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## JCET Innovation and Manufacturing Strategies Deliver Record High Revenue for FY2020 with Profits Twice the Total of the Last 17 Years

### Fourth Quarter and Fiscal Year 2020 Financial Results:

- Fourth-quarter revenue was RMB 7.70 billion. On a comparable basis, taking into account the accounting change in revenue recognition, it was an increase of 17.6% year on year (see note 1).
- Full-year revenue was RMB 26.46 billion. On a comparable basis, taking into account the accounting change in revenue recognition, it was an increase of 28.2% year on year (see note 2).
- Fourth-quarter cash from operations was RMB 1.80 billion. With net capex investments of RMB 1.01 billion, free cash flow for the quarter was RMB 0.79 billion.
- Full-year cash from operations was RMB 5.43 billion, up 71.1% year on year. With net capex investments of RMB 3.01 billion, free cash flow for the year was RMB 2.42 billion.
- Fourth-quarter net profit was RMB 0.54 billion. Full-year net profit was RMB 1.30 billion, a record high in the company's history.
- Earnings per share was RMB 0.34 in the fourth quarter and RMB 0.81 for the full year, as compared to RMB 0.17 in Q4 2019 and RMB 0.06 in 2019 respectively.

**Note 1:** During the reporting period, we optimized the business model for the purchase and sale of certain packaged products, of which JCET Group no longer bears the general inventory risk on the main raw materials. In accordance with PRC GAAP, both revenue and costs of goods sold were recorded on the net basis and decreased by RMB 0.92 billion respectively. This change had no impact on the company's net profit. Assuming that revenue was still recognized by the gross method (should be recorded on the net basis according to PRC GAAP), it would be RMB 8.62 billion, an increase of 17.6% over the same period last year.

**Note 2:** During the reporting period, we optimized the business model for the purchase and sale of certain packaged products, of which JCET Group no longer bears the general inventory risk on the main raw materials. In accordance with PRC GAAP, both revenue and costs of goods sold were recorded on the net basis and decreased by RMB 3.70 billion respectively. This change had no impact on the company's net profit. Assuming that revenue was still recognized by the gross method (should be recorded on the net basis according to PRC GAAP), it would be RMB 30.16 billion, an increase of 28.2% over the same period last year.

Shanghai, China, April 28th, 2021 - JCET (SSE: 600584), a leading global provider of integrated circuit (IC) manufacturing and technology services, today announced its full year financial results for the year ended December 31, 2020. According to the financial report, in 2020, JCET achieved solid and rapid growth with strong profitability, with revenue of RMB 26.46 billion and net profit of RMB 1.30 billion.

The demand for semiconductor products was historically strong in 2020, driven by the rapid development and integration of 5G and AI. JCET was poised and ready for this opportunity, delivering a record level performance for FY2020 by successfully optimizing and integrating the technology, management and

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production capacity resources of its domestic and international manufacturing hubs and R&D centers. JCET also leveraged its years of accumulated industry know-how and continued expanding its investment in both R&D and talent development, resulting in a year-on-year increase of 5.2% in R&D expenditure and 154 new patents. JCET's core technologies include advanced packaging technologies such as System-in-Package (SiP), high-density flip-chip and wafer-level-packaging (WLP), providing innovative solutions for 5G communication, automotive, high-performance computing, storage and other demanding applications. During FY2020, the cumulative number of JCET patents grew to 3,238. The expansion of intellectual property has created a solid foundation for future innovations that will be needed to meet the unique and complex demands of the market.

Mr. Li Zheng, CEO of JCET said, "With over 50 years of OSAT industry experiences, JCET is now firmly positioned as a tier-1 global IC manufacturing and service provider. With the support and guidance from our new board of directors, the company has successfully optimized and integrated our technology, talent and production resources throughout our operations around the world. We have made significant investments to continue developing innovative packaging technologies as well as assembly and test manufacturing processes. These strategic initiatives led to our record breaking performance in 2020 and have also positioned us well for the opportunities that lie ahead of us in 2021!"

Ms. Janet Chou, CFO of JCET said, "We delivered record level annual revenue, profit and free cash flows in 2020. The net profit for the year was approximately twice the sum of the net profits for the 17 years since the public listing of JCET. We strengthened our balance sheet with significant improvements in our key financial metrics. We announced a common stock dividend of RMB 0.05 per share. Our focus on advanced packaging technologies is paying off."

