



**October 23, 2020**

Dear Customers, Vendors and Employees:

On October 8, 2020, a short-selling firm named J Capital Research Limited (“JCAP”) issued a negative report (the “Report”) about our company and operations. The report offered a series of assertions and conclusions that we consider erroneous, inconsistent, illogical, misinformed, and often blatantly false. Because the Report has gotten some visibility and some of you have contacted us with questions about the Report, we wanted to communicate with you to assuage concerns you may have. We also wanted to shed some light on JCAP itself, to put the Report in its proper context.

Shortly after the Report, we responded by press release with an initial reaction. We noted numerous misstatements of historical facts regarding our business and operations, including errors regarding revenue, tool ASPs, gross margins, key suppliers, inventory and other balance sheet items. We instruct interested parties to rely on ACM’s filings with the U.S. Securities and Exchange Commission. Our business is a relatively straight-forward operation, with a small, but growing, number of world-class customers and supplier relationships. The reality of ACMR’s business and relationships was not reflected in the Report, and was blatantly mischaracterized by a short seller with an agenda.

A review of our financial statements, as well as our own internal review, refutes the various accusations in the 43-page Report. We have found no evidence of support for any of the Report’s negative conclusions. We note that reports from two prominent Wall Street analysts also refute many of the allegations in the Report, concluding the Report lacks credibility. Rather than publish a ‘point-by-point’ rebuttal that would give these accusations more weight than deserved, however, we are remaining consistent with our plan to provide an update and respond as necessary on our third quarter earnings call on November 6, 2020. In the interim, we are available to respond directly to any customer, supplier or employee who may have related concerns.

We categorically disagree with JCAP’s assertions of misrepresentation, misconduct or any unlawful or unethical activities regarding our global business operations. We are committed to the highest ethical standards demanded by our current and potential customers, and we remain focused on technology innovation and expanding our product line and customer base.

**Who is JCAP?** Information provided by JCAP on its website discloses that JCAP are biased short-sellers who “do our best to find and present facts” and who “will profit if these stocks decline in value.” Based on discussions with independent market professionals with prior contact with JCAP, we understand that JCAP’s business model is to target a stock that has appreciated significantly and/or has operations in China (such as Alibaba, which JCAP attacked in 2015). After identifying a target, JCAP establishes a short position and releases a negative report on the company, in hopes of driving its stock price down to profit from the trade. In our case, we have been advised by large holders of our stock that they were contacted by JCAP in an attempt to further damage our credibility and depress our stock price. We also have observed a common pattern in which a negative report by JCAP on an issuer is followed by press releases from plaintiff law firms (oftentimes the same firms for each attack) announcing investigations of class action suits against the issuer, which further pressures the issuer’s stock.