
Fully Integrated and Optimized Strategies for Growth Propel JCET to Quarterly Highs for Revenue and Profit in Q1 2021

Q1 2021 financial highlights:

- Revenue was RMB 6.71 billion. It was an increase of 17.6% year on year and a record high first quarter in the company's history.
- Generated RMB 1.20 billion cash from operations, up 4.9% year on year. With net capex investments of RMB 0.56 billion, free cash flow for the quarter was RMB 0.64 billion.
- Net profit was RMB 0.39 billion. A record high first quarter in the company's history with 188.7% year on year growth.
- Earnings per share was RMB 0.24, as compared to RMB 0.08 in Q1 2020.

Shanghai, China, April 28th, 2021 - JCET (SSE: 600584), a leading global provider of integrated circuit (IC) manufacturing and technology services, today announced its financial results for the first quarter of 2021 ended March 31, 2021. According to the financial report, in Q1 2021, JCET maintained its momentum of growth and strong profitability, with revenue of RMB 6.71 billion and net profit of RMB 0.39 billion, which achieved 17.6% and 188.7% year on year growth respectively

In 2020, JCET played on its strengths of unparalleled industry insights and strategies, promoted development with innovation, and improved efficiency led by a world class management team. After nearly two years of resource optimization and integration, JCET's operations are now running in their optimum mode. With a concise development strategy and roadmap in place, as well as a team driven by passion to win, JCET has constructed a solid foundation for growth in 2021.

Mr. Li Zheng, CEO of JCET said, "After reaching new highs in financial performance for 2020, including a net profit more than doubled of the previous 17 years' combined, JCET's earnings and revenue for the first quarter of 2021 again set new records year-over-year. Our continued excellence in R&D, manufacturing and strategic management is the key to our success and positions us well for even better results in 2021."

Ms. Janet Chou, CFO of JCET said: "We achieved record quarterly revenue and profitability. Our gross margin expanded 2.9 percentage points year over year. Our debt leverage ratio decreased to below 2.0. We delivered RMB 0.64 billion free cash flow which demonstrated the strength of our business model. Our outstanding performance reflects solid execution of our growth strategy."

Recently, with a strong recovery underway in the automotive market and an increased demand for deeper collaborative design within the industry supply chain, JCET announced the official opening of its Automotive Electronics Business Center and Design Services Business Center to further enhance the technology innovation advantage. The investment of resources into these two new business units demonstrates JCET's commitment to promoting collaborative and synergistic development across the IC industry and further strengthens its position for continued growth.

For more information, please refer to JCET Q1FY2021 report.

ASSETS	As of	
	Mar 31, 2021	Dec 31, 2020
Current assets		
Currency funds	1,913	2,235
Trading financial assets	5	5
Derivative financial assets	0	8
Accounts receivable	3,458	3,846
Receivables financing	58	41
Prepayments	190	158
Other receivables	26	41
Inventories	2,650	2,946
Other current assets	83	149
Total current assets	8,383	9,429
Non-current assets		
Long-term receivables	40	42
Long-term equity investments	948	949
Other equity investments	432	430
Investment properties	95	96
Fixed assets	18,065	17,790
Construction in progress	689	866
Right-of-use assets	709	0
Intangible assets	477	526
Goodwill	2,086	2,071
Deferred tax assets	106	128
Other non-current assets	1	1
Total non-current assets	23,648	22,899
Total assets	32,031	32,328

LIABILITIES AND EQUITY	As of	
	Mar 31, 2021	Dec 31, 2020
Current liabilities		
Short-term borrowings	4,477	5,288
Derivative financial liabilities	7	0
Notes payable	449	513
Accounts payable	4,155	4,499
Contract liabilities	271	173
Employee benefits payable	664	858
Taxes and surcharges payable	135	109
Other payables	232	254
Current portion of long-term liabilities	2,474	2,131
Other current liabilities	315	21
Total current liabilities	13,179	13,846
Non-current liabilities		
Long-term borrowings	2,446	2,978
Bonds payable	999	999
Lease liabilities	597	0
Long-term payables	487	592
Long-term employee benefits payable	7	4
Deferred income	344	375
Deferred tax liabilities	129	124
Total non-current liabilities	5,009	5,072
Total liabilities	18,188	18,918
Equity		
Paid-in capital	1,603	1,603
Surplus reserves	10,242	10,242
Accumulated other comprehensive income	(36)	(83)
Specialized reserves	120	120
Unappropriated profit	1,904	1,518
Total equity attributable to owners of the parent	13,833	13,400
Minority shareholders	10	10
Total equity	13,843	13,410
Total liabilities and equity	32,031	32,328

