

## JCET Posts Second Consecutive Quarter with Record High in Q2 2020

### Strong demand for advanced technology drives growth (Q2 2020 Financial Highlights):

- Revenue was RMB 6.27 billion, a record high in the second quarter. On a comparable basis, taking into account the accounting change in revenue recognition, it was an increase of 55.3% year on year (see note).
- Generated RMB 1.00 billion cash from operations, up 54.9% year on year. With net capex investments of RMB 0.64 billion, free cash flow for the quarter was RMB 0.36 billion.
- Net profit was RMB 0.23 billion, a record high second quarter in the past five years.
- Earnings per share was RMB 0.15, as compared to RMB -0.13 in Q2 2019.

Note: 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 0.93 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 7.20 billion, an increase of 55.3% over the same period last year.

**Shanghai, China, August 20<sup>th</sup>, 2020**— Global leading semiconductor microsystem integration packaging and test provider, JCET Group (SH: 600584) reported financial results for the second quarter 2020, ended June 30<sup>th</sup>, 2020. Revenue was RMB 6.27 billion and net profit was RMB 0.23 billion, both a record second quarter high in the past five years. These results show that JCET's investment in the development of advanced packaging and test technologies has begun to bear fruit.

Mr. Li Zheng, Chief Executive Officer of JCET Group, said, "Following our strong Q1 with this Q2 performance shows that JCET is benefiting from the strengths of our three global manufacturing hubs, and the continuous improvement of our operational excellence. The rapid development of the 5G communications industry and high-performance computing applications has increased the demand for advanced packaging technologies and manufacturing processes. JCET Group's global supply chain resources and strong portfolio of advanced technology combined with our world-class management team will continue to provide our global customers with industry-leading semiconductor packaging, test and design services."

Ms. Janet Chou, Chief Financial Officer of JCET Group, said, "JCET delivered solid second quarter results with improvement in key financial metrics. Our performance demonstrated our commitment to drive profitable growth and cash generation."

**About JCET Group:**

JCET Group is a leading global semiconductor system integration packaging and test provider, offering a full range of turnkey services that include semiconductor package integration design and characterization, R&D, wafer probe, wafer bumping, package assembly, final test and drop shipment to vendors around the world.

Our comprehensive portfolio covers a wide spectrum of semiconductor applications such as mobile, communication, compute, consumer, automotive and industry etc., through advanced wafer level packaging, 2.5D/3D, System-in-Packaging, and reliable flip chip and wire bonding technologies. JCET Group has two R&D centers in China and Korea, six manufacturing locations in China, Korea and Singapore, and sales centers around the world, providing close technology collaboration and efficient supply-chain manufacturing to customers in China and around the world.

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ASSETS	As of	
	Jun 30, 2020	Dec 31, 2019
<b>Current assets</b>		
Currency funds	2,813	2,569
Derivative financial assets	3	4
Accounts receivable	2,958	3,350
Receivables financing	59	68
Prepayments	214	188
Other receivables	12	11
Inventories	2,663	2,731
Current portion of non-current assets	137	137
Other current assets	186	501
<b>Total current assets</b>	<b>9,045</b>	<b>9,559</b>
<b>Non-current assets</b>		
Long-term receivables	31	40
Long-term equity investments	986	972
Other equity investments	527	517
Investment properties	98	100
Fixed assets	18,130	17,799
Construction in progress	1,146	1,664
Intangible assets	560	587
Goodwill	2,248	2,214
Long-term prepaid expenses	0	1
Deferred tax assets	121	128
Other non-current assets	1	1
<b>Total non-current assets</b>	<b>23,848</b>	<b>24,023</b>
<b>Total assets</b>	<b>32,893</b>	<b>33,582</b>

LIABILITIES AND EQUITY	As of	
	Jun 30, 2020	Dec 31, 2019
<b>Current liabilities</b>		
Short-term borrowings	6,127	9,098
Derivative financial liabilities	101	161
Notes payable	589	958
Accounts payable	3,788	4,618
Receipts in advance	0	113
Contract liabilities	38	0
Employee benefits payable	588	586
Taxes and surcharges payable	93	53
Other payables	210	235
Current portion of long term liabilities	2,590	1,827
<b>Total current liabilities</b>	<b>14,124</b>	<b>17,649</b>
<b>Non-current liabilities</b>		
Long-term borrowings	3,185	1,585
Bonds payable	1,012	0
Long-term payables	920	1,216
Long-term employee benefits payable	1	1
Deferred income	332	337
Deferred tax liabilities	159	156
<b>Total non-current liabilities</b>	<b>5,609</b>	<b>3,295</b>
<b>Total liabilities</b>	<b>19,733</b>	<b>20,944</b>
<b>Equity</b>		
Paid-in capital	1,603	1,603
Surplus reserves	10,242	10,242
Accumulated other comprehensive income	586	429
Specialized reserves	122	122
Unappropriated profit	598	231
Total equity attributable to owners of the parent	13,151	12,627
Minority shareholders	9	11
<b>Total equity</b>	<b>13,160</b>	<b>12,638</b>
<b>Total liabilities and equity</b>	<b>32,893</b>	<b>33,582</b>

