UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _________ to _____________

Commission file number: 001-38273

ACM Research, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**94-3290283**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
42307 Osgood Road, Suite I **Fremont, California**	**94539**
(Address of Principal Executive Offices)	*(Zip Code)*

Registrant's telephone number, including area code: **(510) 445-3700**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on which Registered
Class A Common Stock, $0.0001 par value	**ACMR**	**Nasdaq Global Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data file required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☑
Non-accelerated filer	☐	Smaller reporting company	☑
		Emerging growth company	☑

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section13(a) of the Exchange Act. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Number of Shares Outstanding
Class A Common Stock, $0.0001 par value	16,327,346 shares outstanding as of May 04, 2020
Class B Common Stock, $0.0001 par value	1,852,608 shares outstanding as of May 04, 2020

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We conduct our business operations principally through ACM Research (Shanghai), Inc., or ACM Shanghai, a subsidiary of ACM Research, Inc., or ACM Research. Unless the context requires otherwise, references in this report to "our company," "our," "us," "we" and similar terms refer to ACM Research, Inc. and its subsidiaries, including ACM Shanghai, collectively.

For purposes of this report, certain amounts in Renminbi, or RMB, have been translated into U.S. dollars solely for the convenience of the reader. The translations have been made based on the conversion rates published by the State Administration of Foreign Exchange of the People's Republic of China.

SAPS, TEBO and ULTRA C are our trademarks. For convenience, these trademarks appear in this report without ™ symbols, but that practice does not mean that we will not assert, to the fullest extent under applicable law, our rights to the trademarks. This report also contains other companies' trademarks, registered marks and trade names, which are the property of those companies.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this report regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “might,” “will,” “objective,” “intend,” “should,” “could,” “can,” “would,” “expect,” “believe,” “anticipate,” “project,” “target,” “design,” “estimate,” “predict,” “potential,” “plan” or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on our management’s belief and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future operational or financial performance, and involve known and unknown risks, uncertainties and other factors, including those described or incorporated by reference in “Item 1A. Risk Factors” of Part II of this report, that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

The information included in this report under the heading “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview” contains statistical data and estimates, including forecasts, that are based on information provided by Gartner, Inc., or Gartner, in “Forecast: Semiconductor Wafer Fab Manufacturing Equipment (Including Wafer-Level Packaging), Worldwide, 4Q19 Update” (December 2019), or the Gartner Report. The Gartner Report represents research opinions or viewpoints that are published, as part of a syndicated subscription service, by Gartner and are not representations of fact. The Gartner Report speaks as of its original publication date (and not as of the date of this report), and the opinions expressed in the Gartner Report are subject to change without notice. While we are not aware of any misstatements regarding any of the data presented from the Gartner Report, estimates, and in particular forecasts, involve numerous assumptions and are subject to risks and uncertainties, as well as change based on various factors, that could cause results to differ materially from those expressed in the data presented below.

Any forward-looking statement made by us in this report speaks only as of the date on which it is made. Except as required by law, we assume no obligation to update these statements publicly or to update the reasons actual results could differ materially from those anticipated in these statements, even if new information becomes available in the future.

You should read this report, and the documents that we reference in this report and have filed as exhibits to this report, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ACM RESEARCH, INC.
Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)
(Unaudited)

	March 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 52,283	$ 58,261
Restricted cash	58,726	59,598
Accounts receivable, less allowance for doubtful accounts of $0 as of March 31, 2020 and $0 as of December 31, 2019 (note 3)	37,260	31,091
Other receivables	3,236	2,603
Inventories (note 4)	44,987	44,796
Prepaid expenses	1,985	2,047
Total current assets	198,477	198,396
Property, plant and equipment, net (note 5)	3,495	3,619
Operating lease right-of-use assets, net (note 8)	3,547	3,887
Intangible assets, net	307	344
Deferred tax assets (note 15)	5,212	5,331
Long-term investments (note 10)	6,015	5,934
Other long-term assets	155	192
Total assets	217,208	217,703
Liabilities, Redeemable Non-controlling Interests and Stockholders' Equity		
Current liabilities:		
Short-term borrowings (note 6)	3,892	13,753
Accounts payable	18,616	13,262
Advances from customers	9,236	9,129
Income taxes payable	3,347	3,129
Other payables and accrued expenses (note 7)	14,331	12,874
Current portion of operating lease liability (note 8)	1,345	1,355
Total current liabilities	50,767	53,502
Long-term operating lease liability (note 8)	2,202	2,532
Other long-term liabilities (note 9)	5,830	4,186
Total liabilities	58,799	60,220
Commitments and contingencies (note 17)		
Redeemable non-controlling interests (note 13)	59,467	60,162
Stockholders' equity:		
Common stock – Class A, par value $0.0001: 50,000,000 shares authorized as of March 31, 2020 and December 31, 2019; 16,317,346 shares issued and outstanding as of March 31, 2020 and 16,182,151 shares issued and outstanding as of December 31, 2019 (note 12)	2	2
Common stock–Class B, par value $0.0001: 2,409,738 shares authorized as of March 31, 2020 and December 31, 2019; 1,862,608 shares issued and outstanding as of March 31, 2020 and December 31, 2019 (note 12)	-	-
Additional paid in capital	84,351	83,487
Accumulated surplus	17,212	15,507
Accumulated other comprehensive loss	(2,623)	(1,675)
Total stockholders' equity	98,942	97,321
Total liabilities, redeemable non-controlling interests, and stockholders' equity	$ 217,208	$ 217,703

The accompanying notes are an integral part of these condensed consolidated financial statements.

ACM RESEARCH, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Revenue	$ 24,348	$ 20,479
Cost of revenue	14,120	11,653
Gross profit	10,228	8,826
Operating expenses:		
Sales and marketing	3,005	1,869
Research and development	3,677	2,765
General and administrative	2,328	1,941
Total operating expenses, net	9,010	6,575
Income from operations	1,218	2,251
Interest income	335	9
Interest expense	(111)	(139)
Other income (expense), net	677	(261)
Equity income in net income of affiliates	148	116
Income before income taxes	2,267	1,976
Income tax expense (note 15)	(304)	(119)
Net income	1,963	1,857
Less: Net income attributable to redeemable non-controlling interests	258	-
Net income attributable to ACM Research, Inc.	$ 1,705	$ 1,857
Comprehensive income:		
Net income	1,963	1,857
Foreign currency translation adjustment	(1,900)	657
Comprehensive Income	63	2,514
Less: Comprehensive income attributable to redeemable non-controlling interests	(694)	-
Comprehensive income attributable to ACM Research, Inc.	$ 757	$ 2,514
Net income attributable to ACM Research, Inc. per common share (note 2):		
Basic	$ 0.09	$ 0.12
Diluted	$ 0.08	$ 0.10
Weighted average common shares outstanding used in computing per share amounts (note 2):		
Basic	18,120,363	16,044,655
Diluted	21,066,636	18,225,317

The accompanying notes are an integral part of these condensed consolidated financial statements.

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ACM RESEARCH, INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the Three Months Ended March 31, 2020 and 2019
(In thousands, except share and per share data)
(Unaudited)

	Common Stock Class A		Common Stock Class B					
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Surplus	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at December 31, 2019	**16,182,151**	**$ 2**	**1,862,608**	**$ -**	**$ 83,487**	**$ 15,507**	**$ (1,675)**	**$ 97,321**
Net income attributable to ACM Research, Inc.	-	-	-	-	-	1,705	-	1,705
Foreign currency translation adjustment	-	-	-	-	-	-	(948)	(948)
Exercise of stock options	70,478	-	-	-	175	-	-	175
Stock-based compensation	-	-	-	-	689	-	-	689
Exercise of stock warrants	64,717	-	-	-		-	-	-
Balance at March 31, 2020	**16,317,346**	**$ 2**	**1,862,608**	**$ -**	**$ 84,351**	**$ 17,212**	**$ (2,623)**	**$ 98,942**

	Common Stock Class A		Common Stock Class B					
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at December 31, 2018	**14,110,315**	**$ 1**	**1,898,423**	**$ -**	**$ 56,567**	**$ (3,387)**	**$ (857)**	**$ 52,324**
Net income attributable to ACM Research, Inc.	-	-	-	-	-	1,857	-	1,857
Foreign currency translation adjustment	-	-	-	-	-	-	657	657
Exercise of stock options	66,375	-	-	-	60	-	-	60
Stock-based compensation	-	-	-	-	744	-	-	744
Balance at March 31, 2019	**14,176,690**	**$ 1**	**1,898,423**	**-**	**$ 57,371**	**$ (1,530)**	**$ (200)**	**$ 55,642**

The accompanying notes are an integral part of these condensed consolidated financial statements.

