



JPT

Shenzhen JPT Opto-electronics Co., Ltd.

Social Responsibility Report 2020

Create Values and Serve the Mankind
With Leading Optical Technology

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Introduction of JPT

Leader's Oration

The year 2020 is a very eventful year. The Covid-19 pandemic broken out at the beginning of the year had great impact on various industries. But inspired by our dreams, we braved the difficulties to lay a solid foundation for healthy and quick future development of JPT.

In 2020, we achieved expansion in difficult situations. After the Company went public in October 2019, the long-troubling funding problem was finally resolved and the Company could implement its medium- and long-term strategic planning in a calmer and more sound way. In 2020, the Huizhou Industrial Park which JPT invested to build was successfully put into operation. Since then, the Company put a stop to its rental days for 15 years and integrated its laser source product line and smart device product line together, which helped improve the synergy effect, expand JPT's overall production capacity to five times of the original and significantly release its growth potentials. In 2020, the Company increased R&D investment to 101 million CNY despite difficulty situations, accounting for 12% of its total operating revenue of 854 million CNY, an increase over 50% compared with that in 2019. In the meantime, the Company hired 220 new R&D engineers in 2020, a year-on-year increase of 58%, which helped to build a talent pool for JPT's future development.

In 2020, several of our products became global "hidden champions". The market share of some of JPT's products kept increasing and the Company created an overall revenue 50.37% higher than that in the last year. Various laser businesses of the Company continued to grow. Its competitive product --- MOPA

pulse fiber laser had an increased average power to 2000W, consolidating JPT's global leading edge in this field; the high-brightness MOPA pulse laser had been successfully developed, offering a new technical solution for the PV and lithium industries; the stable quality and high cost efficiency of the DPSS laser of the Company won recognition from customers and the DPSS UV laser business saw a substantial growth; in terms of high-power CW fiber laser, 6000W single-module and 30,000W high-power products were launched to offer domestic solutions for the high-power laser cutting market; a series of ultrafast lasers such as infrared and UV picosecond ultrafast lasers were developed in the second half of 2020 to provide an excellent tool for laser precision processing and manufacturing.

JPT's cooperation with Apple was further enhanced. In Q1 of 2020, the Company won orders of laser/optical intelligent equipment worth 198 million CNY from Apple, laying a solid foundation for its further expansion in Apple supply chain. In the second half of 2020, the globally tight production capacity of chip resistors and inductors prompted resistor, capacitor and inductor manufacturers in China to greatly expand their production capacity. Therefore, the Company received a large number of orders of laser trimmer, laser scribe and intelligent peeling systems, in which the shipping volume of the laser trimmer ranked top in the world.

In 2020, we achieved innovations and breakthroughs in many fields. In meeting the needs of benchmark customers in key downstream industries, the Company made some

progresses in R&D of the laser/optical intelligent equipment. JPT developed the VCSEL chip module full-function testing system for important mobile phone-dominated 3C electronic customers and became one of the core suppliers of Apple with the help of the first application of this technology in the industry sector. Meanwhile, JPT continued its deep commitment to integrated circuit passive component industry and kept developing such high-end devices as laser precision marking, laser precision welding and high-speed AOI. In the highly developing silicon photonics semiconductor industry, JPT developed a silicon photonics wafer testing system and became a supplier of Intel --- a leader in silicon photonics technology --- to offer testing systems for its most advanced 400G data center products. Besides, JPT developed the VCSEL chip test system for AMS, a world-leading micro-optic solution provider. In terms of the PCB industry, JPT developed a high-speed laser drilling system and a flexible PCB cutting system.

In 2020, we started digital transformation and enhanced our core competitiveness. In 2020, the Company engaged a team from IBM to launch its digital transformation. It fully supported the transformation to adopt the customer needs-based and product R&D-oriented strategy via custom-made PLM, OA, ERP and WMS data decision-making platforms. It also tried, via such digital transformation, to integrate upstream and downstream on the supply chain, strengthen direct connection & communication with its suppliers and customers, enable efficient collaboration and create a win-win supply chain ecosystem.

Via the digital transformation, the Company blended digitalization and intelligitization of full lifecycle of products throughout its production, operation, R&D and management, enabled real-time operational data presentation, digital production operation, refined operation management and intelligent decision-making support, and improved its core competitiveness.

In 2020, we walked along with international giants to accelerate upgrading of our global strategy. As the overseas headquarters of the Company's global presence, the Singapore R&D Center plays a vital strategic role and vigorously promotes quick entry of the Company into the supply chain system of globally renown major customers. In 2020, the Company started from the enterprises in Taiwan to get a quick access to the Japan market and won orders from major customers in Japan. In the meantime, the Company purchased 100% equity of Hylax Technology Pte Ltd., Singapore, laying a solid foundation for entering the global supply chain of major semiconductor customers. By now, global branches of the Company have had presence in many countries and regions including Singapore, U.S., Korea, Japan and Taiwan in China.

In 2020, we got deeply involved in fighting and rescue against the Covid-19 pandemic. After the breakout of the pandemic, the Company took the initiative to participate in rescue, prevention and control against the Covid-19 according to the prevention and control requirements of the government. JPT donated 1 million CNY to the inflicted area in Hubei, helped three hospitals build virus detection centers and purchased medical supplies for emergency use such as protective suits and medical N95 masks

via its overseas channels and sent them to the hospitals in Wuhan. During recovery after the pandemic, JPT expanded in unfavorable circumstance, recruited a large number of R&D engineers and enabled growth in its operating performance.

In the future, JPT will stick to its industrial positioning of "laser+" and devote deeply into the upstream laser source core technologies. It will establish deep cooperation with benchmark customers in such industries as 3C, new energy, integrated circuit and semiconductor in order to replace imported laser technologies and products (solutions) with domestically made ones. It will cooperate with downstream laser equipment suppliers for mutual win and jointly build a healthy ecosystem for the laser industry. Based on the Fourteenth Five-Year Plan, JPT will help the manufacturing industry in China to transform and upgrade from "made in China" to "mind in China". Meanwhile, JPT will accelerate access into overseas markets, serve the world with the laser technologies in China and strive to develop 8 to 10 "hidden global champion" products within 5 to 10 years.

Huang Zhijia, Chairman



Liu Jian, General Manager




Huang Zhijia, Chairman



Liu Jian, General Manager

Company Overview



By the end of 2020,
the Company has owned

380

licensed intellectual
property rights

Founded in 2006 and went public in October 2019 on the SSE Sci-Tech Innovation Board, Shenzhen JPT Opto-electronics Co., Ltd. (stock code: 688025) is a national high-tech company engaged in R&D, production and sales of lasers, laser/optical intelligent equipment and fiber optic components.

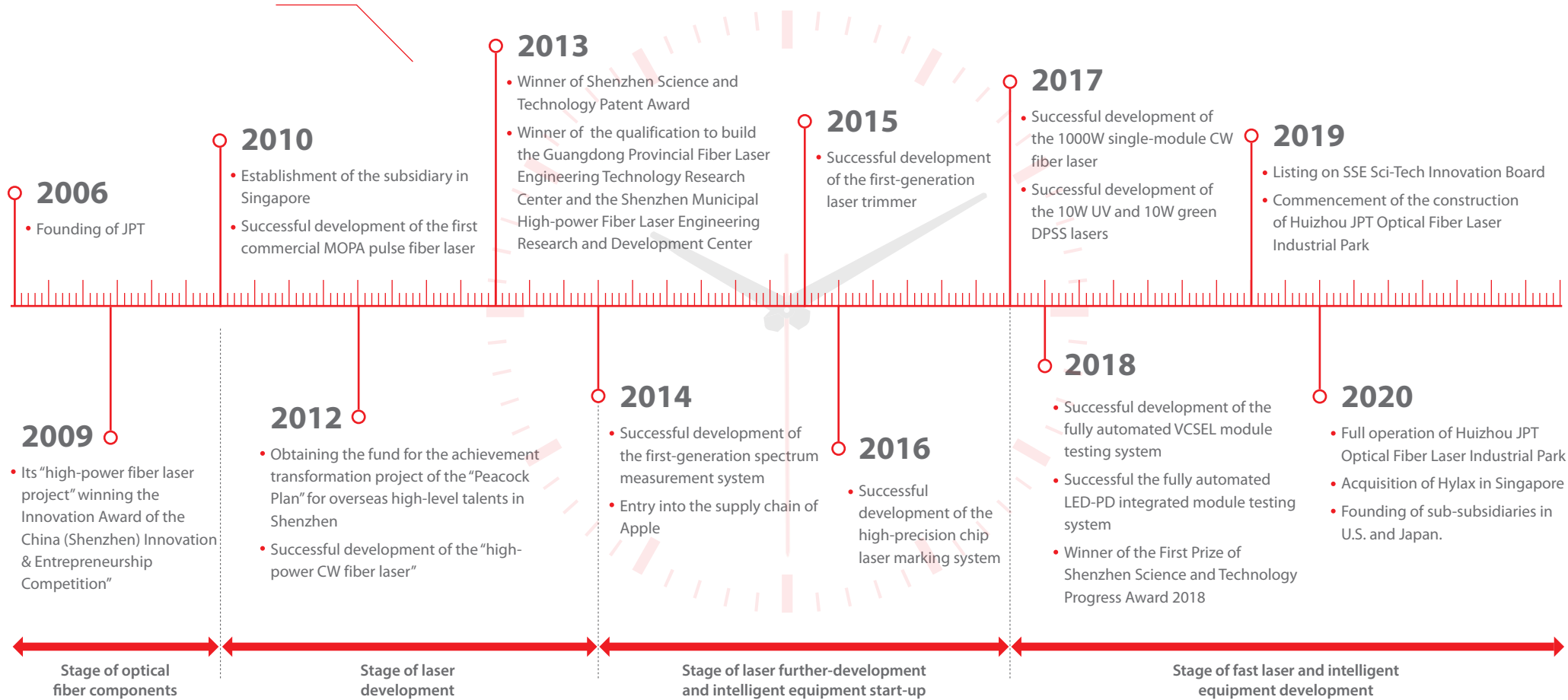
JPT is the first manufacturer in China of "high-power MOPA pulse fiber laser for commercial purpose" and a leading supplier of the opto-electronics precision inspection and laser processing intelligent equipment. Currently, the Company is a global leader in the MOPA pulse fiber laser and a world-leading manufacturer of the optical laser inspection equipment and the laser trimmer.

The products of the Company include lasers, laser/optical intelligent equipment and fiber optic components and find wide application in the traditional manufacturing, 3C electronics, automobile and new energy industries. The intelligent equipment can be used in such fields as laser precision processing, spectrum inspection, consumer electronics product manufacturing and manufacturing of SMDs. The Company has built an international R&D and marketing platform and its products and services have been sold to many famous customers in Asia, North America and Europe. The products have won recognition from world-leading manufacturers of consumer electronics, semiconductors, optoelectronics components and laser devices, such as Apple, Intel, ST Microelectronics, Yageo, Uniohm, Hans Laser and Danaher.

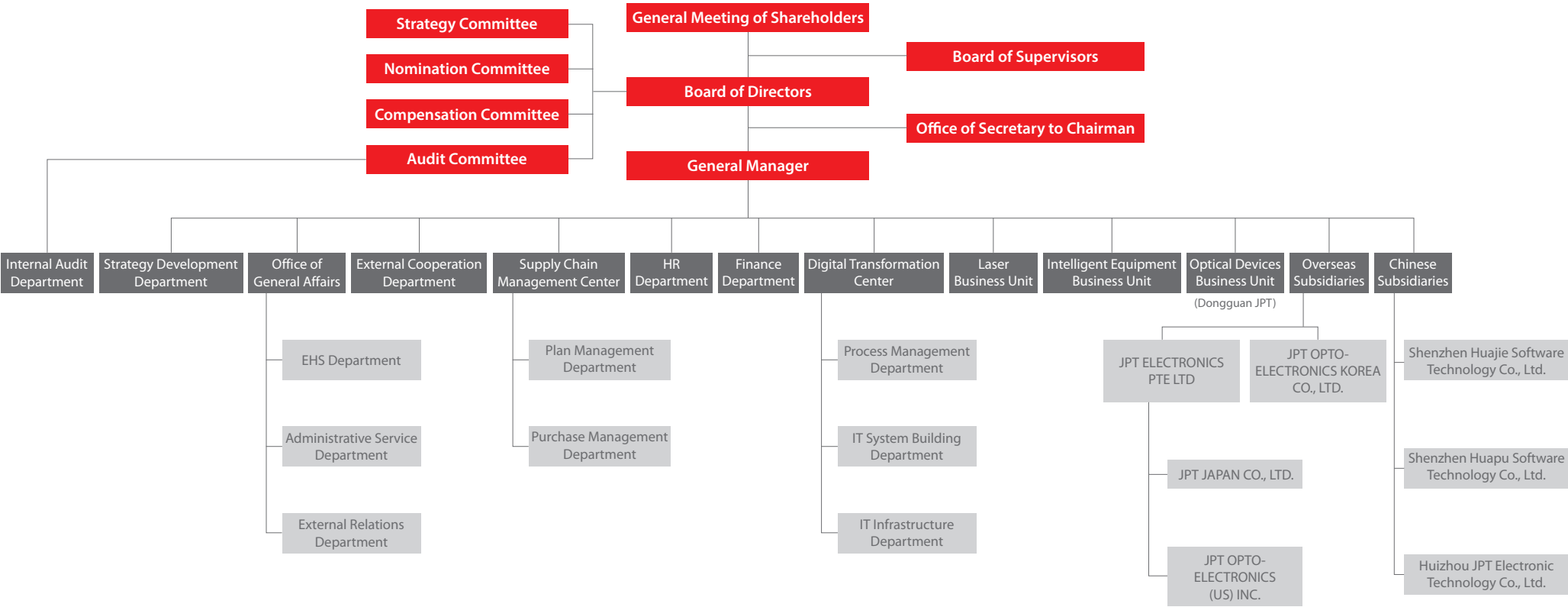
On the basis of laser R&D, JPT has established laser & optics, testing & measurement, motion control & automation and machine vision technology platforms and keeps developing proprietary intellectual property rights. By the end of 2020, the Company has owned 380 licensed intellectual property rights and set up several R&D centers or subsidiaries in China, Singapore, U.S., Japan and Korea.