	Three months ended		Six months ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
<b>Revenue</b>	6,268	4,634	11,976	9,149
Less: Cost of sales	5,271	4,149	10,232	8,298
Taxes and surcharges	9	9	17	17
Selling expenses	59	63	116	128
Administrative expenses	226	303	435	549
Research and development expenses	276	176	491	349
Finance expenses	156	186	303	434
Including: Interest expenses	149	171	303	368
Interest income	10	5	19	12
Add: Other income	46	41	80	185
Investment income/(loss)	(6)	(2)	(7)	(3)
Including: Income/(loss) from investments in associates and joint ventures	(6)	(2)	(7)	(3)
Gain/(loss) on the net position hedging	(4)	0	(5)	0
Credit impairment (loss is expressed by "-")	(11)	(9)	(6)	(8)
Asset impairment (loss is expressed by "-")	(28)	(17)	(25)	(14)
Gain/(loss) on disposal of assets	5	7	9	7
<b>Operating profit/(loss)</b>	<b>273</b>	<b>(232)</b>	<b>428</b>	<b>(459)</b>
Add: Non-operating income	0	0	0	1
Less: Non-operating expenses	2	0	8	4
<b>Profit/(loss) before income taxes</b>	<b>271</b>	<b>(232)</b>	<b>420</b>	<b>(462)</b>
Less: Income tax expenses	38	(20)	53	(204)
<b>Net profit/(loss)</b>	<b>233</b>	<b>(212)</b>	<b>367</b>	<b>(258)</b>
Classified by continuity of operations				
Profit/(loss) from continuing operations	233	(212)	367	(258)
Classified by ownership				
<b>Net profit/(loss) attributable to owners of the parent</b>	<b>232</b>	<b>(212)</b>	<b>366</b>	<b>(259)</b>
Net profit/(loss) attributable to minority shareholders	1	0	1	1

	Three months ended		Six months ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
<b>Other comprehensive income, net of tax</b>	27	170	157	(42)
<b>Comprehensive income attributable to owners of the parent</b>	27	170	157	(42)
Comprehensive income to be reclassified to profit or loss	27	170	157	(42)
Comprehensive income using the equity method	0	0	0	0
Cash flow hedge reserve	5	2	3	5
Exchange differences of foreign currency financial statements	22	168	154	(47)
<b>Total comprehensive income</b>	<b>260</b>	<b>(42)</b>	<b>524</b>	<b>(300)</b>
Including:				
Total comprehensive income attributable to owners of the parent	259	(42)	524	(301)
Total comprehensive income attributable to minority shareholders	1	0	0	1
<b>Earnings per share</b>				
Basic earnings per share	0.15	(0.13)	0.23	(0.16)
Diluted earnings per share	0.15	(0.13)	0.23	(0.16)

	Three months ended		Six months ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from the sale of goods and the rendering of services	6,857	4,547	12,892	9,956
Receipts of taxes and surcharges refunds	200	74	423	158
Other cash receipts relating to operating activities	230	41	523	208
<b>Total cash inflows from operating activities</b>	<b>7,287</b>	<b>4,662</b>	<b>13,838</b>	<b>10,322</b>
Cash payments for goods and services	5,117	2,901	9,342	7,176
Cash payments to and on behalf of employees	829	826	1,788	1,788
Payments of all types of taxes and surcharges	142	119	232	238
Other cash payments relating to operating activities	195	168	323	303
<b>Total cash outflows from operating activities</b>	<b>6,283</b>	<b>4,014</b>	<b>11,685</b>	<b>9,505</b>
<b>Net cash flows from operating activities</b>	<b>1,004</b>	<b>648</b>	<b>2,153</b>	<b>817</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash receipts from returns of investments	0	50	0	66
Cash receipts from investment income	0	(24)	0	0
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	20	9	27	15
Other cash receipts relating to investing activities	0	0	0	20
<b>Total cash inflows from investing activities</b>	<b>20</b>	<b>35</b>	<b>27</b>	<b>101</b>
Cash payments to acquire fixed assets, intangible assets and other long-term assets	659	940	1,337	1,530
<b>Total cash outflows from investing activities</b>	<b>659</b>	<b>940</b>	<b>1,337</b>	<b>1,530</b>
<b>Net cash flows from investing activities</b>	<b>(639)</b>	<b>(905)</b>	<b>(1,310)</b>	<b>(1,429)</b>

	Three months ended		Six months ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash receipts from borrowings	2,601	2,632	8,531	8,494
Other cash receipts relating to financing activities	0	777	0	777
Total cash inflows from financing activities	2,601	3,409	8,531	9,271
Cash repayments for debts	2,393	2,379	8,141	9,206
Cash payments for distribution of dividends or profit and interest expenses	141	136	305	437
Other cash payments relating to financing activities	111	284	285	717
Total cash outflows from financing activities	2,645	2,799	8,731	10,360
<b>Net cash flows from financing activities</b>	(44)	610	(200)	(1,089)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	(7)	26	16	6
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	314	379	659	(1,695)
Add: Cash and cash equivalents at beginning of the year	2,211	2,132	1,866	4,206
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	2,525	2,511	2,525	2,511