ACM RESEARCH, INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash flows from operating activities:		
Net income	$ 1,963	$ 1,857
Adjustments to reconcile net income from operations to net cash used in operating activities:		
Depreciation and amortization	212	191
Equity income in net income of affiliates	(148)	(116)
Deferred income taxes	35	-
Stock-based compensation	689	744
Net changes in operating assets and liabilities:		-
Accounts receivable	(6,902)	99
Other receivables	(683)	669
Inventory	(931)	(2,759)
Prepaid expenses	(11)	190
Other long-term assets	36	-
Accounts payable	5,617	(3,757)
Advances from customers	195	45
Income tax payable	263	15
Other payables and accrued expenses	1,779	1,013
Other long-term liabilities	1,715	(1,373)
Net cash provided by (used in) operating activities	3,829	(3,182)
Cash flows from investing activities:		
Purchase of property and equipment	(118)	(115)
Purchase of intangible assets	-	(1)
Net cash used in investing activities	(118)	(116)
Cash flows from financing activities:		
Proceeds from short-term borrowings	2,681	8,285
Repayments of short-term borrowings	(12,415)	(5,084)
Proceeds from stock option exercise to common stock	175	60
Net cash provided by (used in) financing activities	(9,559)	3,261
Effect of exchange rate changes on cash, cash equivalents and restricted cash	$ (1,002)	$ 280
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (6,850)	$ 243
Cash, cash equivalents and restricted cash at beginning of period	117,859	27,124
Cash, cash equivalents and restricted cash at end of period	$ 111,009	$ 27,367
Supplemental disclosure of cash flow information:		
Interest paid	$ 111	$ 139
Reconciliation of cash, cash equivalents and restricted cash in condensed consolidated statements of cash flows:		
Cash and cash equivalents	52,283	27,367
Restricted cash	58,726	-
Cash, cash equivalents and restricted cash	$ 111,009	$ 27,367
Non-cash financing activities:		
Warrant conversion to common stock	$ 399	$ -

The accompanying notes are an integral part of these condensed consolidated financial statements

ACM RESEARCH, INC.
Notes to Condensed Consolidated Financial Statements (unaudited)
(in thousands, except share and per share data)

NOTE 1 – DESCRIPTION OF BUSINESS

ACM Research, Inc. ("ACM") and its subsidiaries (collectively with ACM, the "Company") develop, manufacture and sell single-wafer wet cleaning equipment used to improve the manufacturing process and yield for advanced integrated chips. The Company markets and sells its single-wafer wet-cleaning equipment, under the brand name "Ultra C," based on the Company's proprietary Space Alternated Phase Shift ("SAPS") and Timely Energized Bubble Oscillation ("TEBO") technologies. These tools are designed to remove random defects from a wafer surface efficiently, without damaging the wafer or its features, even at increasingly advanced process nodes.

ACM was incorporated in California in 1998, and it initially focused on developing tools for manufacturing process steps involving the integration of ultra low-K materials and copper. The Company's early efforts focused on stress-free copper-polishing technology, and it sold tools based on that technology in the early 2000s.

In 2006 the Company established its operational center in Shanghai in the People's Republic of China (the "PRC"), where it operates through ACM's subsidiary ACM Research (Shanghai), Inc. ("ACM Shanghai"). ACM Shanghai was formed to help establish and build relationships with integrated circuit manufacturers in the PRC, and the Company initially financed its Shanghai operations in part through sales of non-controlling equity interests in ACM Shanghai.

In 2007 the Company began to focus its development efforts on single-wafer wet-cleaning solutions for the front-end chip fabrication process. The Company introduced its SAPS megasonic technology, which can be applied in wet wafer cleaning at numerous steps during the chip fabrication process, in 2009. It introduced its TEBO technology, which can be applied at numerous steps during the fabrication of small node two-dimensional conventional and three-dimensional patterned wafers, in March 2016. The Company has designed its equipment models for SAPS and TEBO solutions using a modular configuration that enables it to create a wet-cleaning tool meeting the specific requirements of a customer, while using pre-existing designs for chamber, electrical, chemical delivery and other modules. In August 2018, the Company introduced its Ultra-C Tahoe wafer cleaning tool, which can deliver high cleaning performance with significantly less sulfuric acid than typically consumed by conventional high-temperature single-wafer cleaning tools. The Company also offers a range of custom-made equipment, including cleaners, coaters and developers, to back-end wafer assembly and packaging factories, principally in the PRC.

In 2011 ACM Shanghai formed a wholly owned subsidiary in the PRC, ACM Research (Wuxi), Inc. ("ACM Wuxi"), to manage sales and service operations.

In June 2017 ACM formed a wholly owned subsidiary in Hong Kong, CleanChip Technologies Limited ("CleanChip"), to act on the Company's behalf in Asian markets outside the PRC by, for example, serving as a trading partner between ACM Shanghai and its customers, procuring raw materials and components, performing sales and marketing activities, and making strategic investments.

In December 2017 ACM formed a wholly owned subsidiary in the Republic of Korea, ACM Research Korea CO., LTD. ("ACM Korea"), to serve customers based in Republic of Korea and perform sales, marketing, research and development activities for new products and solutions.

In March 2019 ACM Shanghai formed a wholly owned subsidiary in the PRC, Shengwei Research (Shanghai), Inc., to manage activities related to addition of future long-term production capacity. The subsidiary was formed with registered capital of RMB 5,000 ($727). As of March 31, 2020, $142 had been injected into this subsidiary.

ACM RESEARCH, INC.
Notes to Condensed Consolidated Financial Statements (unaudited)
(in thousands, except share and per share data)

In June 2019 Cleanchip formed a wholly owned subsidiary in California, ACM Research (CA), Inc.("ACM California"), to provide procurement services on behalf of ACM Shanghai.

In June 2019 ACM announced plans to complete over the next three years a listing (the "Listing") of shares of ACM Shanghai on the Shanghai Stock Exchange's new Sci-Tech innovAtion boaRd, known as the STAR Market, and a concurrent initial public offering (the "STAR IPO") of ACM Shanghai shares in the PRC. ACM Shanghai is currently ACM's primary operating subsidiary, and at the time of announcement, was wholly owned by ACM. As an initial step in qualifying for the Listing and STAR IPO, in June 2019 ACM Shanghai entered into agreements with seven investors (the "First Tranche Investors"), pursuant to which the First Tranche Investors agreed to pay a purchase price totaling RMB 187,900 (equivalent to $27,300) to ACM Shanghai for shares representing 4.2% of the then-outstanding ACM Shanghai shares. In November 2019 ACM Shanghai entered into agreements with eight PRC-based investment firms (the "Second Tranche Investors"), pursuant to which the Second Tranche Investors agreed to acquire shares of ACM Shanghai for an aggregate of RMB 228,200 (equivalent to $32,400) for the same purchase price per share paid by the First Tranche Investors. Following the issuance of shares to the Second Tranche Investors, 91.7% of the outstanding shares of ACM Shanghai were owned by ACM, 3.8% were owned by the First Tranche Investors, and 4.5% were owned by the Second Tranche Investors. Because the First Tranche Investors and the Second Tranche Investors have the right to require ACM Shanghai to repurchase their ownership interests in ACM Shanghai at a fixed purchase price, those ownership interests are classified as redeemable non-controlling interests.

In preparation for the STAR IPO, ACM completed a reorganization in December 2019 that included the sale of all of the shares of Cleanchip by ACM to ACM Shanghai for $3,500. The reorganization and sale had no impact on ACM's consolidated financial statements.

The Company has direct or indirect interests in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation	Effective interest held as at March 31, 2020	Effective interest held as at December 31, 2019
ACM Research (Shanghai), Inc.	China, May 2006	91.7%	91.7%
ACM Research (Wuxi), Inc.	China, July 2011	91.7%	91.7%
CleanChip Technologies Limited	Hong Kong, June 2017	91.7%	91.7%
ACM Research Korea CO., LTD.	Korea, December 2017	91.7%	91.7%
Shangwei Research (Shanghai), Inc.	China, March 2019	91.7%	91.7%
ACM Research (CA), Inc.	USA, June 2019	91.7%	91.7%
ACM Research (Cayman), Inc.	Cayman Islands, April 2019	100.0%	100.0%

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements include the accounts of ACM and its subsidiaries including ACM Shanghai and its subsidiaries, which include ACM Wuxi, ACM Shengwei, and CleanChip (the subsidiaries of which include ACM California and ACM Korea). ACM's subsidiaries are those entities in which ACM, directly and indirectly, controls more than one half of the voting power. All significant intercompany transactions and balances have been eliminated upon consolidation.

The accompanying condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission for reporting on Form 10-Q. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements herein. The unaudited condensed consolidated financial statements herein should be read in conjunction with the historical consolidated financial statements of the Company for the year ended December 31, 2019 included in ACM's Annual Report on Form 10-K for the year ended December 31, 2019.

ACM RESEARCH, INC.
Notes to Condensed Consolidated Financial Statements (unaudited)
(in thousands, except share and per share data)

The accompanying condensed consolidated balance sheet as of March 31, 2020, the condensed consolidated statements of operations and comprehensive income for the three months ended March 31, 2020 and 2019, the condensed consolidated statements of changes in stockholders' equity for the three months ended March 31, 2020 and 2019, and the condensed consolidated statements of cash flows for the three months ended March 31, 2020 and 2019 are unaudited. In the opinion of management, the unaudited condensed consolidated financial statements of the Company reflect all adjustments that are necessary for a fair presentation of the Company's financial position and results of operations. Such adjustments are of a normal recurring nature, unless otherwise noted. The balance sheet as of March 31, 2020 and the results of operations for the three months ended March 31, 2020 are not necessarily indicative of the results to be expected for any future period.