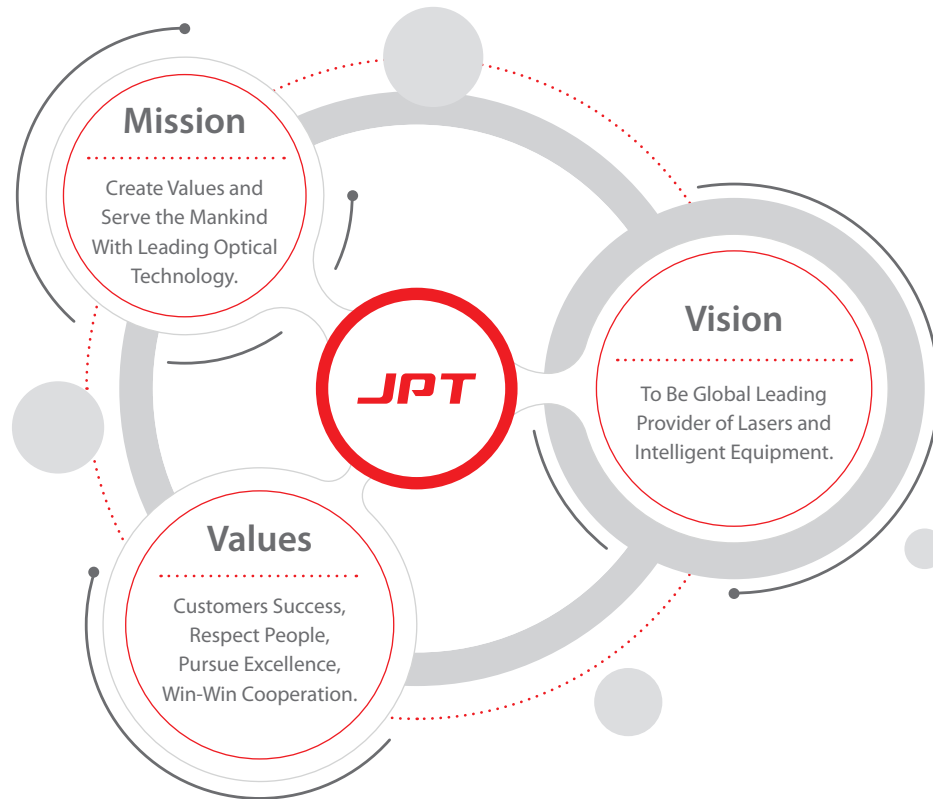


Milestones



Company governance structure

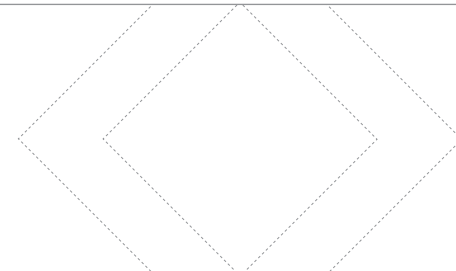




Development directions

Lasers

JPT will advance towards the technical direction of “high power, high brightness, multiple wavelength and ultra-short pulse” and focus on developing such products as MOPA fiber lasers, CW fiber lasers, DPSS lasers and semiconductor lasers.



Laser/optical intelligent equipment

JPT will expand towards such niches as ultrahigh precision laser trimmer, laser scribe, flexible and brittle material microprocessing devices and semiconductor testing systems.

Company and individual honors

Company honors

Name of honor	Awarded by
National High-tech Enterprise	Shenzhen Municipal Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration
Innovation Award of China (Shenzhen) Innovation & Entrepreneurship Competition	Shenzhen Municipal Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration
Guangdong Provincial Fiber Laser (JT) Engineering Technology Research Center	Department of Science and Technology of Guangdong Province
Department of Science and Technology of Guangdong Province	Shenzhen Municipal Science and Technology Innovation Commission
Shenzhen Patent Award 2013	Shenzhen Municipal People's Government
Second Prize of Shenzhen Science and Technology Progress Award 2014	Shenzhen Municipal People's Government
Postdoctoral Innovation Practice Base	Human Resources and Social Security Bureau of Shenzhen Municipality
Enterprise Loyally Abiding by Contracts and Credits in Guangdong Province	Shenzhen Administration for Market Regulation
Enterprise Offering Express Services for Big Businesses in Shenzhen	Shenzhen Municipal People's Government
Enterprise Cultivated for Strategic Emerging Industry in Guangdong Province (intelligent manufacturing)	Department of Industry and Information Technology of Guangdong Province
First Prize of Shenzhen Science and Technology Progress Award 2018	Shenzhen Municipal People's Government
High-growth Small and Medium Enterprises in Guangdong Province	Department of Industry and Information Technology of Guangdong Province
Shenzhen Municipal Laser Precision Micro-processing Technology Engineering Research Center	Development and Reform Commission of Shenzhen Municipality
Enterprise on the Seventh List of Honest Small and Medium Enterprises	Shenzhen Credit Guarantee Group
Shenzhen Enterprise Technology Center	Shenzhen Industrial and Information Technology Bureau
Nomination Award of Shenzhen Industry Awards	Federation of Shenzhen Industries and Shenzhen Economic Daily
Shenzhen Craftsman Cultivation Demonstration Unit	Shenzhen Expert Assessment Committee of "100 Outstanding Craftsmen" and Federation of Shenzhen Industries
Intellectual Property Right Demonstration Enterprise of Guangdong Province 2020	Guangdong IP Protection Association

Individual honors

Name of honor	Winner	Awarded by
Influential Entrepreneurs of the Year	Huang Zhijia	Chinese Optical Society
Youth Science and Technology Award of Shenzhen Municipality	Liu Jian	Shenzhen Municipal People's Government
Deputy to the People's Congress of Shenzhen Municipality	Liu Jian	Shenzhen Municipal People's Government
Member of the Standing Committee of the National People's Congress of Longhua District, Shenzhen	Liu Jian	Shenzhen Longhua New District Management Committee
Management Committee Director Award, Shenzhen Longhua New District Science and Technology Innovation Award	Liu Jian	Shenzhen Longhua New District Management Committee
Outstanding Entrepreneurial Talents from Top 10 Small and Medium Enterprises in Shenzhen Municipality	Liu Jian	Shenzhen Promotion Association for Small and Medium Enterprises and Shenzhen Special Zone Daily
May 1 st Labor Medal in Longhua District	Liu Jian	Shenzhen Longhua District Federation of Trade Unions
Shenzhen Influential Business Figures – Rising Stars	Liu Jian	Federation of Shenzhen Commerce and Shenzhen General Chamber of Commerce
Shenzhen Quality City Gold Medal	Huang Zhijia	Shenzhen Quality City Promotion Association
Nomination Award of Shenzhen Industry Awards	Huang Zhijia	Federation of Shenzhen Industries and Shenzhen Economic Daily
100 Outstanding Craftsmen in Shenzhen	Zhao Chongguang, Liu Ming, Tang Ming, Zhu Jiangjie	Federation of Shenzhen Industries and Shenzhen Economic Daily
May 1 st Labor Medal in Longhua District	Zhao Chongguang	Shenzhen Longhua District Federation of Trade Unions
Brand Manager Training Certificate of Competence	Gong Chao	Shenzhen Quality City Promotion Association
Entrepreneurial Pioneer in Longhua District	Huang Zhijia	Association of Industry and Commerce of Longhua District, Shenzhen
Quality Building Figures with Distinguished Achievements in Shenzhen Municipality	Huang Zhijia	Shenzhen Quality City Promotion Association

Note: Statistics as of December 31, 2020.

Partners



Introduction of JPT

“Create light” —
match the international leading level
and create the “light of China”

“Pursue light” —
keep investing and drive
development with innovation

“Integrate light” —
grow with industrial giants via
cooperation and mutual win

“Emit light” —
remain true to original aspiration and bear
in mind the mission to benefit the mankind

“Gather light” —
put people first and build
harmonious culture

“Give light” —
empower with wisdom
and share a green future

Responsibility
management

CSR performance diagram 2020



Economic performance

Total assets	21.64 billion CNY		
Operating income	854 million CNY		
Net profits belonging to shareholders of listed companies	Basic earnings per share	Weighted average return on net assets	
44,297,600 CNY	0.48 CNY /share	2.80%	
R&D investment	Total number of licensed technical patents		
101 million CNY	380 项		
Net assets belonging to shareholders of listed companies	Operating costs		
16.15 billion CNY	590 million CNY		



Social performance

Total amount of tax payment	Charitable donation	Investment in targeted poverty alleviation
27,063,700 CNY	1.10 million CNY	0.2 million CNY
New job created	Proportion of female staff	Proportion of staff from ethnic minorities
355 people	28.35%	8.88%
Labor contract signing rate	Social insurance coverage	
100%	100%	



Environmental performance

Green operation

All the employees participate in improving cost management, break down and implement the cost control objective at all levels to truly cut cost and protect resources;

In 2020, the product full lifecycle digital management system was launched and greatly promoted green operations, energy conservation and efficiency improvement of the Company.

Green production

The process cooling system and the heat recovery system built and put into operation in the new plant area in Huizhou are expected to save power of 740,000 kWh every year compared to the laser chiller solution and offer 24-hour heat-recovered hot water for the industrial park to improve the staff's wellbeing in life.

JPT has reduced the volume of packaging materials used, started cyclic utilization and consumed 30 ton cartons and 56 ton wooden cases, reducing 30% and 12.5% respectively compared with those in the previous year.

Green energy

The Company has been dedicated to improving efficiency of lasers and its CW efficiency has increased from 33% to about 40%. Its annual shipping volume is expected to reach 15 million kWh (20 hours a day for about 300 days a year). This saves 135 million kWh power, including the power saved for the water chiller, for the customers.

Green environment-protection measures

Number of environmental-protection projects

3

Hours of environmental protection trainings

1,172 hours

586 persons/time and two hours/time

Times of environmental protection training

12 times

Once every month

Investment in environmental protection

795 million CNY

“Create light” --- match the international leading level and create the “light of China”

Idea and objective: The core of advanced manufacturing is light manufacturing. JPT is devoted to “laser+” and has the confidence and commitment to “leading optical technologies for people”, match internationally leading level and create the “light of China”.

Our performance: Our performance: In 2020, we obtained a sales lasers revenue of **412 million CNY**, increasing by **53%** compared with that in 2019. The revenues of the Company from laser/optical intelligent equipment were **379 million CNY** in the same year, increasing by **100.03%** compared with that in 2019.

Response of SDGs:



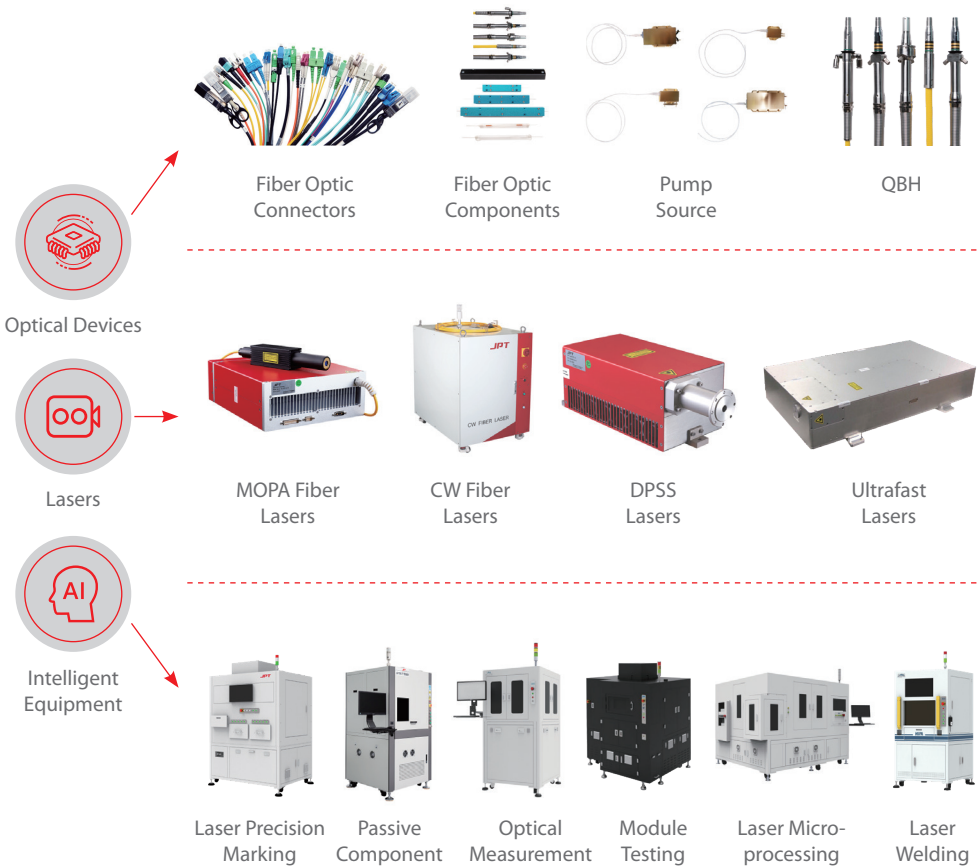
- 12 Stick to the industrial positioning of “laser+” and replace imported products with domestically made ones
- 13 MOPA lasers have first mover advantage and strong product competitiveness
- 14 Major customers of optical and laser equipment were developed and relevant revenue doubled
- 15 Expand global customers and improve service quality
- 18 Acquire to hold equity and consolidate industrial layout

Stick to the industrial positioning of “laser+” and replace imported products with domestically made ones

- The “+” in “laser+” has three levels of meanings: firstly, it means to develop great laser sources and offer appropriate module products;
- Secondly, it means to replace imported lasers and optical intelligent equipment with domestically made one;
- Thirdly, it means to develop special laser equipment for subsectors, mainly including intelligent equipment in the fields of precision processing, semiconductors, and pan-semiconductors.



Product category table	Revenue (Unit: 10,000 CNY)	Proportion
Lasers	41,214	48.3%
Fiber optic components	37,936	44.4%
Fiber optic components	3,029	3.5%
Others	3,178	3.7%
Total	85,357	100.0%



MOPA lasers have first mover advantage and strong product competitiveness



Laser revenue growth in 2020

53%

Since its founding, the Company embarked on a technical path different to any other laser manufacturer in China and tried to do "correct but difficult things". After eight-year attempts from 2006 to 2014, JPT became the first manufacturer in China mass-producing MOPA pulse fiber lasers for commercial purpose.