	Three months ended	
	Mar 31, 2021	Mar 31, 2020
Revenue	6,712	5,708
Less: Cost of sales	5,636	4,961
Taxes and surcharges	20	8
Selling expenses	49	57
Administrative expenses	230	209
Research and development expenses	258	215
Finance expenses	96	147
Including: Interest expenses	110	154
Interest income	5	9
Add: Other income	41	34
Investment income / (loss)	(2)	(1)
Including: Income / (loss) from investments in associates and joint ventures	(2)	(1)
Gain / (loss) on the net position hedging	(2)	(1)
Credit impairment (loss is expressed by "-")	4	5
Asset impairment (loss is expressed by "-")	(28)	3
Gain / (loss) on disposal of assets	6	4
Operating profit / (loss)	442	155
Less: Non-operating expenses	2	6
Profit / (loss) before income taxes	440	149
Less: Income tax expenses	53	15
Net profit / (loss)	387	134
Classified by continuity of operations		
Profit / (loss) from continuing operations	387	134
Classified by ownership		
Net profit / (loss) attributable to owners of the parent	386	134
Net profit / (loss) attributable to minority shareholders	1	0
Add: Unappropriated profit at beginning of period	1,518	231
Unappropriated profit at end of period (attributable to owners of the parent)	1,904	365

	Three months ended	
	Mar 31, 2021	Mar 31, 2020
Other comprehensive income, net of tax	47	131
Comprehensive income attributable to owners of the parent	47	131
Comprehensive income not be reclassified to profit or loss	1	0
Remeasurement gains or losses of a defined benefit plan	1	0
Comprehensive income to be reclassified to profit or loss	46	131
Cash flow hedge reserve	(10)	(2)
Exchange differences of foreign currency financial statements	56	133
Total comprehensive income	434	265
Including:		
Total comprehensive income attributable to owners of the parent	433	265
Total comprehensive income attributable to minority shareholders	1	0
Earnings per share		
Basic earnings per share	0.24	0.08
Diluted earnings per share	0.24	0.08

	Three months ended	
	Mar 31, 2021	Mar 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from the sale of goods and the rendering of services	7,439	6,035
Receipts of taxes and surcharges refunds	157	223
Other cash receipts relating to operating activities	51	293
Total cash inflows from operating activities	7,647	6,551
Cash payments for goods and services	5,073	4,225
Cash payments to and on behalf of employees	1,128	959
Payments of all types of taxes and surcharges	130	90
Other cash payments relating to operating activities	112	128
Total cash outflows from operating activities	6,443	5,402
Net cash flows from operating activities	1,204	1,149
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	36	7
Total cash inflows from investing activities	36	7
Cash payments to acquire fixed assets, intangible assets and other long-term assets	597	678
Total cash outflows from investing activities	597	678
Net cash flows from investing activities	(561)	(671)

	Three months ended	
	Mar 31, 2021	Mar 31, 2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash receipts from borrowings	1,623	5,931
Other cash receipts relating to financing activities	347	0
Total cash inflows from financing activities	1,970	5,931
Cash repayments for debts	2,662	5,748
Cash payments for distribution of dividends or profit and interest expenses	134	164
Other cash payments relating to financing activities	107	174
Total cash outflows from financing activities	2,903	6,086
Net cash flows from financing activities	(933)	(155)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	7	22
NET INCREASE IN CASH AND CASH EQUIVALENTS	(283)	345
Add: Cash and cash equivalents at beginning of period	2,167	1,866
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,884	2,211