COVID-19 Assessment

The outbreak of COVID-19, the coronavirus, has grown both in the United States and globally, and related government and private sector responsive actions have adversely affected the Company's business operations. COVID-19 originated in Wuhan, China, in December 2019, and a series of emergency quarantine measures taken by the PRC government disrupted domestic business activities in the PRC during the weeks after the initial outbreak of COVID-19. Since that time, an increasing number of countries, including the United States, have imposed restrictions on travel to and from the PRC and elsewhere, as well as general movement restrictions, business closures and other measures imposed to slow the spread of COVID-19. The situation continues to develop rapidly, however, and it is impossible to predict the effect and ultimate impact of the COVID-19 outbreak on the Company's business operations and results. While the quarantine, social distancing and other regulatory measures instituted or recommended in response to COVID-19 are expected to be temporary, the duration of the business disruptions, and related financial impact, cannot be estimated at this time. The COVID-19 outbreak has been declared a worldwide health pandemic that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn and changes in global economic policy that could reduce demand for the Company's products and its customers' chips and have a material adverse impact on the Company's business, operating results and financial condition.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported revenue and expenses during the reported period in the condensed consolidated financial statements and accompanying notes. The Company's significant accounting estimates and assumptions include, but are not limited to, those used for the valuation and recognition of stock-based compensation arrangements and warrant liability, realization of deferred tax assets, assessment for impairment of long-lived assets, allowance for doubtful accounts, inventory valuation for excess and obsolete inventories, lower of cost and market value or net realizable value of inventories, depreciable lives of property and equipment, and useful life of intangible assets. Management of the Company believes that the estimates, judgments and assumptions are reasonable, based on information available at the time they are made. Actual results could differ materially from those estimates.

ACM RESEARCH, INC.
Notes to Condensed Consolidated Financial Statements (unaudited)
(in thousands, except share and per share data)

Basic and Diluted Net Income per Common Share

Basic and diluted net income per common share is calculated as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Numerator:		
Net income	$ 1,963	$ 1,857
Net income attributable to redeemable non-controlling interest	258	-
Net income available to common stockholders, basic and diluted	$ 1,705	$ 1,857
Weighted average shares outstanding, basic	18,120,363	16,044,655
Effect of dilutive securities	2,946,273	2,180,662
Weighted average shares outstanding, diluted	21,066,636	18,225,317
Net income per common share:		
Basic	$ 0.09	$ 0.12
Diluted	$ 0.08	$ 0.10

ACM has been authorized to issue Class A and Class B common stock since redomesticating in Delaware in November 2016. The two classes of common stock are substantially identical in all material respects, except for voting rights. Since ACM did not declare any dividends during the three months ended March 31, 2020 and 2019, the net income per common share attributable to each class is the same under the "two-class" method. As such, the two classes of common stock have been presented on a combined basis in the condensed consolidated statements of operations and comprehensive income and in the above computation of net income per common share.

Diluted net income per common share reflects the potential dilution from securities that could share in ACM's earnings. ACM's potential dilutive securities consist of warrants and stock options for the three months ended March 31, 2020 and 2019.

Concentration of Credit Risk

The Company is potentially subject to concentrations of credit risks in its accounts receivable. For the three months ended March 31, 2020 and 2019, the Company's three largest customers for the period accounted for 97.4% and 62.7% of revenue. As of March 31, 2020 and December 31, 2019 the Company's three largest customers accounted for 76.1% and 67.7% respectively, of the Company's accounts receivables. The Company believes that the receivable balances from these largest customers do not represent a significant credit risk based on past collection experience.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement (Topic 820)*, which eliminates, adds and modifies certain disclosure requirements for fair value measurements. The modified standard eliminates the requirement to disclose changes in unrealized gains and losses included in earnings for recurring Level 3 fair value measurements and requires changes in unrealized gains and losses be included in other comprehensive income for recurring Level 3 fair value measurements of instruments. The standard also requires the disclosure of the range and weighted average used to develop significant unobservable inputs and how weighted average is calculate for recurring and nonrecurring Level 3 fair value measurements. The amendment is effective for fiscal years beginning after December 15, 2019 and interim periods within that fiscal year, with early adoption permitted. The adoption of ASU 2018-13 did not have a material impact on the Company's consolidated financial statements.

ACM RESEARCH, INC.
Notes to Condensed Consolidated Financial Statements (unaudited)
(in thousands, except share and per share data)

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 replaced the incurred loss impairment methodology under current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 requires use of a forward-looking expected credit loss model for accounts receivables, loans, and other financial instruments. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. In October 2019, the FASB issued ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842)*, which defers the effective date for public filers that are considered small reporting companies as defined by the Securities and Exchange Commission to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Since the Company is a smaller reporting company, implementation is not needed until January 1, 2023. Adoption of the standard requires using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the effective date to align existing credit loss methodology with the new standard. The Company is evaluating the impact of this standard on its consolidated financial statements, including accounting policies, processes, and systems, and expects the standard will have a minor impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 will simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. For public business entities, the amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Company is evaluating the impact of the adoption of ASU 2019-12, but does not expect it to have a material impact on income taxes as reported in its consolidated financial statements.

NOTE 3 – ACCOUNTS RECEIVABLE

At March 31, 2020 and December 31, 2019, accounts receivable consisted of the following:

	March 31, 2020	December 31, 2019
Accounts receivable	$ 37,260	$ 31,091
Less: Allowance for doubtful accounts	-	-
Total	$ 37,260	$ 31,091

The Company reviews accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. No allowance for doubtful accounts was considered necessary at March 31, 2020 or December 31, 2019. At March 31, 2020 and December 31, 2019, accounts receivable of $0 and $1,433, respectively, were pledged as collateral for borrowings from financial institutions.

NOTE 4 – INVENTORIES

At March 31, 2020 and December 31, 2019, inventory consisted of the following:

	March 31, 2020	December 31, 2019
Raw materials	$ 15,796	$ 15,105
Work in process	17,622	10,407
Finished goods	11,569	19,284
Total inventory	$ 44,987	$ 44,796

System shipments of first-tools to an existing or prospective customer, for which ownership does not transfer until customer acceptance, are classified as finished goods inventory and carried at cost until ownership is transferred.

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NOTE 5 – PROPERTY, PLANT AND EQUIPMENT, NET

At March 31, 2020 and December 31, 2019, property, plant and equipment consisted of the following:

	March 31, 2020	December 31, 2019
Manufacturing equipment	$ 3,883	$ 3,902
Office equipment	685	627
Transportation equipment	170	124
Leasehold improvement	1,425	1,442
Total cost	6,163	6,095
Less: Total accumulated depreciation	(3,266)	(3,077)
Construction in progress	598	601
Total property, plant and equipment, net	$ 3,495	$ 3,619

Depreciation expense was $185 and $175 for the three months ended March 31, 2020 and 2019, respectively.

NOTE 6 – SHORT-TERM BORROWINGS

At March 31, 2020 and December 31, 2019, short-term borrowings consisted of the following:

	March 31, 2020	December 31, 2019
Line of credit up to RMB 50,000 from Bank of Shanghai Pudong Branch, due on January 23, 2020 with an annual interest rate of 5.22%, guaranteed by the Company’s CEO and Cleanchip Technologies Limited.It was fully repaid on January 23, 2020.	-	5,057
Line of credit up to RMB 20,000 from Shanghai Rural Commercial Bank, due on February 21, 2020 with an annual interest rate of 5.66%, guaranteed by the Company’s CEO and pledged by accounts receivable.It was fully repaid on February 21, 2020.	-	1,433
Line of credit up to RMB 20,000 from Bank of Communications, due on January 18, 2020 with an annual interest rate of 5.66% and fully repaid on January 19, 2020.	-	1,433
Line of credit up to RMB 20,000 from Bank of Communications, due on January 22, 2020 with an annual interest rate of 5.66% and fully repaid on January 22, 2020.	-	717
Line of credit up to RMB 20,000 from Bank of Communications, due on February 14, 2020 with an annual interest rate of 5.66% and fully repaid on February 14, 2020.	-	717
Line of credit up to RMB 50,000 from China Everbright Bank, due on March 25, 2020 with an annual interest rate of 4.94%, guaranteed by the Company’s CEO and fully repaid on March 24, 2020.	-	3,250
Line of credit up to RMB 50,000 from China Everbright Bank, due on April 17, 2020 with an annual interest rate of 5.66%, guaranteed by the Company’s CEO.	1,129	1,146
Line of credit up to RMB 50,000 from China Everbright Bank, due on August 24, 2020 with an annual interest rate of 5.22%, guaranteed by the Company’s CEO.	2,681	
Line of credit up to KRW 500,000 from Industrial Bank of Korea (IBK), due on July 11, 2020 with an annual interest rate of 4.17%, guaranteed by the ACM-KOREA CEO.	82	
Total	**$ 3,892**	**$ 13,753**

Interest expense related to short-term borrowings amounted to $111 and $139 for the three months ended March 31, 2020 and 2019 respectively.