MOPA pulse fiber lasers feature pulse width modulation, wide frequency range, quick response speed, usable first pulse, small fluctuation of output power within the full temperature range, small size and low noise. Currently, the 200W MOPA pulse fiber laser has been put into mass production and sales; orders of the 350W single-module product have been obtained; prototypes of the 2000W multi-module product have

been developed and its overall technology and sales volume are superior to those of other major manufacturers in China. MOPA lasers of the Company still have strong prices and sales.

In terms of CW lasers, single-moduled 2kW and multi-moduled 30kW CW fiber lasers of the Company have been put into mass production and sales and lead other similar products in China.

In terms of DPSS lasers, the 1-15W UV and 1-30W green light DPSS lasers have been put into mass production and sales and lead other similar products in China. In 2020, JPT increased its production capacity of the DPSS laser, improved the laser processing standardization of basic products and consolidated subsequent development

strength of relevant product line. In Q4 of the same year, JPT even launched the DPSS ultrafast laser and further promoted its goal of diversifying laser categories.

The revenue from laser sales continued to increase to 412 million CNY, accounting for half of the overall revenues of the Company.



High-power lasers produced by JPT

Major customers of optical and laser equipment were developed and relevant revenue doubled

In 2020, the Company obtained a revenue of 379 million CNY from the laser/optical intelligent equipment, with a year-on-year increase of 100.03%. The laser/optical intelligent equipment become the second largest source of revenue in JPT.



In 2020, the Company obtained a revenue of

379 million CNY



VCSEL laser module testing system

The optical inspection device is one of the core products supplied in the industrial chain of Apple and has world-leading technologies.

The optical intelligent equipment of the Company includes intelligent optical spectrum measurement system, silicon photonics wafer testing system and VCSEL laser module testing system, all with internationally leading technology level. After years of operations, the Company has sold products to such famous companies as Apple, AMS, STMicroelectronics, LGIT, Kamaya, Yageo, Uniohm, Cytect and Walsin Technology.

JPT has become one of the core suppliers of Apple in the field of spectrum measurement. Such intelligent spectrum measurement system entered the industrial chain of Apple in 2014 for measuring optical characteristics of the cover glass used on the screens of smart phones and tablets. In 2020, JPT intensified and expanded cooperation with Apple, bringing in an operating revenue of 198 million CNY and an overall gross profit margin of 31.68%. Major competitors of the Company include famous foreign suppliers of inspection and analysis devices, such as Shima Seiki and Gamma Scientific.

The silicon photonics wafer testing system and the VCSEL laser module testing system were developed at the end of 2018 and customized based on the new products developed by well-known international customers. Now these products have been supplied to famous international consumer electronics and semiconductor companies, including Apple.

JPT laser trimmer



JPT is devoted to developing laser devices for the resistance industry and serving major players in the field of ceramic resistors.

JPT laser devices mainly include laser trimmer, laser scribe and chip laser marking and tracing system. The laser trimmer is used to cut thick and thin resistors and the laser scribe is used for scribing on ceramic substrate of chip resistors.

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In the second half of 2020, the globally tight production capacity of chip resistors and inductors made the electronic industry in China to enter the market development status dominated by "internal circulation". Large resistor and inductor suppliers started to use domestically made substitute products and thus JPT obtained a large amount of orders of laser trimmers, laser scribe and intelligent peeling machines.

Expand global customers and improve service quality



In 2020, JPT won

70%

new market share in the global market of laser trimmers.

Offer total solutions and create values for customers

The objective of the Company is to create values for customers, rather than compete with peers in prices. When offering services to Yageo, JPT found that Yageo required a considerable amount of laser devices globally and the core demand was the laser trimmer. However, the mainstream products in the market were made by Japan, Taiwan and U.S and featured high energy consumption and inconvenient use.

JPT's products only consume 50% energy of the traditional products and can be free from maintenance within the first five years. By using such products for three years, customers can save the cost of one product, making them perfect choices for customers. Therefore, JPT won 70% of the new market share of the global laser trimmer industry in 2020.



JPT laser trimmer

Expand the network and serve global customers

The Company's business presences can be found all over the world and many branches have been set up globally, including subsidiaries in Singapore and Korea, sub-subsidiaries in U.S. and Japan, and offices in Taiwan in China, Germany, India and Turkey as well as Suzhou, Guangzhou and Wuhan of China.

Europe:
Germany, Russia, France, Italy, Finland, Spain, the Netherlands and Britain

Asia:
China, India, Singapore, Korea, Japan, Turkey, Vietnam, Thailand, Malaysia and Saudi Arabia

North America:
U.S. and Canada

South America:
Brazil

Oceania:
Australia

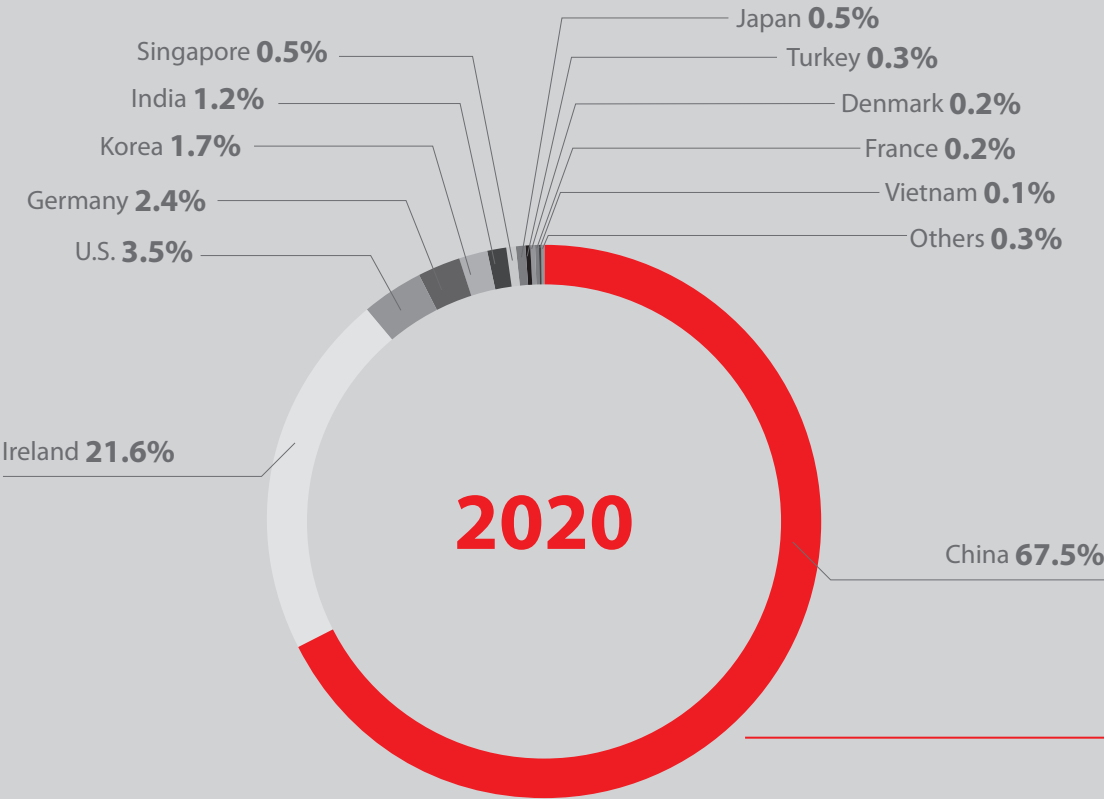
Offices in China:
Guangzhou, Wuhan, Chongqing, Chengdu, Ningbo, Wenzhou, Jinan and Suzhou;

Overseas branches:
Taiwan in China, Singapore, Korea, U.S., Japan, India, Germany and so on

📍 Locations of offices
■ The red areas show the scope of business



Chart of regional proportion of overseas sales revenues of products



Product sales seminar

Acquire to hold equity and consolidate industrial layout

In December 2020, the Company increased a capital of USD 10 million to its subsidiary JPT Singapore with its own funds and agreed that JPT Singapore acquired 100% equity of Hylax Technology Pte Ltd at the price of SGD 10 million. With an advanced laser micro-nano application and process development center in Southeast Asia, Hylax mainly focuses on precision micro-processing of semiconductors and laser micro-processing of medical products. It has been serving such famous international companies as Philips, HP, 3M, GE, Osram, Foxconn and Texas Instruments.



In December 2020, JPT Singapore acquired 100% equity of Hylax at a price of

SGD **10** million

The Company has acquired Hylax for its profitability and customer resources in the semiconductor, medical, LED display and electronic industries. The semiconductor industry has always been a closed industry, hard to be quickly accessed by a new company. Therefore, acquiring Hylax is a faster way for the Company to expand its customer groups.



Hylax, Singapore

In January 2020, the Company invested in Wuhan Changjin Laser Technologies Co. Ltd. to subscribe 20% of its equity with JPT's own funds of 10 million CNY. Wuhan Changjin is dedicated to R&D and manufacturing of active optical fibers for lasers. In 2020, JPT purchased active optical fibers worth 4.7 million CNY from it in place of part of the active optical fibers originally purchased from overseas companies.



Drawing tower of Wuhan Changjin



In January 2020, JPT subscribed

20% equity

from Wuhan Changjin Laser Technologies Co. Ltd.



“Pursue light” --- keep investing and drive development with innovation

Idea and objective: JPT staff pursue light for 15 consecutive years with passion for light and persistence, consolidate the core competitiveness of the Company with innovation driving and continuous investment, and grasp the key of advanced manufacturing. The Company has set out a “correct but difficult” path in the field of high-end manufacturing. A good few of its products have become “hidden global champions”.

Our performance: In 2020, JPT invested **100,520,800 CNY** in R&D, increased by **50.86%** compared with 66,630,300 CNY in 2019. Its R&D staff reached **600**, increased 220 or **58%** compared with the number in 2019. In 2020, JPT had **55** new licensed intellectual property rights, including 7 patents of invention, 30 patents of utility model, 4 patents of industrial design and 14 software copyrights.

Response of SDGs:



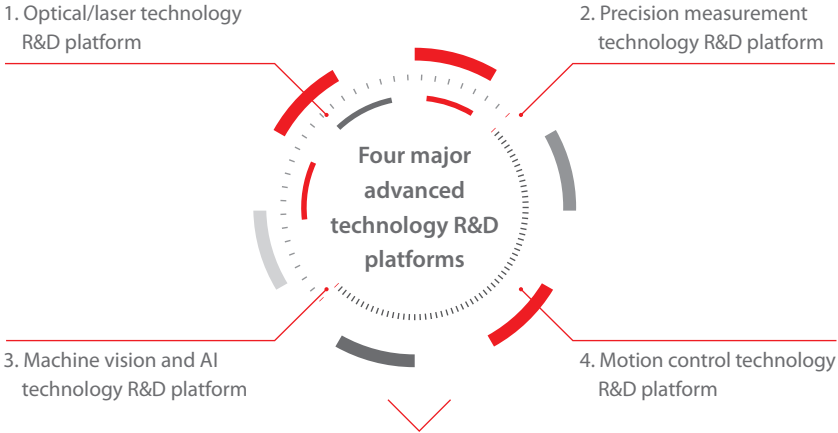
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- 26 Respect and protect intellectual property rights and promote development of the industry

Build four major advanced technology R&D platforms and create “hidden global champions”

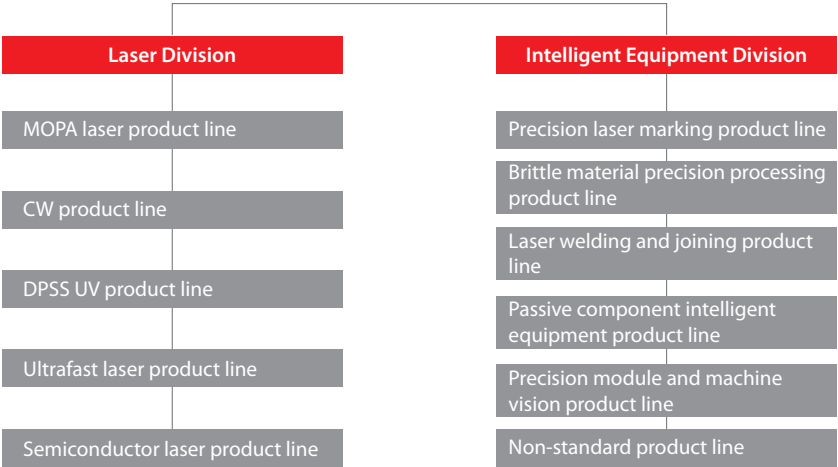


Guangdong Provincial High-power Fiber Laser Engineering Technology Research Center was officially established in JPT.

JPT has built four major advanced technology R&D platforms as the technical infrastructure support and created two major product business units on the basis of such platform: Laser BU and Intelligent Equipment BU, which have given rise to another 11 production lines in total.