In the post-Moore era, technical collaboration across the IC industry chain is becoming more and more important. As a leading supplier in the IC industry, JCET continues operating by its core value of "win-win cooperation" and is committed to promoting the collaborative development of the supply chain to enable the semiconductor industry to successfully overcome the challenges created by the growing demands of the market.

For more information, please refer to JCET FY2020 report.

ASSETS	As of	
	Dec 31, 2020	Dec 31, 2019
<b>Current assets</b>		
Currency funds	2,235	2,569
Trading financial assets	5	0
Derivative financial assets	8	4
Accounts receivable	3,846	3,350
Receivables financing	41	68
Prepayments	158	188
Other receivables	41	11
Inventories	2,946	2,731
Current portion of non-current assets	0	137
Other current assets	149	501
<b>Total current assets</b>	<b>9,429</b>	<b>9,559</b>
<b>Non-current assets</b>		
Long-term receivables	42	40
Long-term equity investments	949	972
Other equity investments	430	517
Investment properties	96	100
Fixed assets	17,790	17,799
Construction in progress	866	1,664
Intangible assets	526	587
Goodwill	2,071	2,214
Long-term prepaid expenses	0	1
Deferred tax assets	128	128
Other non-current assets	1	1
Total non-current assets	22,899	24,023
<b>Total assets</b>	<b>32,328</b>	<b>33,582</b>

LIABILITIES AND EQUITY	As of	
	Dec 31, 2020	Dec 31, 2019
<b>Current liabilities</b>		
Short-term borrowings	5,288	9,098
Derivative financial liabilities	0	161
Notes payable	513	958
Accounts payable	4,499	4,618
Receipts in advance	0	113
Contract liabilities	173	0
Employee benefits payable	858	586
Taxes and surcharges payable	109	53
Other payables	254	235
Current portion of long-term liabilities	2,131	1,827
Other current liabilities	21	0
<b>Total current liabilities</b>	<b>13,846</b>	<b>17,649</b>
<b>Non-current liabilities</b>		
Long-term borrowings	2,978	1,585
Bonds payable	999	0
Long-term payables	592	1,216
Long-term employee benefits payable	4	1
Deferred income	375	337
Deferred tax liabilities	124	156
Total non-current liabilities	<b>5,072</b>	<b>3,295</b>
<b>Total liabilities</b>	<b>18,918</b>	<b>20,944</b>
<b>Equity</b>		
<b>Paid-in capital</b>	<b>1,603</b>	1,603
Surplus reserves	10,242	10,242
Accumulated other comprehensive income	(83)	429
Specialized reserves	120	122
Unappropriated profit	1,518	231
Total equity attributable to <b>owners of the parent</b>	<b>13,400</b>	<b>12,627</b>
<b>Minority shareholders</b>	<b>10</b>	<b>11</b>
<b>Total equity</b>	<b>13,410</b>	<b>12,638</b>
<b>Total liabilities and equity</b>	<b>32,328</b>	<b>33,582</b>

	Three months ended		Year ended	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
<b>Revenue</b>	<b>7,701</b>	<b>7,330</b>	<b>26,464</b>	<b>23,526</b>
Less: Cost of sales	6,512	6,388	22,374	20,895
Taxes and surcharges	20	10	48	37
Selling expenses	50	67	225	265
Administrative expenses	350	230	1,037	1,044
Research and development expenses	252	393	1,020	969
Finance expenses	152	213	634	870
Including: Interest expenses	136	153	569	742
Interest income	11	7	42	27
Add: Other income	88	79	185	296
Investment income / (loss)	6	6	(2)	7
Including: Income / (loss) from investments in associates and joint ventures	(3)	3	(11)	4
Gain / (loss) on the net position hedging	(5)	(14)	(4)	(13)
Gain / (loss) on changes in fair value of financial assets/liabilities	39	(86)	67	(86)
Credit impairment (loss is expressed by "-")	1	(29)	(7)	(35)
Asset impairment (loss is expressed by "-")	(62)	(219)	(87)	(234)
Gain / (loss) on disposal of assets	126	730	168	744
<b>Operating profit / (loss)</b>	<b>558</b>	<b>496</b>	<b>1,446</b>	<b>125</b>
Add: Non-operating income	3	6	6	6
Less: Non-operating expenses	3	47	21	51
<b>Profit / (loss) before income taxes</b>	<b>558</b>	<b>455</b>	<b>1,431</b>	<b>80</b>
Less: Income tax expenses	17	178	125	(17)
<b>Net profit / (loss)</b>	<b>541</b>	<b>277</b>	<b>1,306</b>	<b>97</b>
Classified by continuity of operations				
Profit / (loss) from continuing operations	541	277	1,306	97
Classified by ownership				
<b>Net profit / (loss) attributable to owners of the parent</b>	<b>540</b>	<b>271</b>	<b>1,304</b>	<b>89</b>
Net profit / (loss) attributable to minority shareholders	1	6	2	8
Add: Unappropriated profit at beginning of period	994	(40)	231	142
Less: Other reductions	16	0	17	0
<b>Unappropriated profit at end of period (attributable to owners of the parent)</b>	<b>1,518</b>	<b>231</b>	<b>1,518</b>	<b>231</b>