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NOTE 7 – OTHER PAYABLE AND ACCRUED EXPENSES

At March 31, 2020 and December 31, 2019, other payable and accrued expenses consisted of the following:

	March 31, 2020	December 31, 2019
Accrued commissions	$ 4,593	$ 4,082
Accrued warranty	3,092	2,811
Accrued payroll	2,775	2,092
Accrued professional fees	403	165
Accrued machine testing fees	1,424	1,456
Others	2,044	2,268
Total	$ 14,331	$ 12,874

NOTE 8 –LEASES

The Company leases space under non-cancelable operating leases for several office and manufacturing locations. These leases do not have significant rent escalation holidays, concessions, leasehold improvement incentives, or other build-out clauses. Further, the leases do not contain contingent rent provisions.

Most leases include one or more options to renew. The exercise of lease renewal options is typically at the Company's sole discretion; therefore, the majority of renewals to extend the lease terms are not included in the Company's right-of-use assets and lease liabilities as they are not reasonably certain of exercise. The Company regularly evaluates the renewal options, and when they are reasonably certain of exercise, the Company includes the renewal period in its lease term.

As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments. The Company has a centrally managed treasury function; therefore, based on the applicable lease terms and the current economic environment, it applies a portfolio approach for determining the incremental borrowing rate.

The components of lease expense were as follows:

	Three Months Ended March 31,	
	2020	2019
Operating lease cost	$ 377	$ 437
Short-term lease cost	50	18
Lease cost	$ 427	$ 455

Supplemental cash flow information related to operating leases was as follows for the period ended March 31, 2020 and 2019 respectively:

	Three Months Ended March 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflow from operating leases	$ 427	$ 455

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Maturities of lease liabilities for all operating leases were as follows as of March 31, 2020:

	December 31,
2020	$ 1,128
2021	1,488
2022	1,495
2023	53
2024	13
Total lease payments	4,177
Less: Interest	(630)
Present value of lease liabilities	$ 3,547

The weighted average remaining lease terms and discount rates for all operating leases were as follows as of March 31, 2020:

	March 31, 2020	December 31, 2019
Remaining lease term and discount rate:		
Weighted average remaining lease term (years)	2.80	3.02
Weighted average discount rate	5.43%	5.43%

NOTE 9 – OTHER LONG-TERM LIABILITIES

Other long-term liabilities represent subsidies received from several governmental authorities, including China's Ministry of Science and Technology, the Shanghai Municipal Commission of Economy and Information, and the Shanghai Science and Technology Committee, for development and commercialization of certain technology but not yet recognized. As of March 31, 2020, and December 31, 2019, other long-term liabilities consisted of the following unearned government subsidies:

	March 31, 2020	December 31, 2019
Subsidies to Stress Free Polishing project, commenced in 2008 and 2017	$ 1,191	$ 1,251
Subsidies to Electro Copper Plating project, commenced in 2014	2,445	2,666
Subsidies to Polytetrafluoroethylene, commenced in 2018	123	135
Subsidies to Tahoe-Single Bench Clean,commenced in 2020	1,910	-
Other	161	134
Total	$ 5,830	$ 4,186

NOTE 10 – LONG-TERM INVESTMENT

On September 6, 2017, ACM and Ninebell Co., Ltd. ("Ninebell"), a Korean company that is one of the Company's principal materials suppliers, entered into an ordinary share purchase agreement, effective as of September 11, 2017, pursuant to which Ninebell issued to ACM ordinary shares representing 20% of Ninebell's post-closing equity for a purchase price of $1,200, and a common stock purchase agreement, effective as of September 11, 2017, pursuant to which ACM issued 133,334 shares of Class A common stock to Ninebell for a purchase price of $1,000 at $7.50 per share. The investment in Ninebell is accounted for under the equity method.

On June 27, 2019, ACM Shanghai and Shengyi Semiconductor Technology Co., Ltd. ("Shengyi"), a company based in Wuxi, China that is one of the Company's components suppliers, entered into an agreement pursuant to which Shengyi issued to ACM Shanghai shares representing 15% of Shengyi's post-closing equity for a purchase price of $109. The investment in Shengyi is accounted for under the equity method.

On September 5, 2019, ACM Shanghai, entered into a Partnership Agreement with six other investors, as limited partners, and Beijing Shixi Qingliu Investment Co., Ltd., as general partner and manager, with respect to the formation of Hefei Shixi Chanheng Integrated Circuit Industry Venture Capital Fund Partnership (LP) ("Hefei Shixi"), a Chinese limited partnership based in Hefei, China. Pursuant to such Partnership Agreement, on September 30, 2019, ACM Shanghai invested $4,200, which represented 10% of the Partnership's total subscribed capital. The investment in Hefei Shixi Chanheng Integrated Circuit Industry Venture Capital Fund Partnership (LP) is accounted for under the equity method.

	March 31, 2020	December 31, 2019
Ninebell	$ 1,694	$ 1,538
Shengyi	109	107
Hefei Shixi	4,212	4,289
Total	$ 6,015	$ 5,934

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NOTE 11– RELATED PARTY BALANCES AND TRANSACTIONS

Purchase of materials	Three months ended March 31 2020	Three months ended March 31 2019
Ninebell	$ 2,153	$ 2,320
Shengyi	58	-
Total	$ 2,211	$ 2,320

Prepaid expenses	March 31, 2020	December 31, 2019
Ninebell	$ 648	$ 348

Accounts payable	March 31, 2020	December 31, 2019
Ninebell	$ 2,604	$ 727
Shengyi	189	488
Total	$ 2,793	$ 1,215

On December 9, 2016, Shengxin (Shanghai) Management Consulting Limited Partnership (“SMC”), a PRC limited partnership owned by employees of ACM Shanghai, including Jian Wang, the Chief Executive Officer and President of ACM Shanghai and the brother of David H. Wang (a related party), delivered RMB 20,124 ($2,981 as of the close of business on such date) in cash (the “SMC Investment”) to ACM Shanghai for potential investment pursuant to terms to be subsequently negotiated. On March 14, 2017, ACM, ACM Shanghai and SMC entered into a securities purchase agreement (the “SMC Agreement”) pursuant to which, in exchange for the SMC Investment, (a) ACM issued to SMC a warrant (the “SMC Warrant”) exercisable, for cash or on a cashless basis, to purchase, at any time on or before May 17, 2023, all, but not less than all, of 397,502 shares of Class A common stock at a price of $7.50 per share, for a total exercise price of $2,981 and (b) ACM Shanghai agreed to repay the SMC Investment within 60 days after exercise of the SMC Warrant. On March 30, 2018, SMC exercised the SMC Warrant in full and purchased 397,502 shares of Class A common stock (note 12). SMC borrowed the funds to pay the SMC Warrant exercise price pursuant to a senior secured promissory note in the principal amount of $2,981 issued to the Company (the “SMC Note”). The note bears interest at a rate of 3.01% per annum and matures on August 17, 2023 and is secured by a pledge of the shares issued upon exercise of the SMC Warrant. As described in the following paragraph, in the third quarter of 2019 ACM repurchased a total of 154,821 of the SMC Warrant shares from SMC at a per share price of $13.195, of which (a) $1,161 was applied to reduce SMC’s obligations to ACM Shanghai under the SMC Note and the remaining $882 was paid to SMC. In a separate transaction in August, 2019, ACM Shanghai repaid $1,161 of the SMC Investment in cash.

On August 14, 2019, ACM entered into an equity purchase agreement under which it agreed to repurchase, at a price per share of $13.195 (the net proceeds per share ACM received in a public offering of Class A common stock, as described in note 12), shares of Class A common stock from certain directors, employees and SMC upon the exercise of the underwriters’ over-allotment option in connection with the public offering in August 2019. The total consideration to the directors, employees and SMC, in exchange for their surrender of an aggregate of 214,286 shares of Class A common stock and cancellation of options to acquire 53,571 shares of Class A common stock amounted to a total of $3,403, which was based at a price of $13.195 per share equal to the net proceeds per share ACM received from the over-allotment option in connection with the offering.

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NOTE 12 – COMMON STOCK

ACM is authorized to issue 50,000,000 shares of Class A common stock and 2,409,738 shares of Class B common stock, each with a par value of $0.0001. Each share of Class A common stock is entitled to one vote, and each share of Class B common stock is entitled to twenty votes and is convertible at any time into one share of Class A common stock. Shares of Class A common stock and Class B common stock are treated equally, identically and ratably with respect to any dividends declared by the Board of Directors unless the Board of Directors declares different dividends to the Class A common stock and Class B common stock by getting approval from a majority of common stockholders.

During the three months ended March 31, 2020 and 2019, ACM issued 70,478 and 66,375 shares of Class A common stock upon option exercises by employees and non-employees, respectively. During the three months ended March 31, 2020, ACM issued 64,717 shares of Class A common stock upon a cashless warrant exercise by a non-employee.

There were issued and outstanding 16,317,346 shares of Class A common stock and 1,862,608 shares of Class B common stock at March 31, 2020, and 16,182,151 shares of Class A common stock and 1,862,608 shares of Class B common stock at December 31, 2019.