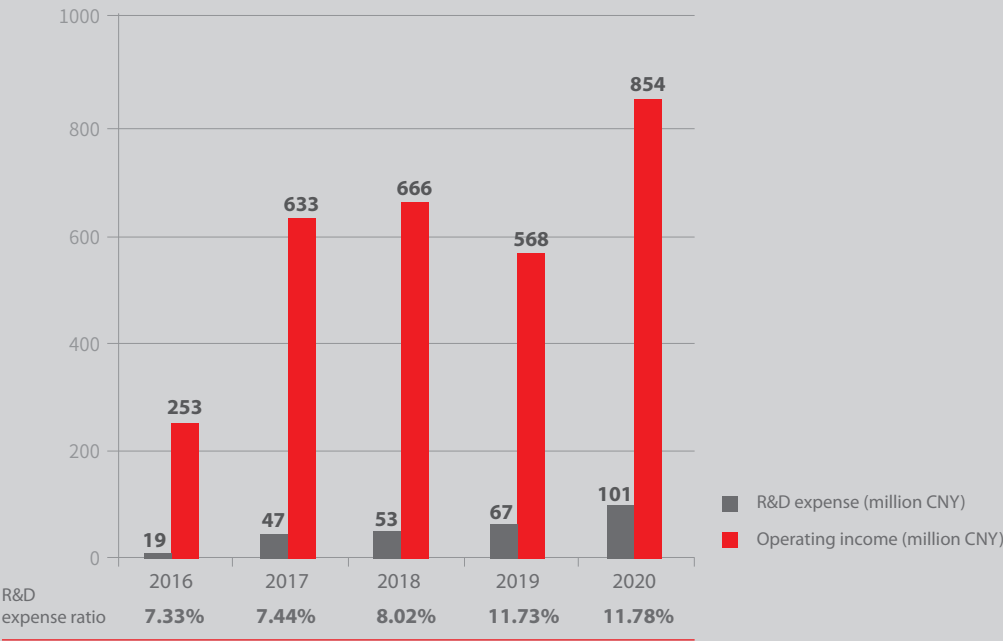


Welding application test of JPT CW laser in cooperation with robot arm



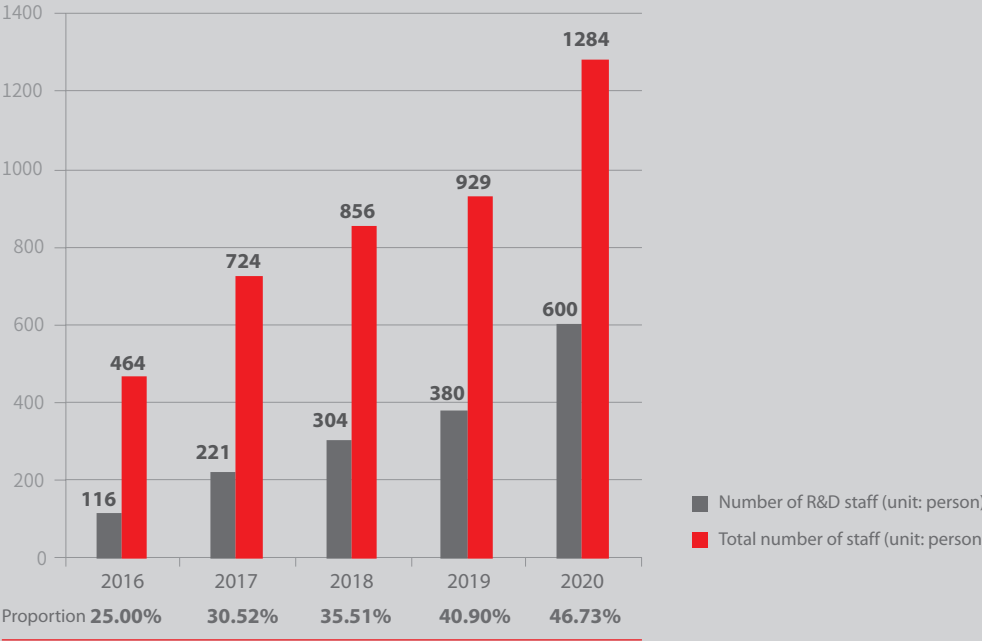
Keep increasing R&D investment and enlarging R&D staff

With an aim to select direction, find talents, determine route, combine long-term and short-term goals and keep investing, in recent five years, the Company keeps increasing its R&D expense at a speed far greater than its revenue growth rate.



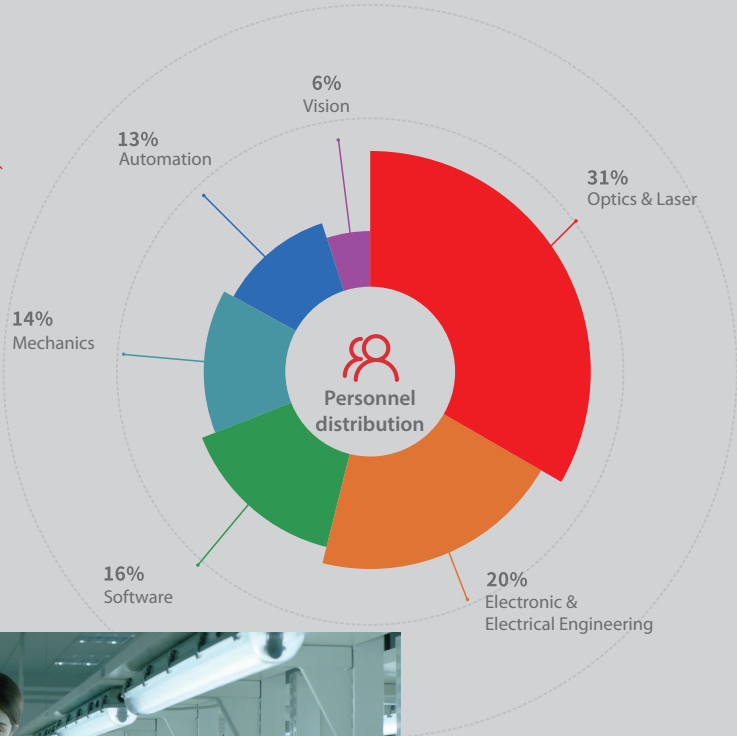
The Company started enlarging R&D staff in 2015 and the proportion of R&D staff members kept increasing from 25% in 2016 to 40% in 2019 and finally to 47% in 2020.

In 2020, full-time R&D staff of the Company further increased to 600 by the end of the year, increasing by 220 or 58% compared with that at the end of 2019. The Company kept improving the size and quality of its team of R&D staff, with 64.5% of personnel with bachelor and higher degree, laying a solid foundation for stable and fast growth of the Company.



R&D staff composition table

Basic conditions		
	Current period	Previous period
Number of R&D staff	600	380
Percentage of R&D staff in overall number of staff (%)	46.73	40.90
Percentage of R&D staff in overall number of staff (%)	5853.28	3910.66
Average compensation of R&D staff	13.94	15.04
Level of education		
Degree	Number	Percentage (%)
Doctor	17	2.83
Master	57	9.50
Bachelor	313	52.17
Junior college	169	28.17
Below junior college	44	7.33
Total	600	100
Age		
Age range	Number	Percentage (%)
Below 25 years old	106	17.67
25 – 30 years old	253	42.17
30 – 35 years old	154	25.66
Over 35 years old	87	14.50
Total	600	100



JPT's young team of doctors

Give play to the advantage of domestic and foreign “double-center” R&D

Since its founding, the Company set up two R&D centers in Shenzhen and Singapore respectively.

The new JPT Headquarters Building in Shenzhen put into operation in 2020 consists of several centers, including the headquarters operation center, the R&D center, the marketing center and the technical support center. Its key labs already established include Guangdong Provincial Fiber Laser Engineering Technology Research Center, Shenzhen Municipal High-power Fiber Laser Engineering Technology Research and Development Center, Longhua District High-performance Fiber Laser Engineering Technology

Research and Development Center, Shenzhen Laser Precision Micro-Processing Technology Engineering Research Center and Shenzhen Enterprise Technology Center.

The R&D Center in Singapore has been identified as the global R&D center of the Company to meet JPT’s medium- and long-term development objectives and focus on research of the needs of international major customers and the intelligent equipment.

Some senior executives of the Company, including Dr. LIU Jian and Dr. CHENG Xueping are graduated from Nanyang Technological

University. The founding of the Singapore R&D Center helps the Company to use the support of world-renown higher education institutions and first-rate hardware and software R&D conditions, get updated of the latest academic information, recruit high-level overseas R&D talents, accelerate R&D process and better blend into the supply chains of global giants of the semiconductor industry.

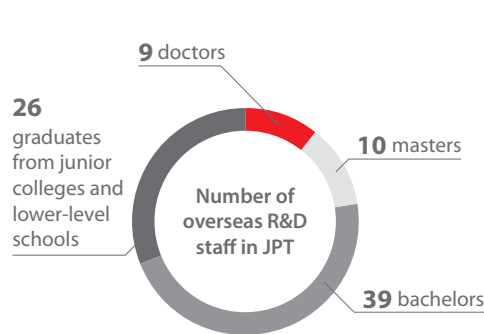
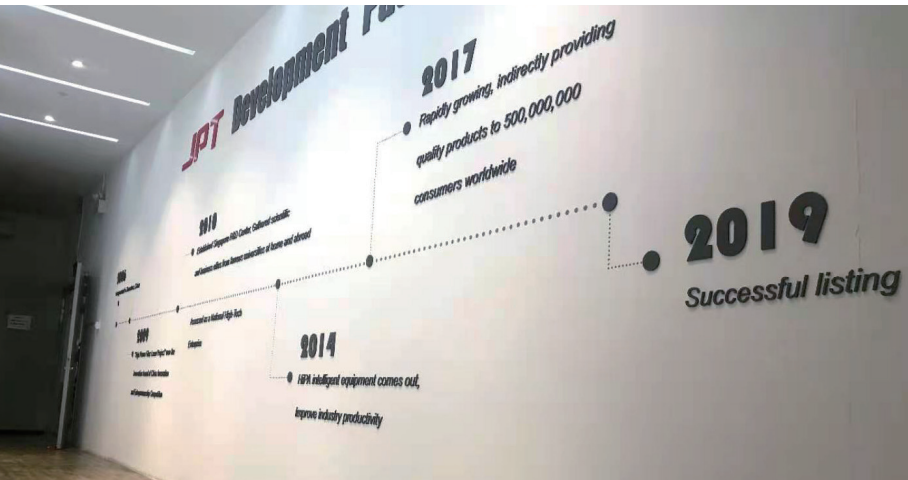
The Company has global R&D presence in Singapore, U.S., Japan and Korea. By the end of 2020, JPT has had 84 overseas R&D staff. Most of them are based in the Singapore R&D center and some are based in U.S., Japan and Korea.



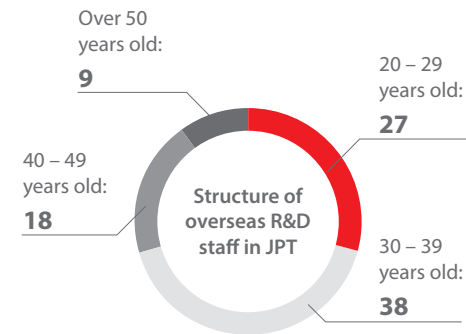
By the end of 2020, the Company has

84

overseas R&D staff, including



Subsidiary in Singapore



Make breakthroughs in market segments with technical progress

JPT has given play to its advantages in innovative and creative work of a technology-oriented company and made breakthroughs in market segments by understanding end customers.

In terms of CW lasers, the Company keeps researching and developing products with higher power and more applications. Its CW lasers have the highest power of 30,000W and can support customers in improving their production efficiency.

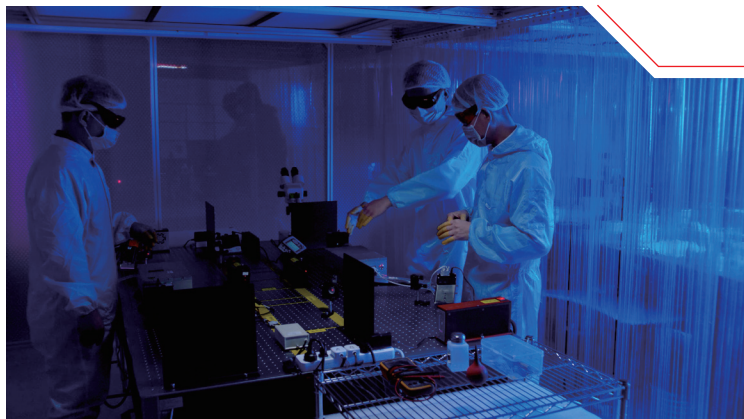
In terms of DPSS lasers, the Company keeps devoting to niches, offers customers air and water cooling solutions, enables applications including FPCB odd-shaped cutting, film cutting, PCB cutting & marking, photosensitive resin solidification of 3D printing and carbon fiber plate cutting and achieves the required processing effect in precision, efficiency and effect.

The picosecond ultrafast laser of the Company also keeps updating and will find more applications in the precision processing of semiconductors and the cosmetic medicine.

In 2020, the Company had 23 R&D projects with single investment over 3 million CNY and aiming to reach domestically and internationally leading level and such projects mainly involved such fields as lasers, semiconductors, 3C and PCBs. The objective of the Company is to develop a complete set of lasers for industrial processing, fully respond to customers' needs, provide better technical and quality guarantee in terms of light sources for JPT's laser/optical intelligent equipment and ensure that the Company's intelligent equipment products have the best processing effect and optimal cost efficiency.

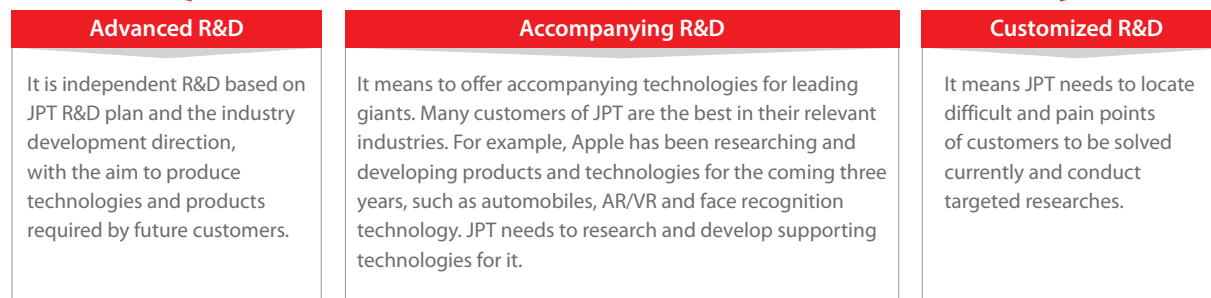


Semiconductor laser packaging test workshop



JPT R&D lab

Three R&D modes



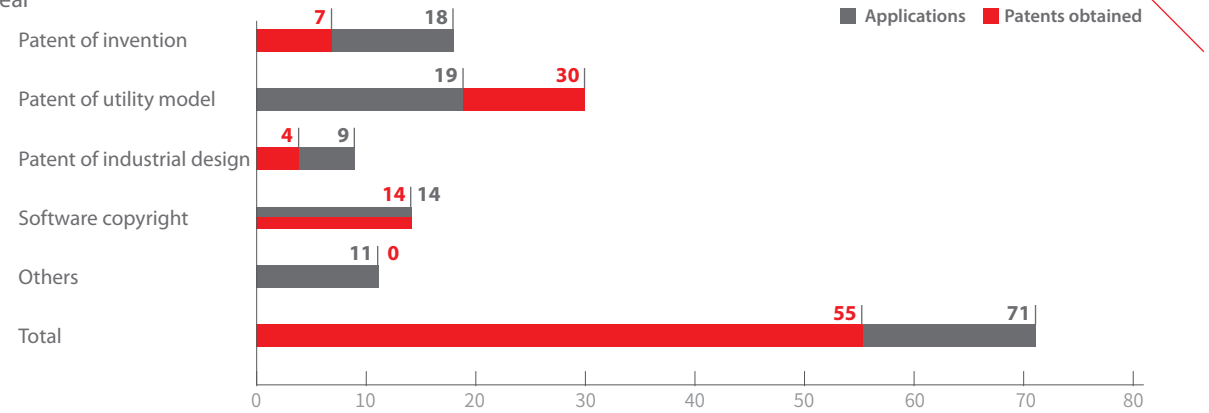
Patent reserves contain core values

Perhaps a single patent or certain technical breakthrough has limited value, but when combined together into an entirety, they may be able to work wonders.