	Three months ended		Year ended	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
<b>Other comprehensive income, net of tax</b>	<b>(308)</b>	<b>(42)</b>	<b>(505)</b>	<b>156</b>
<b>Comprehensive income attributable to owners of the parent</b>	<b>(308)</b>	<b>(42)</b>	<b>(505)</b>	<b>156</b>
Comprehensive income not be reclassified to profit or loss	(40)	10	(50)	10
Remeasurement gains or losses of a defined benefit plan	(2)	(1)	(2)	(1)
Change in the fair value of other equity investments	(38)	11	(48)	11
Comprehensive income to be reclassified to profit or loss	(268)	(52)	(455)	146
Cash flow hedge reserve	(3)	(1)	(1)	3
Exchange differences of foreign currency financial statements	(265)	(51)	(454)	143
<b>Total comprehensive income</b>	<b>233</b>	<b>235</b>	<b>801</b>	<b>253</b>
Including:				
Total comprehensive income attributable to owners of the parent	232	229	799	245
Total comprehensive income attributable to minority shareholders	1	6	2	8
<b>Earnings per share</b>				
Basic earnings per share	0.34	0.17	0.81	0.06
Diluted earnings per share	0.34	0.17	0.81	0.06

	Three months ended		Year ended	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from the sale of goods and the rendering of services	7,989	7,548	27,350	24,199
Receipts of taxes and surcharges refunds	(42)	354	486	651
Other cash receipts relating to operating activities	139	120	905	396
Total cash inflows from operating activities	8,086	8,022	28,741	25,246
Cash payments for goods and services	4,891	5,009	18,475	17,385
Cash payments to and on behalf of employees	1,143	1,067	3,787	3,766
Payments of all types of taxes and surcharges	186	(158)	499	253
Other cash payments relating to operating activities	63	290	545	666
Total cash outflows from operating activities	6,283	6,208	23,306	22,070
<b>Net cash flows from operating activities</b>	<b>1,803</b>	<b>1,814</b>	<b>5,435</b>	<b>3,176</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash receipts from returns of investments	6	(30)	12	73
Cash receipts from investment income	9	31	9	32
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	253	23	318	68
Net cash receipts from disposal of subsidiaries and other business units	56	0	56	0
Other cash receipts relating to investing activities	81	0	81	20
Total cash inflows from investing activities	405	24	476	193
Cash payments to acquire fixed assets, intangible assets and other long-term assets	1,268	647	3,330	2,803
Cash payments for investments	5	0	5	0
Total cash outflows from investing activities	1,273	647	3,335	2,803
<b>Net cash flows from investing activities</b>	<b>(868)</b>	<b>(623)</b>	<b>(2,859)</b>	<b>(2,610)</b>

	Three months ended		Year ended	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash receipts from borrowings	5,775	3,437	15,725	14,280
Other cash receipts relating to financing activities	0	238	0	2,118
Total cash inflows from financing activities	5,775	3,675	15,725	16,398
Cash repayments for debts	5,738	4,687	16,190	17,300
Cash payments for distribution of dividends or profit and interest expenses	189	57	614	726
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries	3	0	3	0
Other cash payments relating to financing activities	676	545	1,167	1,311
Total cash outflows from financing activities	6,603	5,289	17,971	19,337
<b>Net cash flows from financing activities</b>	<b>(828)</b>	<b>(1,614)</b>	<b>(2,246)</b>	<b>(2,939)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>4</b>	<b>(10)</b>	<b>(29)</b>	<b>33</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>111</b>	<b>(433)</b>	<b>301</b>	<b>(2,340)</b>
Add: Cash and cash equivalents at beginning of period	2,056	2,299	1,866	4,206
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,167</b>	<b>1,866</b>	<b>2,167</b>	<b>1,866</b>