NOTE 13 – REDEEMABLE NON-CONTROLLING INTERESTS

The components of the change in the redeemable non-controlling interests for the three months ended March 31, 2020 are presented in the following table:

Balance at December 31, 2019	**$**	**60,162**
Net income attributable to redeemable non-controlling interests		258
Effect of foreign currency translation loss attributable to redeemable non-controlling interests		(953)
Balance at March 31, 2020	**$**	**59,467**

NOTE 14– STOCK-BASED COMPENSATION

ACM's stock-based compensation consists of employee and non-employee awards issued under the 1998 Stock Option Plan, the 2016 Omnibus Incentive Plan and as standalone options. In January 2020, ACM Shanghai, adopted a 2019 Stock Option Incentive Plan (the "Subsidiary Stock Option Plan") which provides for, among other incentives, the granting to officers, directors, employees of ACM Shanghai options to purchase shares in ACM Shanghai's common stock. The fair value of the stock options granted is estimated at the date of grant using the Black-Scholes option pricing model using assumptions generally consistent with those used for Company stock options. Because ACM Shanghai is not publicly traded, the expected volatility is estimated with reference to the average historical volatility of a group of publicly traded companies that are believed to have similar characteristics to ACM Shanghai.

The following table summarizes the components of stock-based compensation expense included in the consolidated statements of operations:

	Three Months Ended March 31,			
	2020		2019	
Stock-Based Compensation Expense:				
Cost of revenue	$	45	$	30
Sales and marketing expense		94		34
Research and development expense		187		86
General and administrative expense		363		594
	$	689	$	744

	Three Months Ended March 31,			
	2020		2019	
Stock-based compensation expense by type:				
Employee stock purchase plan	$	431	$	221
Non-employee stock purchase plan		172		523
Subsidiary option grants		86		-
	$	689	$	744

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Employee Awards

The following table summarizes the Company's employee share option activities during the three months ended March 31, 2020:

	Number of Option Share	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighed Average Remaining Contractual Term
Outstanding at December 31, 2019	**2,994,063**	**$ 2.59**	**$ 6.77**	**7.05 years**
Granted	20,000	9.11	22.95	
Exercised	(26,032)	1.31	3.60	
Expired	-	-	-	
Forfeited/cancelled	(22,000)	6.46	16.74	
Outstanding at March 31, 2020	**2,966,031**	**$ 2.61**	**$ 6.83**	**6.81 years**
Vested and exercisable at March 31, 2020	1,859,052			

During the three months ended March 31, 2020 and 2019, the Company recognized employee stock-based compensation expense $431 and $221, respectively. As of March 31, 2020 and December 31, 2019, $4,317 and $4,712, respectively, of total unrecognized employee stock-based compensation expense, net of estimated forfeitures, related to stock-based awards were expected to be recognized over a weighted-average period of 1.29 years and 1.47 years, respectively. Total recognized compensation cost may be adjusted for future changes in estimated forfeitures.

Non-employee Awards

The following table summarizes the Company's non-employee stock option activities during the three months ended March 31, 2020:

	Number of Option Shares	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding at December 31, 2019	**1,101,613**	**$ 0.82**	**$ 2.69**	**5.85 years**
Granted	20,000	10.29	25.60	
Exercised	(44,446)	0.44	1.82	
Expired	-			
Forfeited/cancelled	-			
Outstanding at March 31, 2020	**1,077,167**	**$ 1.01**	**$ 3.15**	**5.75 years**
Vested and exercisable at March 31, 2020	1,007,076			

During the three months ended March 31, 2020 and 2019, the Company recognized stock-based compensation expense of $172 and $523, respectively, related to share option grants. As of March 31, 2020 and December 31, 2019, $419 and $406, respectively, of total unrecognized non-employee stock-based compensation expense, net of estimated forfeitures, related to stock-based awards were expected to be recognized over a weighted-average period of 0.22 years and 0.23 years, respectively. Total recognized compensation cost may be adjusted for future changes in estimated forfeitures.

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Subsidiary Option Grants

The following table summarizes the ACM Shanghai employee stock option activities during the three months ended March 31, 2020:

	Number of Option Shares in ACM Shanghai	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighed Average Remaining Contractual Term
Outstanding at December 31, 2019	-	$ -	$ -	-
Granted	5,869,808	0.22	1.87	
Exercised	-	-	-	
Expired	-	-	-	
Forfeited/cancelled	(192,308)	0.23	1.87	
Outstanding at March 31, 2020	**5,677,500**	**$ 0.22**	**$ 1.87**	**4.26 years**
Vested and exercisable at March 31, 2020	-			

During the three months ended March 31, 2020, the Company recognized stock-based compensation expense of $86 related to stock option grants of ACM Shanghai. As of March 31, 2020 $1,106 of total unrecognized non-employee stock-based compensation expense, net of estimated forfeitures, related to stock-based awards were expected to be recognized over a weighted-average period of 3.26 years. Total recognized compensation cost may be adjusted for future changes in estimated forfeitures.

NOTE 15 – INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period during which such rates are enacted.

The Company considers all available evidence to determine whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become realizable. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carry-forward periods), and projected taxable income in assessing the realizability of deferred tax assets. In making such judgments, significant weight is given to evidence that can be objectively verified.

As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. Prior to September 30, 2019, the Company had recorded a valuation allowance for the full amount of net deferred tax assets in the United States, as the realization of deferred tax assets was uncertain. Since September 30, 2019, the Company has not maintained a valuation allowance except for a partial valuation allowance on certain U.S. deferred tax assets. In order to recognize the remaining U.S. deferred tax assets that continue to be subject to a valuation allowance, the Company will need to generate sufficient U.S. taxable income in future periods before the expiration of the deferred tax assets governed by the tax code.

ACM Shanghai has shown a three-year historical cumulative profit and has projections of future income. As a result, the Company maintained a partial consolidated valuation allowance for the three months ended March 31, 2020.

The Company accounts for uncertain tax positions in accordance with the authoritative guidance on income taxes under which the Company may only recognize or continue to recognize tax positions that meet a more likely than not threshold. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of the provision for income taxes.

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The Company's effective tax rate differs from statutory rates of 21% for U.S. federal income tax purposes and 15% to 25% for Chinese income tax purposes due to the effects of the valuation allowance and certain permanent differences from book-tax differences. As a result, the Company recorded income tax expense of $304 and $119 during the three months ended March 31, 2020 and 2019, respectively.

As of March 31, 2020, the Company's total unrecognized tax benefits were $44, which would not affect the effective tax rate if recognized. The Company will recognize interest and penalties, when they occur, related to uncertain tax provisions as a component of tax expense. No interest or penalties were recognized for the three months ended March 31, 2020.

The Company files income tax returns in the United States, and state and foreign jurisdictions. The federal, state and foreign income tax returns are under the statute of limitations subject to tax examinations for the tax years ended December 31, 2009 through December 31, 2019. To the extent the Company has tax attribute carry-forwards, the tax years in which the attribute was generated may still be adjusted upon examination by the U.S. Internal Revenue Service, state or foreign tax authorities to the extent utilized in a future period.

Income Tax Expense

The following presents components of income tax expense for the indicated periods:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
	(in thousands)	
Current:		
U.S. federal	$ (10)	$ -
U.S. state	-	-
Foreign	(257)	-
Total current tax expense	(267)	-
Deferred:		
U.S. federal	(28)	-
U.S. state	-	-
Foreign	(9)	(119)
Total deferred tax benefit	(37)	(119)
Total income tax expense	$ (304)	$ (119)

Our effective tax rate differs from statutory rates of 21% for U.S. federal income tax purposes and 15% to 25% for Chinese income tax purposes due to the effects of the valuation allowance and certain permanent differences as it pertains to book-tax differences in the value of client equity securities received for services. Our two PRC subsidiaries, ACM Shanghai and ACM Wuxi, are liable for PRC corporate income taxes at the rates of 15% and 25%, respectively. Pursuant to the Corporate Income Tax Law of the PRC, ACM's PRC subsidiaries generally would be liable for PRC corporate income taxes as a rate of 25%. According to Guoshuihan 2009 No. 203, an entity certified as an "advanced and new technology enterprise" is entitled to a preferential income tax rate of 15%. ACM Shanghai was certified as an "advanced and new technology enterprise" in 2012 and again in 2016 and 2018, with an effective period of three years.

We file income tax returns in the United States and state and foreign jurisdictions. Those federal, state and foreign income tax returns are under the statute of limitations subject to tax examinations for 2009 through 2016. To the extent we have tax attribute carryforwards, the tax years in which the attribute was generated may still be adjusted upon examination by the Internal Revenue Service or state or foreign tax authorities to the extent utilized in a future period.

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The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted on March 27, 2020. It contains several provisions that may have financial statement effects. Key aspects of the CARES Act include the following:

- Repealed the 80% taxable income limitation for 2018, 2019 and 2020. Also allows those years to be carried back up to five years
- Allows corporations to claim 100% of AMT credits in 2019. It also provides for an election to take the entire refundable credit amount in 2018
- Section 163(j) ATI limit raised from 30% to 50% for businesses
- Technical corrections to TCJA for Qualified Improvement Property ("QIP"). Designates as 15-year property for depreciation purposes, which makes QIP a category eligible for 100% bonus depreciation

The CARES Act is not expected have a material impact on income taxes in the Company's financial statements.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

The Company leases offices under non-cancelable operating lease agreements. See note 8 for future minimum lease payments under non-cancelable operating lease agreements with initial terms of one year or more.