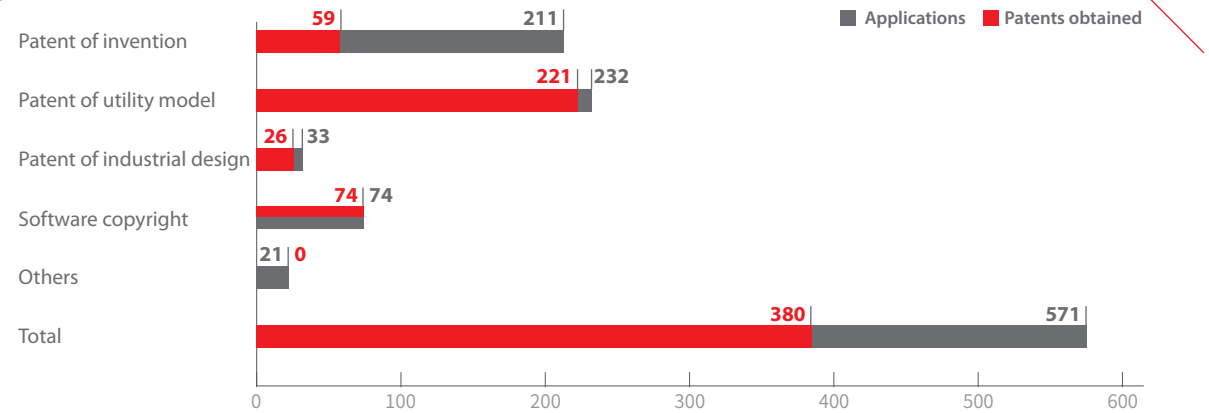
In 2020, JPT had 55 new licensed intellectual property rights, including 7 patents of invention, 30 patents of utility model, 4 patents of industrial design and 14 software copyrights. By the end of December 2020, the Company has an accumulated number of 380 intellectual property rights, including 59 patents of invention, 221 patents of utility model, 26 patents of industrial design and 74 software copyrights.



New patents
in this year



Accumulated
number



Respect and protect intellectual property rights and promote development of the industry

Since its founding in 2006, the Company set the goal of producing independently developed MOPA pulse fiber lasers. Its first prototype of the MOPA pulse fiber laser was created in 2008. After years of quality improvement, the Fiber Laser BU started to make profit in 2014.

For about 7 or 8 years, JPT staff performed one after one test and were fully devoted to research without poaching one talent from peer companies. The Company relied totally upon itself. Choosing a path less travelled is the R&D team’s confidence and commitment to itself.

The Company pays high attention to intellectual property rights to protect intellectual property rights is to protect innovations. In the industry, JPT has always been working steadily with large foreign players as benchmarks. In the meantime, it competes with domestic peers in differentiated products and services rather than purely in prices. JPT is more willing to compete in terms of innovations. It seeks answers and innovations, develops new blue sea market, and promotes the development of the industry by understanding end customers.



W5 conference delegates from OGC 2020 visiting JPT



JPT precision laser engraving application

List of JPT’s partners in production-education-research cooperation

Number	Partner	Content of cooperation
1	Harbin Institute of Technology, Shenzhen	Joint Cultivation of Postdoctoral Fellows
2	South China University of Technology, National University of Defense Technology, Southern University of Science and Technology, Shanghai Institute of Optics and Fine Mechanics, China Academy of Sciences, Wuhan Raycus Fiber Laser Technologies Co., Ltd. and Hengqin Firay Sci-Tech Co. Ltd.	“Major Special Technology Project of Laser and Additive Manufacturing”, Research and Development Plan for Key Sectors in Guangdong Province 2018 - 2019
3	Southern University of Science and Technology	Joint Cultivation of Graduates
4	Shenzhen University and Shenzhen Integrated Geotechnical Investigation & Surveying Co., Ltd.	Special Project of Integration of Chains of Innovation and Industry of Laser Radar Marine Exploration Equipment
5	Shenzhen Graduate School of Harbin Institute of Technology	Technology Project Cooperation of Quick Performance Test for Dynamic Network Optical Signals Based on Kalman Filter
6	China Electronics Technology Group Corporation	Strategic Cooperation
7	Southern University of Science and Technology	Practice Base Cooperation with School of Innovation and Entrepreneurship, Southern University of Science and Technology
8	Shenzhen University	Pilot Project of Mode-Lock Lasers Based on New 2D Material
9	Shenzhen Graduate School of Harbin Institute of Technology	Development for Key Technology of High-Precision Laser Marking Equipment
10	South China Normal University	Framework Cooperation

“Integrate light” --- grow with industrial giants via cooperation and mutual win

Idea and objective: Most partners of JPT are top layers in relevant industries. JPT is deeply convinced that “you need to fulfill customers first then to win customers”. JPT performs in-depth research of the needs of end customers and takes the initiative to research and develop products adaptable to the market. Besides, the Company does not rely upon a single product or customer to win. In case of any change in the market and the customers, its quick adaptability and power to pursue dreams can be amazing.

Our performance: JPT proactively gets closer to customers and has branches in U.S., Korea, Taiwan in China and Singapore. In 2020, its subsidiary in Singapore completed **370%** of its target and the amount of orders increased by **118.56%** compared with that in the previous year; the Taiwan branch completed **138%** of its target and the amount of orders increased by **483%** compared with that in the previous year. In 2020, the Company had **746** suppliers in total, adding **190** new suppliers and eliminating **33**. In 2020, the Company enabled, via digital transformation, real-time presentation of operational data, digital production operations, refined operational management and intelligent decision-making support.

Response of SDGs:

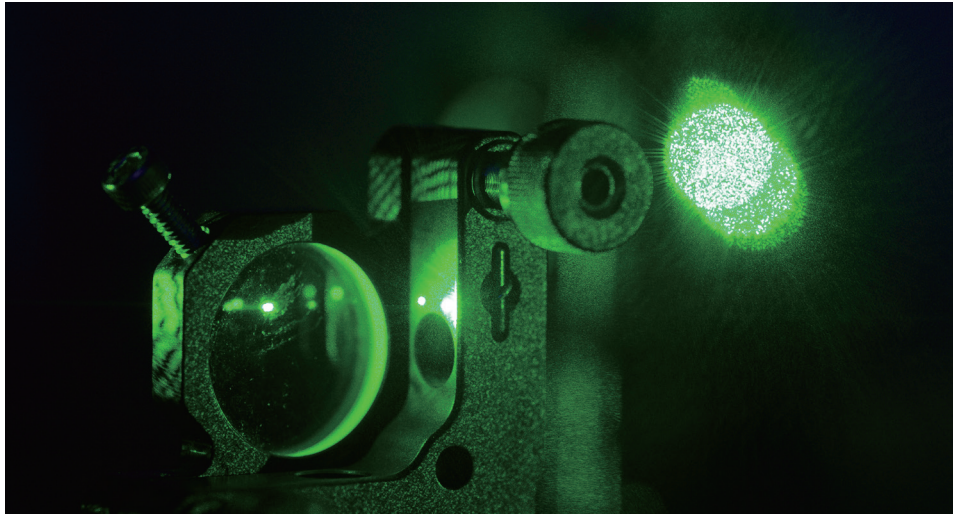


- 28 Offer closer service and research and develop new products based on key customer needs
- 29 “Global strategy” helps JPT to enter the supply chains of major customers
- 30 Protect rights and interests of suppliers, customers and consumers
- 31 Engage a management team from IBM to help with digital transformation of the Company

Offer closer service and research and develop new products based on key customers' needs

In JPT's corporate culture, one of the key contents is to contribute to customer success and grow with them. The Company studies not only its customers, but also the customers of these customers, tries to locate application scenarios of end users and solves pain and difficult points of customers.

Why JPT can win favors from major customers? firstly, JPT resonates with customers in technology and removes barriers in communication since the Company is good at innovative and creative work; secondly, major customers are open to the laser technology for it has a short history of development for only over 50 years; thirdly, JPT's services exceed the expectations of the customers.



JPT DPSS green light lasers

For example: Intel automated cleaning and testing project

This was a new project without any design reference and Intel had no idea or requirement of automation. The subsidiary in Singapore developed an automation proposal based on the principles of cleaning and testing in the project, recommended and designed the way of feeding materials, including feed box design to develop a conveying proposal with automated material feeding & unloading, and developed an automated system automatically integrating all processes and functions listed above.



Intel automated cleaning and testing project

“Global strategy” helps JPT to enter the supply chains of major customers

%

In 2020, its subsidiary in Singapore completed

370%

of its target and the amount of orders increased by

118.56%

compared with that in the previous year.

In 2020, the global strategy of the Company was upgraded, which vigorously promoted the Company to quickly enter the supply chain systems of well-known global key players.

In 2020, the Company started from the enterprises in Taiwan to get a quick access to the Japanese market and won orders from major customers in Japan. The subsidiary in Singapore offered supports for customers in China Mainland, Malaysia, Singapore, Taiwan in China and Japan, including Intel, Facebook, Rainbow and AMS. By December 2020, the number of the staff in its subsidiary in Singapore has increased to 64, increasing by 52% compared with that in the previous year. In 2020, this subsidiary completed 370% of its target and the amount of orders increased by 118.56% compared to that in the previous year.

Its Taiwan branch currently sells such products as passive component resistors and semiconductors and the extended industrial needs include optical communication, capacitors, inductors and module test devices. Its main customers include Yageo and Walsin Technology. In 2020, Taiwan branch completed 138% of its target and the amount of orders increased by 483% compared with that in the previous year.

In 2020, the Taiwan branch completed

138%

of its target and the amount of orders increased by

483%

compared with that in the previous year.



JPT subsidiary in Singapore



Equipment Showroom of JPT Taiwan branch

Protect rights and interest of suppliers, customers and consumers

Based on good faith, the Company upholds the values of “contributing to customer success, respecting individuals, pursuing excellence and cooperating for mutual win”. It attaches importance to the communication with customers and timely offers first-rate services for customers. It has established a complete system of internal control and management of procurement and introduced clear rules concerning selection of suppliers, procedure process and inventory management. Different departments within the Company interact with each other to ensure timely delivery of products and keep product quality under control.

Build a responsible supply chain

The Company selects qualified suppliers based on such indicators as production capacity, process, term of delivery, and quality and closely cooperates with the suppliers to help them grow in order to establish stable long-term cooperation relationship with them.

The Company strictly follows the process of introduction, certification and elimination of suppliers and manages suppliers according to their classes. The Procurement Management Department conducts monthly performance assessment of suppliers and divides the results of such assessment into four classes: A, B, C and D in order to select qualified suppliers and eliminate unqualified suppliers from such perspectives of integration, quality and honesty.

In 2020, the Company had

746

suppliers in total
Add 190 new suppliers
Eliminate 33 suppliers



2020 Supplier Management and Performance Evaluation Chart

Performance rating	The Procurement Management Department performs monthly performance assessment of the suppliers and the assessment results are divided into Classes A, B, C and D.
Class A and B suppliers	Class A suppliers will be commended and more new projects will be offered for cooperation; Class B suppliers will be encouraged and promoted to Class A.
Class C suppliers	Class C suppliers will be asked to attend meetings and make rectifications with a fixed term; suppliers rated as Class C for three consecutive years will be degraded and their procurement quota will be cut. Moreover, substitute suppliers will be added in place of them.
Class D suppliers	Suppliers rated as Class D for three consecutive years will be restricted in participating in new projects until they are disqualified.
Disqualify suppliers	From the perspective of quality and honesty, the principle of survival of the fittest should be followed according to the requirements of suppliers management.

Engage a management team from IBM to help with digital transformation of the Company

In 2020, the Company engaged a management team from IBM to help with its digital transformation. It fully supported the transformation to adopt the customer needs-based and product R&D-oriented strategy via PLM, OA, ERP and WMS data decision-making platforms. It also tried, via such digital transformation, to integrate upstream and downstream ecosystems on the supply chain, strengthen direct connection & communication with our suppliers and customers, enable efficient collaboration, and create a win-win supply chain ecosystem.

By introducing such management software as PLM and WMS, JPT blended digitalization and Intelligentization of full lifecycle of products throughout its production, operation, R&D and management, enabled real-time operational data presentation, digital production operation, refined operations management and intelligent decision-making support, and improved its core competitiveness.

The Company plans to successively launch WMS, BI, CRM, HR, FSM, MES and bank-enterprise interconnection system in 2021 and complete integration of such systems in 2022. By linking these systems, the Company can fully complete its digital transformation and establish an efficient and intelligent operational management system.

