sales expenses	76,824,612.25	75,687,030.45
Administrative expenses	266,299,109.22	287,713,508.38
R&D expenses	399,121,632.65	387,939,202.79
Financial expenses	83,385,155.25	61,452,011.44
Including: Interest expenses	83,289,848.86	47,363,025.34
Interest income	52,402,224.05	14,730,992.48
Add: Other income	11,723,235.18	14,644,329.73
Investment income	45,441,684.68	24,694,749.27
Including: Income from investments in associates and joint ventures	-2,523,975.66	5,996,690.80
Gains (losses) from changes in fair values	954,212.25	-7,627,957.62
Impairment gains (losses) of credit	-14,365,261.01	950,070.53
Impairment gains (losses) of assets	-76,192,713.33	-5,176,804.61
Gains (losses) from disposal of assets	1,421,113.62	4,853,017.05
III. Operating profit (losses are represented by '-')	302,390,588.09	499,565,216.55
Add: Non-operating income	4,145,636.71	3,077,464.63
Less: Non-operating expenses	855,439.28	1,836,442.66
IV. Total profit (total losses are represented by '-')	305,680,785.52	500,806,238.52
Less: Income tax expenses	28,213,345.80	61,860,833.97
V. Net profit (net losses are represented by '-')	277,467,439.72	438,945,404.55
(I) Net profit classified by operating continuity:		
1. Net profit from continuing operations (net losses are represented by '-')	277,467,439.72	438,945,404.55
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 '-')	277,457,152.84	438,949,141.54
2. Profit or loss attributable to minority shareholders (net losses are represented by '-')	10,286.88	-3,736.99
VI. Other comprehensive income, net of tax	-56,422,425.36	-90,861,644.30
(I) Other comprehensive income attributable to owners of the Company, net of tax	-56,425,278.33	-90,851,873.39
1. Other comprehensive income that cannot be subsequently reclassified to profit or loss	6,343,901.28	-11,671,237.43
(1) Changes 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	6,343,901.28	-11,671,237.43
(4) Changes in fair value of credit risks of the enterprise		
() Other comprehensive income that will be reclassified to profit or loss	-62,769,179.61	-79,180,635.96



(1) Other comprehensive income that can be reclassified to profit or loss under the equity method	1,564,310.94	4,106,351.61
(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	-26,171,625.90	-122,387,854.52
(7) Others	-38,161,864.65	39,100,866.95
(II) Total comprehensive income attributable to the minority shareholders, net of tax	2,852.97	-9,770.91
VII. Total comprehensive income	221,045,014.36	348,083,760.25
Total comprehensive income attributable to owners of the Company	221,031,874.51	348,097,268.15
Total comprehensive income attributable to minority interests	13,139.85	-13,507.90
VIII. Earnings per share		
(I) Basic earnings per share	0.13	0.20
(II) Diluted earnings per share	0.13	0.20

Legal representative: Jeffrey Chen

Person in charge of accounting: Tan-Yang Liu

Person in charge of the accounting firm: Yuh-Huah Chern

**Consolidated Cash Flow Statement**

January – March 2023

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

Presented in RMB yuan, unaudited

Items	Q1 2023	Q1 2022
<b>I. Cash flows from operating activities:</b>		
Cash receipts from the sale of goods and the rendering of services	16,297,358,543.24	17,200,731,236.58
Receipts of tax refunds	163,500,462.73	140,711,629.18
Other cash receipts relating to operating activities	71,698,106.87	50,916,345.47
Sub-total of cash inflows from operating activities	16,532,557,112.84	17,392,359,211.23
Cash payments for goods purchased and services received	12,180,343,518.67	14,417,544,177.24
Cash payments to and on behalf of employees	1,282,044,193.76	1,010,342,413.64
Payments of various types of taxes	318,986,276.06	136,557,878.85
Other cash payments relating to operating activities	205,260,639.94	133,924,962.51
Sub-total of cash outflows from operating activities	13,986,634,628.43	15,698,369,432.24
Net cash flows from operating activities	2,545,922,484.41	1,693,989,778.99
<b>II. Cash flows from investing activities:</b>		
Cash receipts from disposals and recovery of investments	2,164,880,000.00	1,319,000,000.00
Cash receipts from investment income	75,160,660.34	18,698,058.47
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	11,541,546.45	13,173,954.40
Sub-total of cash inflows from investing activities	2,251,582,206.79	1,350,872,012.87
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	414,252,928.55	574,403,243.38
Cash payments to acquire investments	2,064,321,293.40	1,330,000,000.00
Sub-total of cash outflows from investing activities	2,478,574,221.95	1,904,403,243.38
Net cash flow from investment activities	-226,992,015.16	-553,531,230.51
<b>III. Cash flows from financing activities:</b>		
Cash receipts from capital contributions	3,636,901.19	2,791,014.96
Cash receipts from borrowings	3,678,112,190.35	3,887,431,036.78
Other cash receipts relating to financing activities	23,468,171.08	3,506,097.66
Sub-total of cash inflows from financing activities	3,705,217,262.62	3,893,728,149.40
Cash repayments of borrowings	3,617,621,410.32	4,228,170,017.70
Cash payments for distribution of dividends or profits or settlement of interest expenses	44,363,839.01	13,305,781.09
Other cash payments relating to financing activities	41,779,850.24	70,883,559.39
Sub-total of cash outflows from financing activities	3,703,765,099.57	4,312,359,358.18
Net cash flow from financing activities	1,452,163.05	-418,631,208.78
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	-32,055,957.28	-19,162,837.37
<b>V. Net Increase (decrease) in cash and cash equivalents</b>	2,288,326,675.02	702,664,502.33
Add: Opening Balance of Cash and Cash Equivalents	7,678,044,104.00	6,018,193,116.59
<b>VI. Closing balance of cash and cash equivalents</b>	9,966,370,779.02	6,720,857,618.92

Legal representative: Jeffrey Chen

Person in charge of accounting: Tan-Yang Liu

Person in charge of the accounting firm: Yuh-Huah Chern

It is hereby announced.

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

April 25, 2023