As of March 31, 2020, the Company had $636 of open capital commitments.

From time to time the Company is subject to legal proceedings, including claims in the ordinary course of business and claims with respect to patent infringements. As of March 31, 2020, the Company did not have any legal proceedings.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion of our financial condition and results of operations together with our condensed consolidated financial statements and the related notes and other financial information included elsewhere in this report and our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, or our Annual Report. The following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this report, particularly in the section titled "Item 1A. Risk Factors" in Part II below.

Overview

We supply advanced, innovative capital equipment developed for the global semiconductor industry. Fabricators of advanced integrated circuits, or chips, can use our single-wafer wet-cleaning tools in numerous steps to improve product yield, even at increasingly advanced process nodes. We have designed these tools for use in fabricating foundry, logic and memory chips, including dynamic random-access memory (or DRAM) and 3D NAND-flash memory chips. We also develop, manufacture and sell a range of advanced packaging tools to wafer assembly and packaging customers.

Selling prices for our single-wafer wet-cleaning tools range from $2 million to more than $5 million. Our customers for single-wafer wet-cleaning and other front-end cleaning tools have included Semiconductor Manufacturing International Corporation, Shanghai Huali Microelectronics Corporation, SK Hynix Inc. and Yangtze Memory Technologies Co., Ltd. We recognized revenue from sales of single-wafer wet cleaning and other front-end processing equipment totaling $22.8 million, or 94% of total revenue, for the three months ending March 31, 2020 compared to $12.8 million, or 63% of total revenue, for the three months ending March 31, 2019.

Based on Gartner's December 2019 estimates, the market for global wafer cleaning equipment (auto wet stations, single-wafer processors, and other clean process) grew by 20% to $3.46 billion in 2018, decreased by 5% to $3.28 billion in 2019, and was expected to decrease by 6% to $3.07 billion in 2020. We estimate, based on third-party reports and on customer and other information, that our tools address more than 50% of this global wafer cleaning equipment market.

We focus our selling efforts on establishing a referenceable base of leading foundry, logic and memory chip makers, whose use of our products can influence decisions by other manufacturers. We believe this customer base will help us penetrate the mature chip manufacturing markets and build credibility with additional industry leaders. Using a "demo-to-sales" process, we have placed evaluation equipment, or "first tools," with a number of selected customers. Since 2009 we have delivered more than 95 single-wafer wet cleaning and other front-end processing tools, more than 85 of which have been accepted by customers and thereby generated revenue to us and the balance of which are awaiting customer acceptance should contractual conditions be met.

Since our formation in 1998, we have focused on building a strategic portfolio of intellectual property to support and protect our key innovations. Our tools have been developed using our key proprietary technologies:

- *Space Alternated Phase Shift, or SAPS, technology for flat and patterned wafer surfaces*, which employs alternating phases of megasonic waves to deliver megasonic energy in a highly uniform manner on a microscopic level;
- *Timely Energized Bubble Oscillation, or TEBO, technology for patterned wafer surfaces at advanced process nodes*, which provides effective, damage-free cleaning for 2D and 3D patterned wafers with fine feature sizes;
- *Tahoe technology for cost and environmental savings*, which delivers high cleaning performance using significantly less sulfuric acid and hydrogen peroxide than is typically consumed by conventional high-temperature single-wafer cleaning tools; and
- *Electro-Chemical Plating, or ECP, technology for advanced metal plating*, which includes Ultra ECP AP, or Advanced Packaging, technology for back-end assembly processes and Ultra ECP MAP, or Multi-Anode Partial Plating, technology for front-end wafer fabrication processes.

We conduct substantially all of our product development, manufacturing, support and services in the PRC. All of our tools are built to order at our manufacturing facilities in Shanghai, which encompass 86,000 square feet of floor space for production capacity. In November 2019 ACM Shanghai entered into an agreement initiating a bidding process to acquire land rights to build a development and production center in the Lingang region of Shanghai. Our experience has shown that chip manufacturers in the PRC and throughout Asia demand equipment meeting their specific technical requirements and prefer building relationships with local suppliers. We will continue to seek to leverage our local presence to address the growing market for semiconductor manufacturing equipment in the region by working closely with regional chip manufacturers to understand their specific requirements, encourage them to adopt our SAPS, TEBO, Tahoe and ECP technologies, and enable us to design innovative products and solutions to address their needs.

We have been issued more than 285 patents in the United States, the People's Republic of China or PRC, Japan, Korea, Singapore and Taiwan.

Corporate Background

ACM Research was incorporated in California in 1998 and redomesticated in Delaware in 2016. We perform strategic planning, marketing, and financial activities at our global corporate headquarters in Fremont, California.

Initially we focused on developing tools for chip manufacturing process steps involving the integration of ultra-low-K materials and copper. In the early 2000s we sold tools based on stress-free copper polishing technology. In 2007 we began to focus our development efforts on single-wafer wet-cleaning solutions for the front-end chip fabrication process. Since that time, we have strategically built our technology base and expanded our product offerings:

- In 2009 we introduced *SAPS* megasonic technology, which can be applied in wet wafer cleaning at numerous steps during the chip fabrication process.
- In 2016 we introduced *TEBO* technology, which can be applied at numerous steps during the fabrication of small node conventional two-dimensional and three-dimensional patterned wafers.
- In August 2018 we introduced the *Ultra-C Tahoe* wafer cleaning tool, which delivers high cleaning performance with significantly less sulfuric acid than typically consumed by conventional high temperature single-wafer cleaning tools.
- In March 2019 we introduced (a) the *Ultra ECP AP* or Advanced Wafer Level Packaging tool, a back-end assembly tool used for bumping, or applying copper, tin and nickel to wafers at the die-level prior to packaging, and (b) the *Ultra ECP MAP* or Multi Anode Plating tool, a front-end process tool that utilizes our proprietary technology to deliver world-class electrochemical copper planting for copper interconnect applications.
- In April 2020 we introduced the *Ultra Furnace*, our first system developed for multiple dry processing applications.
- In May 2020 we introduced the *Ultra C Family* of semi-critical cleaning systems, including the *UltraC b* for backside clean, the *Ultra C wb* automated wet bench, and the *Ultra C s* scrubber.

To help us establish and build relationships with chip manufacturers in the PRC, in 2006 we moved our operational center to Shanghai and began to conduct our business through our subsidiary ACM Shanghai. Since that time, we have expanded our geographic presence:

- In 2011 ACM Shanghai formed a wholly owned subsidiary in the PRC, *ACM Research (Wuxi), Inc.*, to manage sales and service operations.
- In June 2017 we formed a wholly owned subsidiary in Hong Kong, *CleanChip Technologies Limited*, to act on our behalf in Asian markets outside the PRC by, for example, serving as a trading partner between ACM Shanghai and its customers, procuring raw materials and components, performing sales and marketing activities, and making strategic investments.
- In December 2017 we formed a wholly owned subsidiary in the Republic of Korea, *ACM Research Korea CO., LTD.*, to serve our customers based in the Republic of Korea and perform sales, marketing, and research and development activities.

We currently conduct the majority of our product development, support and services, and substantially all of our manufacturing at ACM Shanghai. Our Shanghai operations position us to be near many of our current and potential new customers in the PRC (including Taiwan), Korea and throughout Asia, providing convenient access and reduced shipping and manufacturing costs.

- Our initial factory is located in the Pudong Region of Shanghai and has a total of 36,000 square feet of available floor space.
- In September 2018 we announced the opening of a second factory in the Pudong region of Shanghai. The new facility has a total of 50,000 square feet of available floor space for production capacity.
- In November 2019 ACM Shanghai entered into an agreement initiating a bidding process to acquire land rights to build a center in the Lingang region of Shanghai for manufacturing as well as development.

Recent Developments

STAR Market Listing and IPO

In June 2019, we announced our intention to complete:

- a listing, which we refer to as the STAR Listing, of shares of ACM Shanghai on the Shanghai Stock Exchange's Sci-Tech innovAtion boaRd, known as the STAR Market; and
- a concurrent initial public offering, which we refer to as the STAR IPO, of ACM Shanghai shares in the People's Republic of China, or the PRC, at a pre-offering valuation of not less than RMB 5.15 billion ($747.1 million).

We believe the listing of ACM Shanghai shares on the STAR Market will help us scale our business in mainland PRC, as we continue to seek to broaden our markets in Europe, Japan, Korea, Taiwan and the United States. Our global headquarters will continue to be located in Fremont, California, and we are committed to maintaining the listing of ACM Research Class A common stock on the Nasdaq Global Market.

To qualify for the STAR Listing, ACM Shanghai must have multiple independent stockholders in the PRC.