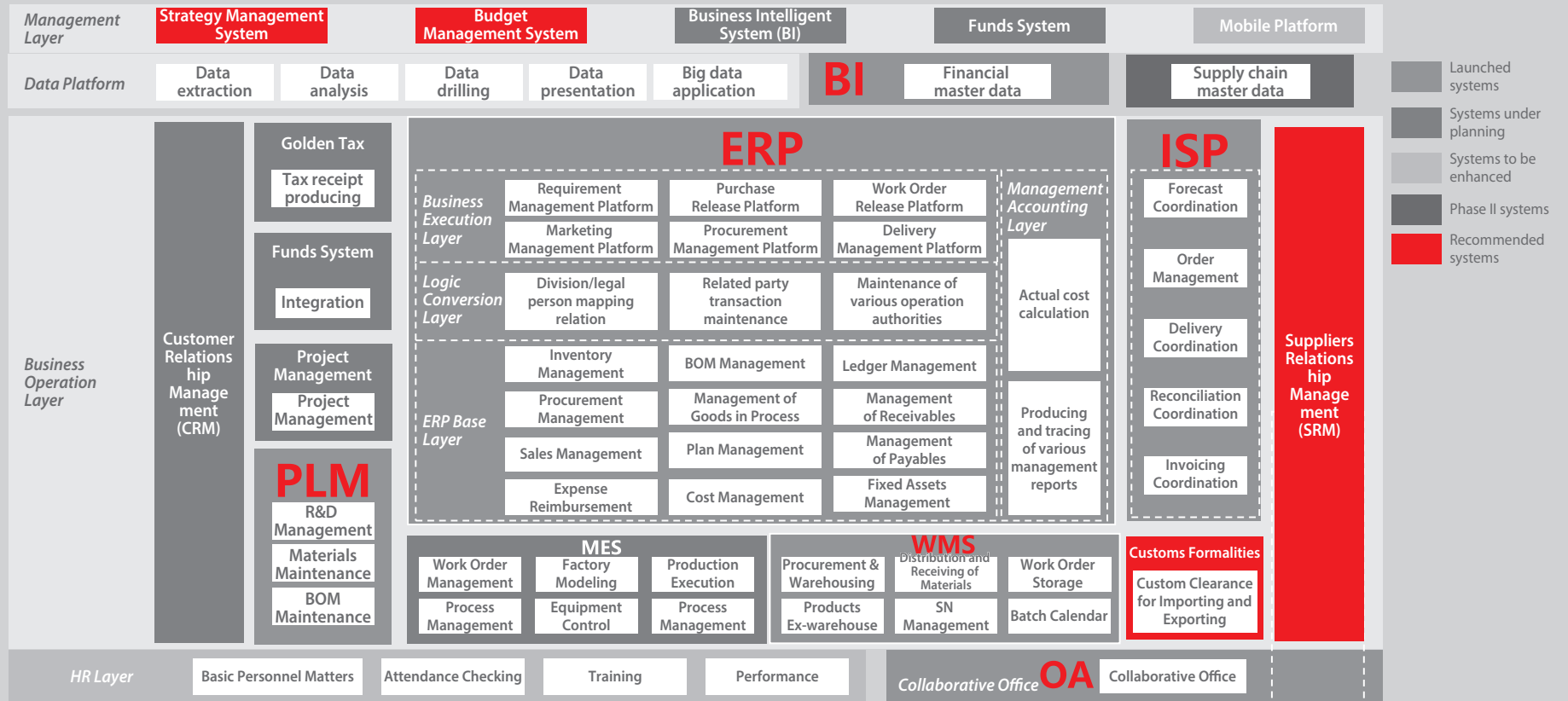


In 2020, the Company engaged a management team from IBM to help with its digital transformation



JPT Headquarters Building

Functional diagram of five major systems of JPT digital transformation project



“Emit light” ---

remain true to original aspiration
and bear in mind the mission to
benefit the mankind

Idea and objective: JPT insists in serving the customers with high-standard products and the shareholders with high-quality performance growth, developing with quality benefits, improving local economic development, promoting the public good, giving back to the society and fulfilling corporate social responsibility.

Our performance: Its staff has increased from 929 in 2019 to **1284** at the end of 2020. The increases staff are mainly R&D and production personnel, including 220 new R&D personnel and 99 new production personnel. It donated **1 million CNY** to regions inflicted by the Covid-19 pandemic, mainly including Hubei Province, for upgrading PCR labs and relevant virus detection devices in relevant hospitals.

Response of SDGs:



- 34 Continue on the development path of quality benefits and promote local economic development
- 35 Protect rights and interests of shareholders and creditors
- 36 Promote the social good and give back to the society
- 36 Jointly build the community and address concerns of the local people

Continue on the development path of quality benefits and promote local economic development

The year 2020 is the 40th anniversary of the founding of Shenzhen Special Economic Zone. The staff in Shenzhen have achieved economic development with exceptionally quick speed and quality benefits in 40 years and a large number of outstanding entrepreneurs and quality figures have made great contributions to this miracle.

To further encourage more excellent entrepreneurs to play the role of pioneers and leaders, Shenzhen Quality City Promotion

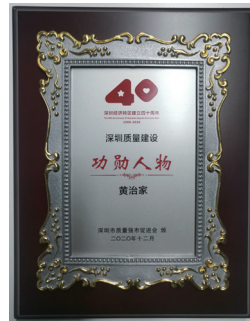
Association has organized the contest of "40 Quality Builders with Outstanding Achievements and 40 Outstanding Quality Figure in Shenzhen". These figures insist on going on a development path with quality benefits and have succeeded in helping Shenzhen achieve the leap in speed, benefit and quality.

JPT is honored to receive such award as a representative of innovative advanced manufacturers.

In 2020, the Company stepped up efforts in R&D and business expansion and actively promoted local employment. Its staff has increased from 929 to 1284. The new staff are mainly R&D and production personnel, including 220 new R&D personnel and 99 new production personnel.



Huang Zhijia, Chairman of JPT has been nominated as one of the "40 Quality Builders with Outstanding Achievements in Shenzhen"



Award of Quality Builders with Outstanding Achievements in Shenzhen



Ma Xingrui, Governor of Guangdong Province and Former Party Secretary of Shenzhen Municipality

Number of employees in parent company		984
Number of employees in major subsidiaries		300
Total number of employees		1284
Number of employees about to retire whose pensions should be borne by parent company and subsidiaries		0

Specialty	Number in previous period	Number in current period
Marketing personnel	141	148
R&D technician	380	600
Production personnel	320	419
Procurement personnel	13	14
Management personnel	75	103
Total	929	1284

Level of education	Number in previous period	Number in current period
Doctor	14	20
Master	46	73
Bachelor	302	443
Graduates of junior colleges	208	310
Graduates of schools lower than junior colleges	359	438
Total	929	1284

Protect rights and interest of shareholders and creditors

Strengthen information disclosure and improve corporate governance structure

The Company keeps improving its corporate governance structure and pays high attention to its standard operations according to the requirements in applicable laws, regulations and normative documents such as the *Company Law* and the *Securities Law*. On the basis of the *Articles of Associations*, it has built and improved various internal management systems to form a decision-making and operation system with general meeting of shareholders, board of directors and board of supervisors as the main body. Meetings of the general meeting of shareholders, the board of directors and the board of supervisors are convened, held and voted according to relevant regulations.

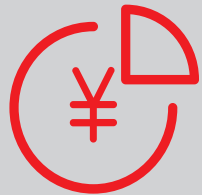
During the reporting period, the Company has strictly complied with its obligation of information disclosure to ensure authentic, accurate, timely and complete information disclosure to all investors, offering all shareholders equal access to information. The Company develops bonus schemes based on the requirements in the dividend policy and attaches high importance to offer reasonable return on investment to investors in order to protect legal rights and interest of all shareholders. The Company protects rights and interest of creditors via contract signing and payments at fixed dates, strengthens timely contact with creditors via mutual communications and visits, and fosters an environment of fair cooperation and joint development.

Keep offering dividends to shareholders

In 2020, the Company distributed 1.44 CNY (tax included) dividends in cash for every 10 shares to all shareholders. By December 31, 2020, the Company has a total number of 92,368,576 shares and hence has distributed 13,301,074.94 CNY (tax included) dividends in cash in total. The cash dividends distributed by the Company in 2020 accounted for 30.03% of the net profits of shareholders of listed companies in the consolidated financial statements of the Company in 2020.

The invested project is completed to laid a solid foundation for future growth

The Huizhou Industrial Park has been completed and JPT's production capacity has been further released. Phase I project of the Huizhou Industrial Park was completed in December 2020 with a total building area over 70,000 m², including a plant area more than 52,000 m². Since the Huizhou Industrial Park started operations, the production capacity bottleneck of the Company has been addressed and the Company is gaining a production capacity equivalent to five times the operating revenue in 2020, which will greatly promote the development of the Company.



In 2020, the Company distributed

1.44 CNY

(tax included)
dividends in cash for every
10 shares to all shareholders.



Outdoor view of JPT Huizhou Industrial Park



Dust-free workshop in JPT Huizhou Industrial Park

Promote the social good and give back to the society



Adhering to the corporate social responsibility of "promoting the social good and giving back to the society", the Company proactively calls for harmonious interactions with the society and the environment, and insists in fulfilling its social responsibility.

In 2020, facing of the severe conditions resulting from the outbreak of Covid-19 pandemic in China, the Company actively

engaged in prevention and control against the pandemic while protecting itself and its staff. It donated 1 million CNY to the regions inflicted by the pandemic, mainly including Hubei Province via the Mammoth Foundation in Shenzhen, for upgrading PCR labs and relevant virus detection devices in relevant hospitals.

In critical shortage of pandemic prevention supplies, the Company

tried hard to purchase urgently needed masks, protective suits and other medical supplies via its network and donated 240 protective suits and 240 medical N95 masks to the Fifth Hospital in Wuhan, the Tongji Hospital affiliated to Tongji Medical College of Huazhong University of Science and Technology and the Union Hospital affiliated to Tongji Medical College of Huazhong University of Science and Technology respectively.

On May 12, the Company donated 200,000 CNY to the Shenzhen Longhua District Charity to help and aid in pairs Nongping Village in Simeng Township, Linwang Village and Pola Village in Aidong Town, Donglan County, Guangxi Province.

In 2020, it donated 50,000 CNY to the Education Development Foundation, Huazhong University of Science and Technology for setting up photonics open class program in the School of Optical and Electronic Information, Huazhong University of Science and Technology.



When the nation was preventing and controlling the pandemic, the Company organized to send pandemic prevention supplies to the inflicted regions.

Jointly build the community and address concerns of the local people

The Company actively promotes the local recruitment policy and gives priority to the local employment needs at its sites of operations.

Since the Huizhou Industrial Park is located at a remote area with inconvenient transportation, the Company has offered active assistance to local government to launch bus routes, which not only removes the difficulty of JPT staff in traveling, but also enhances transportation accessibility of the local residents.

The Company proactively communicates with the Longhua District Government, where its headquarter seated, responds to the requirements of local government, participates in building the community and receives several awards from the Longhua District Government, the Longhua District Federation of Trade Unions and the Association of Industry and Commerce.



The Company donated 100,000 CNY to Shenzhen Yuyan Development Center of Care for the Disabled to help local disabled people find jobs and start business.



“Gather light” --- put people first and build harmonious culture

Idea and objective: “Respect individuals and pursue excellence”. JPT practically protects rights and interest of its staff, creates a warm and comfortable working environment where everyone is respected and builds a sound talent development and cultivation system and a promotion pipeline to ensure the growth of the staff.

Our performance: The Company’s share incentive plan has granted equities for the first time to **153** staff in total, accounting for **17.37%** of the total number of staff in the Company. In 2020, the Company organized 13 sessions of safety education and trainings for new employees and trained a total number of **710** staff. It also organized 15 sessions of trainings on special operations, emergency team building and management safety awareness raising and trained a total number of **552** staff.

Response of SDGs:



- 38 Practically protect rights and interest of its staff
- 39 Effectively arouse enthusiasm of the staff
- 39 Team management and talent development
- 40 Prepare to establish JPT Growth College and improve skills of core talents
- 41 Maintain a balance between life and work
- 42 Fully ensure safe production
- 42 Ensure product safety

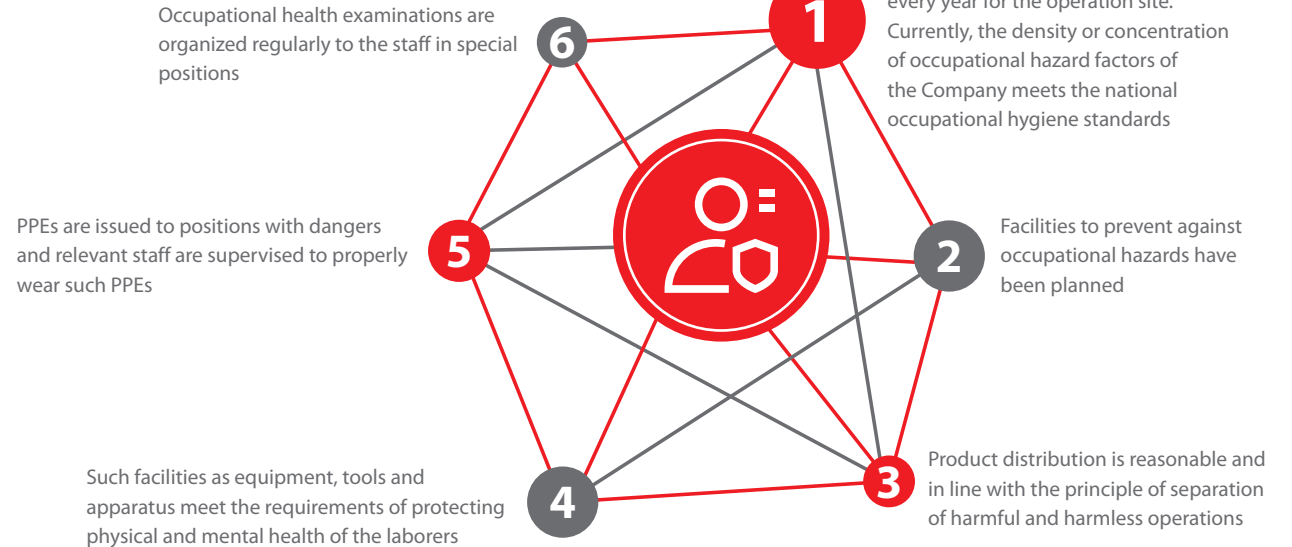
Practically protect rights and interest of its staff

The Company pays high attention to protecting rights and interest of its staff and has established a complete set of systems to safeguard rights and interest of its staff, including the human resources system involving staff rest & holidays, compensation & benefits and occupational physical examination for staff in positions with occupational hazards and other management systems in terms of staff safety in office area, office equipment safety and office environment safety.