- In June 2019 ACM Shanghai entered into agreements with seven investors, or the First Tranche Investors, pursuant to which the First Tranche Investors purchased ACM Shanghai shares for a total of RMB 187.9 million ($27.3 million as of June 12, 2019).
- In November 2019 ACM Shanghai entered into agreements with each of the First Tranche Investors and eight PRC-based investment firms, or the Second Tranche Investors, pursuant to which the Second Tranche Investors subsequently purchased ACM Shanghai shares, or the Second Tranche Shares, for a total of RMB 228.2 million ($32.4 million as of November 29, 2019). The purchase price per Second Tranche Share was equal to the purchase price per share paid by the First Tranche Investors and was based on a pre-investment enterprise valuation of ACM Shanghai of RMB 4.84 billion ($688.9 million as of November 29, 2019).

As of March 31, 2020, 91.7% of the outstanding shares of ACM Shanghai were owned by ACM Research, 3.8% are owned by the First Tranche Investors and 4.5% are owned by the Second Tranche Investors. The board of directors of ACM Shanghai will consist of nine members, seven of whom will be nominated by ACM Research and two of whom will be nominated by two of the Second Tranche Investors.

If, within three years from the date on which ACM Shanghai shares were issued to the First Tranche Investors, the STAR Listing and the STAR IPO have not been completed and the China Securities Regulatory Commission has not otherwise approved the registration of ACM Shanghai's listing application, each First Tranche Investor will have the right to require that ACM Shanghai repurchase, and ACM Shanghai will have the right to purchase, the First Tranche Investor's ACM Shanghai shares for a price equal to the initial purchase price paid by the First Tranche Investor, without interest.

If ACM Shanghai does not officially submit application documents for the STAR Listing to the Shanghai Stock Exchange by December 31, 2022, each Second Tranche Investor will have the right to require that ACM Shanghai repurchase, and ACM Shanghai will have the right to require that each Second Tranche Investor sell to ACM Shanghai, such Second Tranche Investor's Second Tranche Shares for a price equal to the initial purchase price paid by the Second Tranche Investor, without interest.

We have determined, voluntarily and not pursuant to any contractual or legal obligation, that pending either (a) ACM Shanghai's submission of the application documents for the STAR Listing to the Shanghai Stock Exchange or (b) application to repurchase the Second Tranche Shares, ACM Shanghai will deposit, and hold in reserve, all of the proceeds received from the sale of Additional Placement Shares in segregated cash and cash-equivalent accounts.

Transactions Relating to SMC Investment

In December 2016 Shengxin (Shanghai) Management Consulting Limited Partnership, or SMC, paid 20,123,500 RMB ($3.0 million as of the date of funding), or the SMC Investment, to ACM Shanghai for investment pursuant to terms to be subsequently negotiated. SMC is a PRC limited partnership owned by employees of ACM Shanghai, including Jian Wang, the general partner of SMC. Jian Wang is the Chief Executive Officer and President of ACM Shanghai and the brother of David H. Wang, our Chief Executive Officer, President and Chair of the Board.

In March 2017, (a) ACM Research issued to SMC a warrant, or the Warrant, exercisable to purchase 397,502 shares of Class A common stock at a price of $7.50 per share, for a total exercise price of $3.0 million and (b) ACM Shanghai agreed to repay the SMC Investment within 60 days after the exercise of the Warrant.

In March 2018 SMC exercised the Warrant in full, as a result of which (1) ACM Research issued 397,502 shares of Class A common stock to SMC, (2) SMC borrowed the funds to pay the Warrant exercise price pursuant to a senior secured promissory note, or the SMC Note, in the principal amount of $3.0 million issued to ACM Shanghai, which in turn issued to ACM Research a promissory note, or the Intercompany Note, in the principal amount of $3.0 million in payment of the Warrant exercise price. Each of the two notes bears interest at a rate of 3.01% per annum and matures on August 17, 2023. The SMC Note was secured by a pledge of the shares issued upon exercise of the Warrant.

In connection with its follow-on public offering of Class A common stock in August 2019, ACM Research agreed to purchase a total of 154,821 of the Warrant shares from SMC at a per share price of $13.195, of which (a) $1.2 million was applied to reduce SMC's obligations to ACM Shanghai under the SMC Note, and which ACM Research then withheld for its own account and applied to reduce ACM Shanghai's obligations to ACM Research under the Intercompany Note and (b) the remaining $0.9 million was paid to SMC. In a separate transaction, ACM Shanghai repaid $1.2 million of the SMC Investment in cash, which reduced the amount of the SMC Investment due to SMC to $1.8 million.

In preparation for the STAR IPO, ACM Shanghai is required to terminate its financial relationship with SMC. In order to facilitate such termination, on April 30, 2020, ACM Research entered into two agreements relating to outstanding obligations among ACM Research, ACM Shanghai and SMC. Pursuant to such agreements (i) ACM Shanghai assigned to ACM its rights under the SMC Note, including the right to receive payment of the $1.8 million payable thereunder; (ii) ACM Research cancelled the outstanding $1.8 million obligation of ACM Shanghai under the Intercompany Note, (iii) SMC transferred its remaining 242,681 Warrant shares to ACM Research, and (iv) in exchange for such 242,681 Warrant shares, ACM Research agreed to deliver to SMC certain consideration agreed upon by ACM Research and SMC, subject to obtaining certain PRC regulatory approvals. ACM Research and SMC agreed that if the required approvals are not obtained by December 31, 2023, ACM Research will cancel the SMC Note as consideration for the 242,681 Warrant shares. In a separate transaction in April, 2020, ACM Shanghai repaid the remaining $1.8 million of the SMC Investment in cash.

COVID–19 Outbreak

COVID–19, or the coronavirus, originated in Wuhan, China, in December 2019 and has subsequently spread rapidly across the PRC and globally. The COVID–19 outbreak affected our business and operating results for the first quarter of 2020. The COVID–19 situation continues to develop rapidly, and it is impossible for us to predict the effect and ultimate impact of the COVID–19 outbreak on our business operations and results. While the quarantine, social distancing and other regulatory measures instituted or recommended in response to COVID–19 are expected to be temporary, the duration of the business disruptions, and related financial impact, of the outbreak cannot be estimated at this time. For an explanation of some of the risks we potentially face, please read carefully the information provided under "Item 1A. Risk Factors—Risks Related to the COVID–19 Outbreak," which is incorporated by reference in "Item 1A. Risk Factors" of Part II of this report.

The following summary reflects our expectations and estimates based on information known to us as of the date of this filing:

- *Operations*: We conduct substantially all of our product development, manufacturing, support and services in the PRC, and those activities have been directly impacted by the COVID–19 outbreak and related restrictions on transportation and public appearances. In February 2020 our ACM Shanghai headquarters were closed for an additional six days beyond the normal Lunar New Year Holiday in accordance with Shanghai government restrictions related to the outbreak. We took steps before and after the Lunar New Year to ensure no employees took unreasonable risks to rush back to work. Currently more than 95% of our staff have returned to work at both of our Shanghai facilities. To date we have not experienced absenteeism of management or other key employees, other than certain of our executive officers being delayed in traveling back to the PRC after working from our California office in February. Our corporate headquarters are located in Alameda County in the San Francisco Bay Area and are the subject of a number of state and county public health directives and orders. These actions have not negatively impacted our business to date, however, because of the limited number of employees at our headquarters and the nature of the work they generally perform.

- *Customers*: Our customers' business operations have been, and are continuing to be, subject to business interruptions arising from the COVID–19 outbreak. Historically a majority of our revenue from sales of single-wafer wet cleaning equipment for front-end manufacturing has been derived from customers located in the PRC and surrounding areas that have been impacted by COVID–19. Three customers that accounted for 73.8% of our revenue in 2019 and 87.6% of our revenue in 2018 are based in the PRC and Korea. One of those customers, Yangtze Memory Technologies Co., Ltd. — which accounted for 27.5% of our 2019 revenue and 39.6% of our 2018 revenue — is based in Wuhan. While Yangtze Memory Technologies Co., Ltd. and other key customers continued to operate their fabrication facilities without interruption during and after the first quarter of 2020, they were forced to restrict access of service personnel and deliveries to and from their facilities. A portion of the shipments we previously had expected to deliver in the first quarter of 2020 were postponed due in part to these factors. We believe these deliveries represent deferred, not lost, shipments and revenue, which we are working to recover by increasing our manufacturing output in the second and third quarters of 2020.

- *Suppliers*: Our global supply chain includes components sourced from the PRC, Japan, Taiwan, the United States and Europe. While the COVID–19 outbreak has resulted in significant governmental measures being implemented to control the spread of COVID–19 around the world, to date we have not experienced material issues with our supply chain. As with our customers, we continue to be in close contact with our key suppliers to help ensure we are able to identify any potential supply issues that may arise.

- *Projects*: Our strategy includes a number of plans to support the growth of our core business, including the proposed STAR Listing and STAR IPO with respect to shares of ACM Shanghai described above as well as ACM Shanghai's proposed acquisition of land rights in the Lingang area of Shanghai where we intend to construct a new research and development center and factory. The extent to which COVID–19 impacts these projects will depend on future developments that are highly uncertain, but to date, the timing of these potential projects has not been delayed or disrupted by COVID–19 or related government measures.