The Company recruits and uses the staff in strict accordance with applicable laws and regulations, such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, offers competitive compensations in the industry for its staff and ensures the staff are reasonably remunerated.



Panoramic rendering of the new plant area in Huizhou



Protect occupational health and safety of the staff

Effectively arouse enthusiasm of the staff

A system of differentiated salaries has been put in place for the staff in different positions of the Company. In addition to the regular salary, housing and transportation allowance, there are also other bonuses including the year-end bonus.

For core business staff and technicians, several methods are adopted such as undertaking retaining and equity incentive to improve the cohesion of the staff. In February 2020, the Company implemented its equity incentive plan and granted equities for the first time to core business and technical staff and other staff considered

by the Board of Directors as requiring such incentives. The total number receiving such incentive was 153, accounting for 17.37% of the total number of the staff in the Company. After the plan was implemented, the team stability was improved and enthusiasm of the management team was effectively aroused.

Core technicians of the Company hold 43.67% of the capital contributions of Tongju Consulting --- the staff shareholding platform. By transferring equities to core technicians, the Company can retain talents, promote its long-term stable development and cut attrition rate of core technicians to 0.



Management meeting of the Company

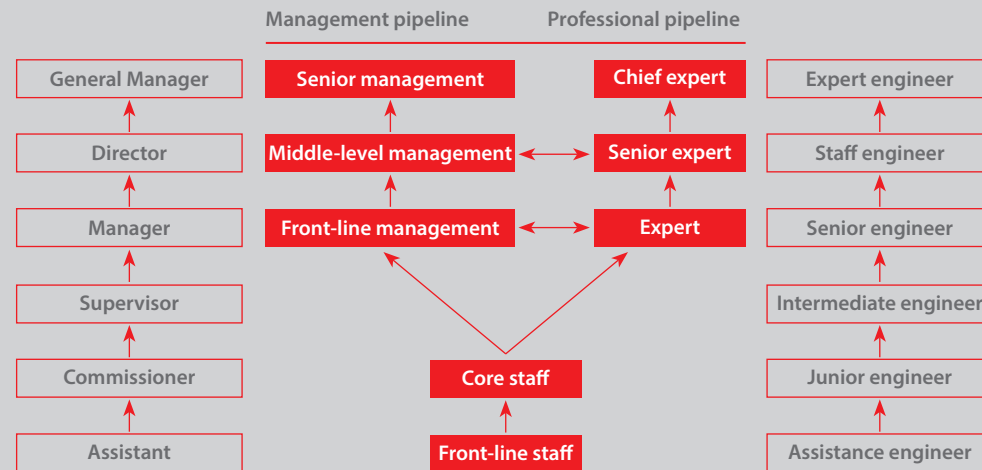
Team management and talent development

In team management and talent development, the Company advocates the idea of "respecting individuals and pursuing excellence". Equal relationships are maintained between the leaders and the staff and it is ensured that the staff are respected and feel comfortable in the Company.

In 2020, the Company performed a comprehensive review of the talents and the competency model, tailored staff growth plans based on the competency requirements of key positions and core talents as well as future business development needs, jointly built a growth and learning-oriented organization and implemented the corporate culture.

The Company respects individuals, calls for professionalism and encourages cross-sector working. In addition to expertise and management pipelines for career development, the Company also encourages cross-sector working of the management and technical talents in sales positions to become technical or management-based marketing talents.

Dual promotion pipeline for talent development



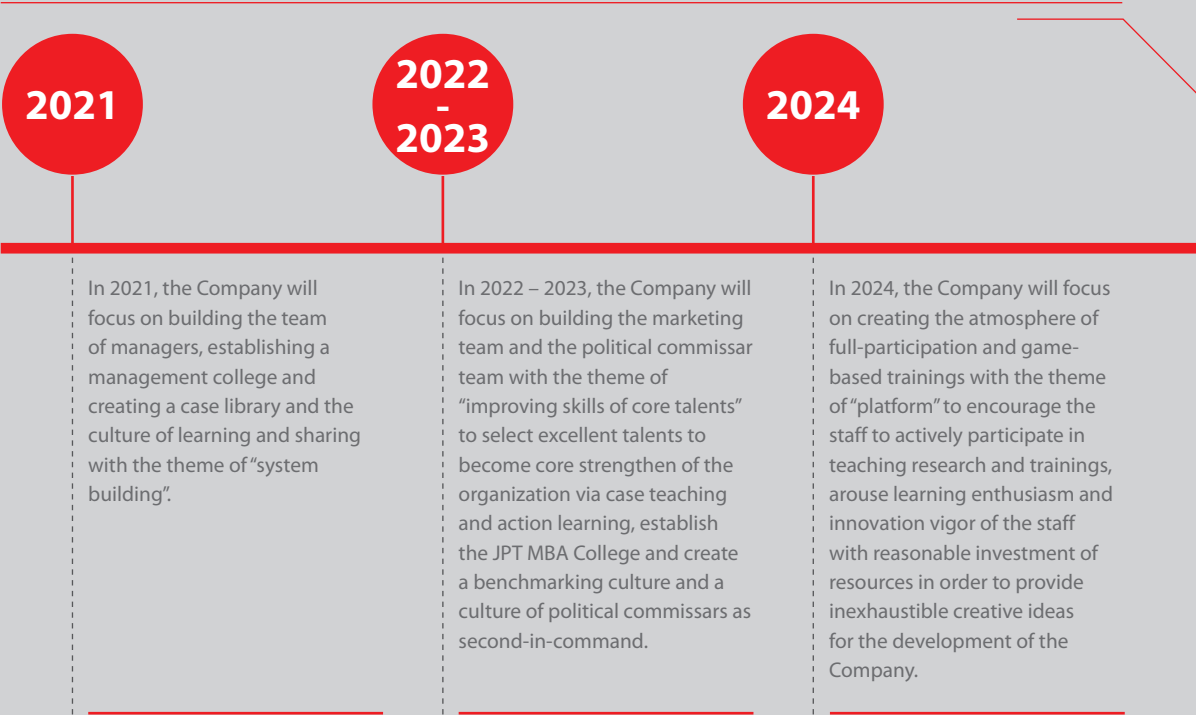
Prepare to establish JPT Growth College and improve skills of core talents

The Company is preparing to establish the JPT Growth College and offer a mechanism and the organizational guarantee for talent development. It divides the staff into three types: new staff, in-service staff and management staff, prepares training textbooks and builds a team of lecturers based on different requirements. At present, 30 – 40 courses have been developed. JPT is planning to gradually build the Growth College into a talent training college with complete systems and actual effects and a college that advances with the times and fits with the strategic planning of the Company.



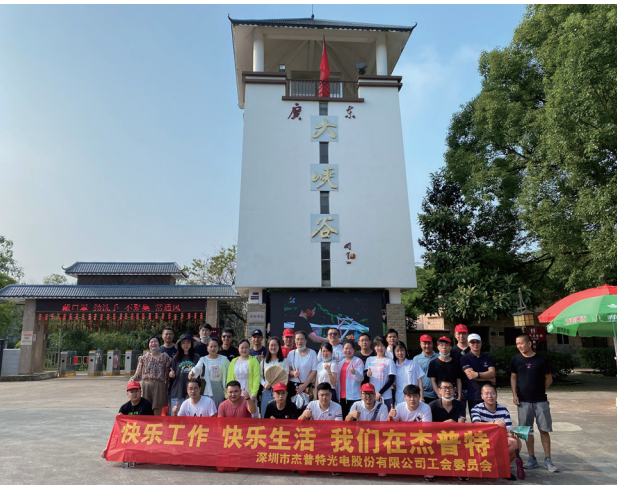
Build a growth- and learning-oriented organization

Development plan of the Growth College



Maintain a balance between life and work

JPT cares for career success as well as physical & mental health and family wellbeing of the staff. It helps the staff improve their living quality and offers them a sense of belonging and pride by constantly improving the staff care mechanism.



Team building activities of the Company

Work easily and live happily

The Company builds book bars and gyms in both the Shenzhen Headquarter and the plant area in Huizhou where various books and personal fitness trainers are offered to the staff free of charge in order to help them relax after work.

Additionally, badminton, table tennis and basketball clubs have been established

inside the Company to hold regular trainings and matches in order to improve physical and mental health of the staff.

Various departments of the Company hold irregular team building activities such as travelling, dinner parties, gatherings and shows to build good team relationship.

Aid the staff in difficulty and address their worries

The Company organizes blind dates for single staff; encourages the staff to find the other halves in the Company for joint development. Now there is a dozen of couples in the Company. It coordinates to help the children of the staff to find schools to study.

In addition to the social insurance, the Company offers consolation money of 10,000 CNY to 40,000 to subsidize the staff hospitalized due to illness.

In 2020, the Company offered two subsidies of 20,000 CNY in total to the staff in difficulty.



① A corner of a book bar for the staff

② Staff exercising in the gym after work

③ Staff basketball match

④ Fashion show of female staff

Fully ensure safe production



Performance: Zero safety accident in 2020.

Implement safe production

Safety is an essential part of production management. The Company performs risk identification and evaluation for every process, position, operation site, equipment, facility and project before work and takes corresponding measures to prevent risks.

Strengthen safety trainings

In 2020, the Company continued to organize routine safety trainings and education in terms of safe production regulations, operating procedures, safe production laws and regulations, necessary knowledge of equipment and positions with great dangers, safe production accident cases and emergency rescue and salvage.

In 2020, 13 sessions of three-level safety education and trainings were offered to a total number of 710 new staff. 15 sessions of trainings on special operations, emergency team building and management safety awareness raising were offered to a total number of 552 staff.



Safe production training organized by the Company

Fully implement safety measures via responsibility system

The Company has established the EHS Department responsible for safe production, come up with detailed requirements of EHS management and control in terms of environmental protection, safety, fire control, occupational health and system and built an internal EHS operation evaluation system.

The EHS Department is led by the General Manager and special persons are assigned for its management. Each department has a special safe committee responsible for implementing the safety measures defined in the safety regulations planned and implemented by the EHS Department.

In 2020, 1.43 million CNY was invested in the safety system. The Company has passed the occupational hazard test and its entire environment meets various national standards and requirements.



Orientation safety training for new staff

Ensure product safety

The Company attaches high importance to product safety and has put in place clear indicators for control of supply chain and manufacturing, production evaluation, mutual and patrol inspection of various work positions to ensure that the product quality meets relevant requirements.

The products of the Company have obtained CE (Conformite Eeropenne) and FDA (Food and Drug Administration) certifications to ensure safe used by users. Moreover, the Company has obtained GB/T 19001-2016 idt ISO 9001:2015 and GB/T24001-2016/ISO 14001: 2015 quality certificates.

"Give light" ---

empower with wisdom and share a green future

Idea and objective: JPT is devoted to giving play to the advantages of advanced manufacturing in the laser industry, fulfilling its mission of "leading optical technologies for people", eliminating out-of-date traditional production capacity and helping partners cutting energy consumption via advanced equipment and components it has developed and consciously blending into the national green manufacturing support system.

During production operation, it actively implements transformation to cut energy consumption and emission and total cost management, tries hard to cut resources consumption and promotes recycling of resources.

Our performance: Estimated based on the annual shipping volume of 15 million watts, customers can save power of **135 million kWh** (including power saved by water chillers) by using JPT products. In 2020, the Company saved the cost of **70 million CNY** via total cost management and full process cost control. The new process cooling system & the heat recovery project put into operation in the Huizhou plant area are expected to save power of **740,000 kWh** every year.

Response of SDGs:



44 Empower traditional industry with advanced manufacturing

45 Total cost management and full process cost control

46 Conserve energy, cut emissions and protect the environment

Empower traditional industry with advanced manufacturing

The laser industry features energy conservation, low consumption and environmental protection. China is promoting its industry sector to transform from an energy-intensive industry to a green and low-carbon industry in terms of industrial structure, energy consumption, production process, utilization of resources and supply of products, strengthening the supporting role of the green manufacturing system and fundamentally reducing emission and carbon. The laser industry will become a major support for such system.

Firstly, the fiber laser --- a major product of JPT, is a third-generation laser whose efficiency in energy conversion is three times that of the first-generation and second-generation gas and DPSS lasers.

Secondly, lasers can save a large amount of energy consumption by replacing the traditional marking machines and industrial welding machines. Taking cars as example, a car can be 56 kg lighter if laser welding is used, which means it can save 28L fuels every 10,000 km every year. Then 1.5 billion cars in the world can save 30 million tons of fuels, equivalent to 80 million carbon emission.

Thirdly, the fiber laser, when applied in the new energy PV field, can greatly improve power generation efficiency of PV solar energy. According to calculations, since there are 250 Gw PV installations in the world in 2020 and all use the processing technique of laser grooving, additionally 600 million kWh power will be generated.

Fourthly, the laser remanufacturing technology can save a large amount of materials and energy by regenerating originally scrapped engines with the help of the laser technology.

JPT has been devoted to improving laser efficiency. Its CW efficiency has been increased from 33% to 40%. When calculated based on the annual shipping volume of 15 million watt (calculated as per 20 hours a day and 300 days a year), customers can save power of 135 million kWh (including power saved by water chillers) by using JPT products.

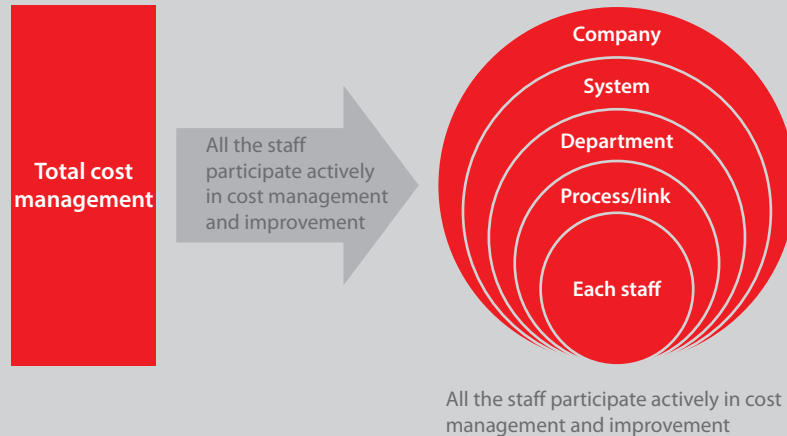


Energy consumption can be significantly reduced by replacing traditional electric welding with laser welding.

Total cost management and full process cost control

All the staff take the initiative to participate in cost management and improvement, break down the cost control objective at all levels and make efforts to cut resources consumption during production in order to cut cost and conserve resources. In 2020, the

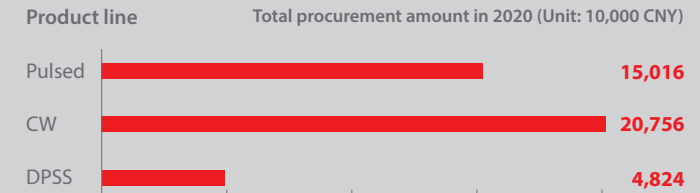
Company saved a cost of 70 million CNY via total cost management and full process cost control, where the Laser Division saved 52 million CNY and the Intelligent Equipment Division saved 18 million CNY.



Case:

Affected by the pandemic, the prices of electronic components fluctuated greatly in 2020. Some foreign brands had higher prices and longer lead time. The Laser Division paid close attention to the changes in such prices, optimized the procurement channels to procedure synchronously

with agents and merchants and reduced the procurement cost significantly via such cost control measures of introduce competition --- reduced cost via design --- replaced with compatible products, which helped cut the cost and ensure the delivery term.



Note: the statistics are made based on all warehoused materials and calculated based on comparable repeat purchase requirements

Conserve energy, cut emissions and protect the environment

In 2020, the Company invested 7.95 million CNY to launch the process cooling system & the heat recovery project as well as the ventilation system in the production lines in the Huizhou plant area. Such systems helped to cut energy consumption, improve the working environment and enable recycling of resources.

The system is located in the JPT plant area in Huizhou and its main parts are located at the top of and inside towers B and C.

The energy conservation efficiency of the cooling system and the heat recovery system has great effect on reducing direct manufacturing cost and indirect operating cost because such systems can directly reduce power consumption caused by production tests and aging and the heat recovered can be used to heat the domestic water and the production lines.



Investment in energy conservation and emission reduction programs

795 million CNY



Process cooling and heat recovery system

Economic benefits:

Compared with using the laser chillers, 740,000 kWh power can be saved every year.

The system is installed on the rooftop and 500 m2 plant area is saved if it is calculated based on the fact that 350 laser chillers are used.

As to the supporting electric utilities, the cost of the laser chillers is about 1 million CNY higher than the cost of this plan.

Social benefits:

24-hour hot water can be supplied in the park to improve the wellbeing in life of the staff.

All construction projects have passed the environmental impact assessment without environmental pollution

The Company doesn't fall into the scope of industries with heavy pollution and its production and operation activities don't cause pollution to the environment. The Company strictly complies with the national laws and regulations concerning environmental protection during production and operations. It has no pollution accident or punishment due to violations of applicable laws and regulations concerning environmental protection during the reporting period.

All construction projects of the Company have obtained the environmental impact assessment qualifications granted by the environmental protection authority.

惠州市环境保护局

惠市环（仲恺）建（2019）178号

关于惠州市杰普特电子有限公司二次改扩建项目环境影响报告表的批复

东莞市环境保护局

东环建（清）〔2016〕49号

关于东莞市杰普特光电技术有限公司新建项目环境影响报告表的批复

Responsibility management

Idea and objective: As a national high-tech enterprise, JPT keeps adding new contents to the connotations of its social responsibility and incorporates the idea of sustainable development into daily activities. It operates and manages to enable the harmony and balance between improving economic performance and fulfilling social and environmental responsibility in order to achieve balanced development.

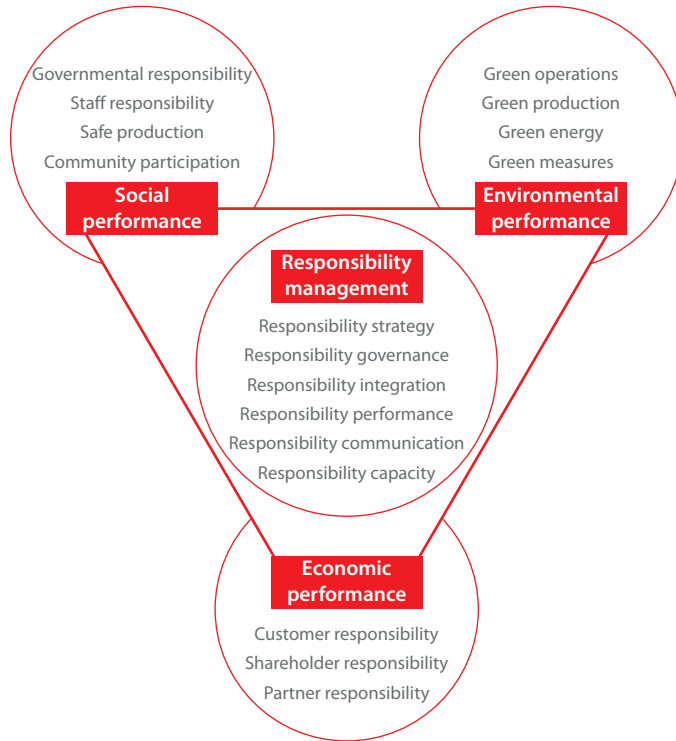
Our performance: JPT has established a complete responsibility management system to devoted to fulfilling its economic, environmental, public, partner, customer and staff responsibilities and effectively identify and actively respond to appeals of stakeholders.

Response of SDGs:



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- 48 Identification and management of key social responsibility issues
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- 50 Responsibility communication

Social responsibility model



Identification and management of key social responsibility issues

In the context the macro environment of sustainable development and according to its own development plans, the Company identifies and determines the priority of social responsibility issues and defines its key social responsibility

issues for 2020 by following the principles of substantiality, completeness and participation of stakeholders and taking into account the degree of influence on the importance of operations & development and on stakeholders.



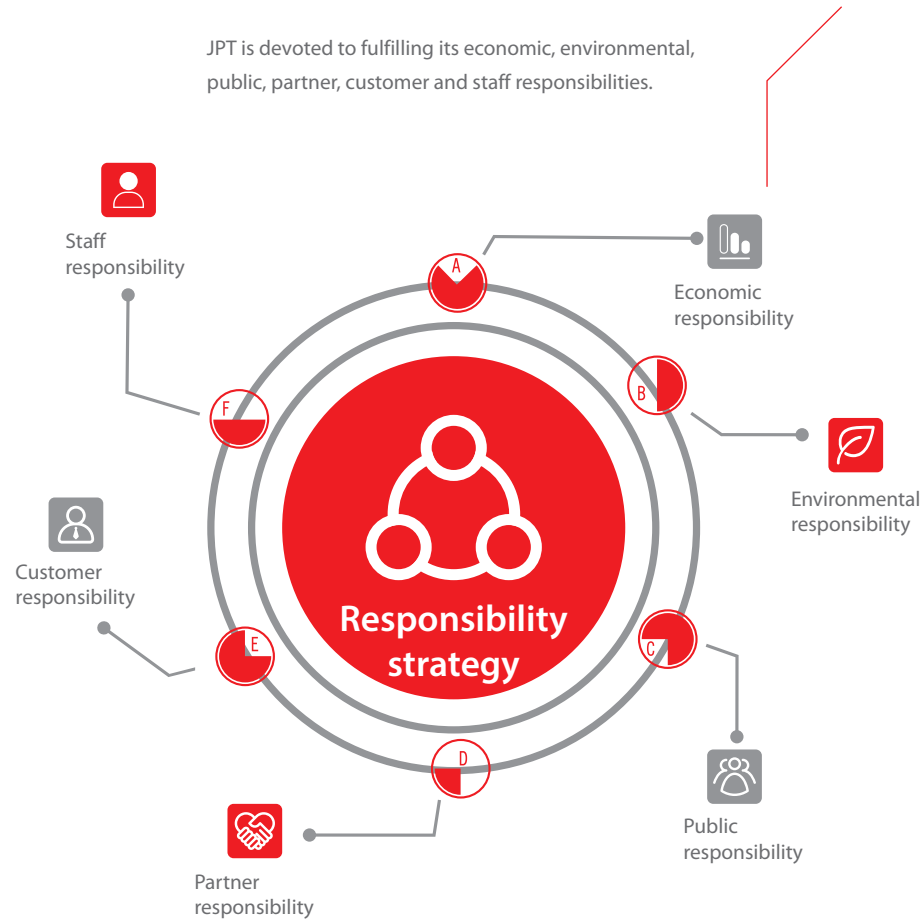
Sources of issues:

- Analysis of social responsibility guidelines
- UN Sustainable Development Goals
- Social responsibility surveys
- Analysis of policies and public opinions
- Regular communication meetings of governments
- Expert opinions
- Workers congress

List of material issues:

1. Lawful and honest operation
2. Promote innovative transformation
3. Improve operating benefits
4. Mitigate operational risks
5. Accurate poverty alleviation
6. Implement safe production
7. Offer premium services
8. Set standards for supply chain management
9. Promote the public good
10. Actively blend into the community
11. Enhance environmental management
12. Aid the staff in difficulty
13. Protect rights and interest of staff
14. Pay attention to occupational health
15. Promote staff development
16. Enrich the lives of staff

Responsibility strategy



Social responsibility organization system

The Company keeps optimizing its social responsibility organizational structure, embeds its social responsibility deep into its enterprise strategy and daily operations,

continuously engages in social responsibility management practice and strives to build itself into a world-leading solution provider of lasers and intelligent equipment.



Responsibility communication

The Company pays high attention to communication with and participation of stakeholders, keeps enhancing the transparency of its operations, improves multi-level and comprehensive communication channels with such stakeholders as governments, customers, staff, partners, the community and the environment, effectively identifies and responds to expectations and appeals of stakeholders, and makes efforts to establish harmonious relationships with stakeholders.

Stakeholders	Ways of communication	Expectations and appeals
Government and regulators	Exchanges of official documents Information disclosure Policy implementation Daily report and communication Investigations and exchanges	Serve the national strategy, focus on bottleneck technology, implement regulatory policies, properly disclose information and assist in local economic development
customers	Customer demand survey Hotline Service network Regular visits Customer feedback and handling	Ensure product safety Provide convenient service Protect customer information safety
Partners	Exchange and visits Industry forums Top level exchanges Seminars	Improve project quality Protect intellectual property rights Cooperate for mutual win Exchange and share experience Jointly promote industrial development
Staff	Satisfaction survey Congress of workers and staff Panel discussions Staff trainings	Sound guarantee of rights and interest Promising career development prospect Comfortable working environment Occupational health and safety
Community	Offer aids to fight against the pandemic Targeted poverty alleviation Public benefit activities	Support regional economic development Engage in the course of charity Jointly build a harmonious society
Environment	Environmental policy Green information disclosure Green operations	Promote green operations and production Save resources and energy Call for green and low-carbon lifestyle

Appendix

About This Report

This is the first annual social responsibility report published by Shenzhen JPT Optoelectronics Co., Ltd. In the principles of objectivity, normativity, transparency and comprehensiveness, the report offers details of responsibility management of the Company in 2020 and the practices in fulfilling its economic, staff, customer, environmental, partner and public responsibilities.

Reliability assurance of the report

The Company promises that the contents in this report are free from any false record, misrepresentation or major omission and is responsible for the authenticity, accuracy and completeness of its contents.

Time range of the report

The period of statistics is from January 1 to December 31, 2020. In some parts, data beyond such period is included.

Reporting period

The annual report is published between June and August every year.

Description of data in the report

The data used in the report comes from internal documents of the Company and data from its information statistics system. Unless otherwise specified, currencies and amounts mentioned in this report are measured in the unit of CNY.

Reference standards

Social Responsibility Report Preparation Guidelines (GB/T 36001-2015) of Chinese National Standards, *GRI Standards of the Global Stability Standards Board*, *Social Responsibility Report Preparation Guidelines* (CASS-CSR4.0) of Chinese Academy of Social Sciences and *UN Sustainable Development Goals* (SDGs).

Description of titles in the report

In this report, Shenzhen JPT Optoelectronics Co., Ltd. is referred to as “JPT”, “the Company” or “we”.

Access to the report

The report is available in both paper and electronic versions. If you need the report in paper version, please send an email to wjk@jptoe.com or call 0755-29528181. The electronic version of this report can be directly downloaded by visiting the “Corporate Responsibility” section of the official website of Shenzhen JPT Optoelectronics Co., Ltd. (<http://www.jptoe.com/>). To reduce use of papers, it is recommended to use electronic versions. Thank you very much!

Detailed address: Room 1201, Tower A, Kemron Science Park, No. 8-1, Guansheng No. 5 Road, Luhu Community, Guanhu Street, Longhua District, Shenzhen

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Feedback form

Dear readers,

Greetings! Thank you for reading the *Social Responsibility Report 2020 of Shenzhen JPT Opto-electronics Co., Ltd.* We highly value and look forward to your feedback on JPT social responsibility management, practices and the report. Your comments and advices are important basis for us to continuously promote our social responsibility management and practices. Looking forward to your responses!

Multiple-choice questions (tick √ at appropriate positions)

1. Which type of stakeholder are you?

- ☐ Government officials ☐ Regulators
☐ Shareholders and investors ☐ Staff ☐ Customers
☐ Suppliers and partners ☐ Residents in the community
☐ CSR professionals ☐ Peer enterprises ☐ Others

2. What is your overall comment on this report?

- ☐ Great ☐ Relatively good ☐ So-so
☐ Relatively poor ☐ Poor

3. How do you think is the quality of the social responsibility information disclosed in this report?

- ☐ High ☐ Relatively high ☐ So-so ☐ Relatively low ☐ Low

4. Do you think the information contained in this report is comprehensive?

- ☐ Very comprehensive ☐ Relatively comprehensive ☐ So-so
☐ Incomplete ☐ Very incomplete

5. How do you think of the layout design of this report?

- ☐ Very reasonable ☐ Relatively reasonable ☐ So-so
☐ Relatively poor ☐ Poor

6. Do you think the information contained in this report is readable?

- ☐ High ☐ Relatively high ☐ So-so ☐ Relatively low ☐ Low

7. Please write down your comments and advices on JPT social responsibility and this report:



Scan QR Code
Please give us your opinions and suggestions
Your suggestions drive us to achieve continuous development

Shenzhen JPT Opto-electronics Co., Ltd.



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