Government Research and Development Funding

ACM Shanghai has received five special government grants from China's Ministry of Science and Technology, the Shanghai Municipal Commission of Economy and Information, and the Shanghai Science and Technology Committee. The first grant, which was awarded in 2008, relates to the development and commercialization of 65nm to 45nm stress-free polishing technology. The second grant was awarded in 2009 to fund interest expense on short-term borrowings. The third grant was made in 2014 and relates to the development of electro copper-plating technology. The fourth grant was made in June 2018 and related to development of polytetrafluoroethylene. The fifth grant was made in 2020, and relates to the development of Tahoe single bench cleaning technologies. These governmental authorities provide the majority of the funding, although ACM Shanghai is also required to invest certain amounts in the projects.

The governmental grants contain certain operating conditions, and we are required to go through a government due diligence process once the project is complete. The grants therefore are recorded as long-term liabilities upon receipt, although we are not required to return any funds we receive. Grant amounts are recognized in our statements of operations and comprehensive income as follows:

- Government subsidies relating to current expenses are reflected as reductions of those expenses in the periods in which they are reported. Those reductions totaled $0.2 million in the first three months of 2020, as compared to $1.3 million in the first three months of 2019.
- Government grants used to acquire depreciable assets are transferred from long-term liabilities to property, plant and equipment when the assets are acquired and then the recorded amounts of the assets are credited to other income over the useful lives of the assets. Related government subsidies recognized as other income totaled $37,000 and $35,000 in the first three months of 2020 and 2019, respectively.

How We Evaluate Our Operations

We present information below with respect to four measures of financial performance:

- We define "shipments" of tools to include (a)a "repeat" delivery to a customer of a type of tool that the customer has previously accepted, for which we recognize revenue upon delivery, and (b)a "first-time" delivery of a tool to a customer on an approval basis, for which we may recognize revenue in the future if contractual conditions are met and customer acceptance is received.
- We define "adjusted EBITDA" as our net income excluding interest expense (net), income tax benefit (expense), depreciation and amortization, and stock-based compensation. We define adjusted EBITDA to also exclude restructuring costs, although we have not incurred any such costs to date.
- We define "free cash flow" as net cash provided by operating activities less purchases of property and equipment (net of proceeds from disposals) and of intangible assets.
- We define "adjusted operating income" as our income from operations excluding stock-based compensation.

These financial measures are not based on any standardized methodologies prescribed by accounting principles generally accepted in the United States, or GAAP, and are not necessarily comparable to similarly titled measures presented by other companies.

We have presented shipments, adjusted EBITDA, free cash flow and adjusted operating income because they are key measures used by our management and board of directors to understand and evaluate our operating performance, to establish budgets and to develop operational goals for managing our business. We believe that these financial measures help identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we exclude. In particular, we believe that the exclusion of the expenses eliminated in calculating adjusted EBITDA and adjusted operating income can provide useful measures for period-to-period comparisons of our core operating performance and that the exclusion of property and equipment purchases from operating cash flow can provide a usual means to gauge our capability to generate cash. Accordingly, we believe that these financial measures provide useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to key financial metrics used by our management in its financial and operational decision-making.

Shipments, adjusted EBITDA, free cash flow and adjusted operating income are not prepared in accordance with GAAP, and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP.

Shipments

Shipments consist of two components:

- a shipment to a customer of a type of tool that the customer has previously-accepted, for which we recognize revenue when the tool is delivered; and
- a shipment to a customer of a type of tool that the customer is receiving and evaluating for the first time, in each case a "first tool," for which we may recognize revenue at a later date, subject to the customer's acceptance of the tool upon the tool's satisfaction of applicable contractual requirements.

"First tool" shipments can be made to either an existing customer that not previously accepted that specific type of tool in the past ─ for example, a delivery of SAPS V tool to a customer that previously had received only SAPS II tools ─ or to a new customer that has never purchased any tool from us.

Shipments in the three months ended March 31, 2020 totaled $12 million, as compared to $14 million in the three months ended March 31, 2019, and $25 million in the three months ended December 31, 2019.

The dollar amount attributed to a "first tool" shipment is equal to the consideration we expect to receive if any and all contractual requirements are satisfied and the customer accepts the tool. There are a number of limitations related to the use of shipments in evaluating our business, including that customers have significant discretion in determining whether to accept our tools and their decision not to accept delivered tools is likely to result in our inability to recognize revenue from the delivered tools.

Adjusted EBITDA

There are a number of limitations related to the use of adjusted EBITDA rather than net income, which is the nearest GAAP equivalent. Some of these limitations are:

- adjusted EBITDA excludes depreciation and amortization and, although these are non-cash expenses, the assets being depreciated or amortized may have to be replaced in the future;
- we exclude stock-based compensation expense from adjusted EBITDA and adjusted operating income, although (a) it has been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy and (b) if we did not pay out a portion of our compensation in the form of stock-based compensation, the cash salary expense included in operating expenses would be higher, which would affect our cash position;
- the expenses and other items that we exclude in our calculation of adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude from adjusted EBITDA when they report their operating results;
- adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- adjusted EBITDA does not reflect interest expense, or the requirements necessary to service interest or principal payments on debt;
- adjusted EBITDA does not reflect income tax expense (benefit) or the cash requirements to pay taxes;
- adjusted EBITDA does not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- although depreciation and amortization charges are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDA does not reflect any cash requirements for such replacements; and
- adjusted EBITDA includes expense reductions and non-operating other income attributable to PRC governmental grants, which may mask the effect of underlying developments in net income, including trends in current expenses and interest expense, and free cash flow includes the PRC governmental grants, the amount and timing of which can be difficult to predict and are outside our control.

The following table reconciles net income, the most directly comparable GAAP financial measure, to adjusted EBITDA:

	Three Months Ended March 31,	
	2020	2019
	(in thousands)	
Adjusted EBITDA Data:		
Net income	$ 1,963	$ 1,857
Interest expense (income), net	(224)	130
Income tax expense	304	119
Depreciation and amortization	212	191
Stock based compensation	689	744
Adjusted EBITDA	$ 2,944	$ 3,041

Adjusted EBITDA in the three months ended March 31, 2020, decreased by $97,000 as compared to the same period in 2019, due to an increase of $354,000 of interest income and a decrease of $55,000 in stock-based compensation expense, offset in part by an increase of $185,000 in income tax expense, an increase of $106,000 in net income and an increase of $21,000 in depreciation and amortization. We do not exclude from adjusted EBITDA expense reductions and non-operating other income attributable to PRC governmental grants because we consider and incorporate the expected amounts and timing of those grants in incurring expenses and capital expenditures. If we did not receive the grants, our cash expenses therefore would be lower, and our cash position would not be materially affected, to the extent we have accurately anticipated the amounts of the grants. For additional information regarding our PRC grants, please see "—Key Components of Results of Operations—PRC Government Research and Development Funding."

Free Cash Flow

The following table reconciles net cash provided by operating activities, the most directly comparable GAAP financial measure, to free cash flow:

	Three Months Ended March 31,	
	2020	2019
	(in thousands)	
Free Cash Flow Data:		
Net cash flow provided (used) by operating activities	$ 3,829	$ (3,182)
Purchase of property and equipment	(118)	(115)
Purchase of intangible assets	-	(1)
Free cash flow	$ 3,711	$ (3,298)

Free cash flow in the three months ended March 31, 2020, as compared to the same period in 2019, improved by $7 million, reflecting the factors driving net cash provided by operating activities, principally an increase in accounts payable, other long-term liabilities and inventory, offset by an increase in accounts receivable and other receivables. Consistent with our methodology for calculating adjusted EBITDA, we do not adjust free cash flow for the effects of PRC government subsidies, because we take those subsidies into account in incurring expenses and capital expenditures.

Adjusted Operating Income

Adjusted operating income excludes stock-based compensation from income from operations. Although stock-based compensation is an important aspect of the compensation of our employees and executives, determining the fair value of certain of the stock-based instruments we utilize involves a high degree of judgment and estimation and the expense recorded may bear little resemblance to the actual value realized upon the vesting or future exercise of the related stock-based awards. Furthermore, unlike cash compensation, the value of stock options, which is an element of our ongoing stock-based compensation expense, is determined using a complex formula that incorporates factors, such as market volatility, that are beyond our control. Management believes it is useful to exclude stock-based compensation in order to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer companies. The use of non-GAAP financial measures excluding stock-based compensation has limitations, however. If we did not pay out a portion of our compensation in the form of stock-based compensation, the cash salary expense included in operating expenses would be higher and our cash holdings would be less. The following tables reflect the exclusion of stock-based compensation, or SBC, from line items comprising income from operations:

	Three Months Ended March 31,					
	2020			2019		
	Actual (GAAP)	SBC	Adjusted (Non-GAAP)	Actual (GAAP)	SBC	Adjusted (Non-GAAP)
	(in thousands)					
Revenue	$ 24,348	$ -	$ 24,348	$ 20,479	$ -	$ 20,479
Cost of revenue	(14,120)	(45)	(14,075)	(11,653)	(30)	(11,623)
Gross profit	10,228	(45)	10,273	8,826	(30)	8,856
Operating expenses:						
Sales and marketing	(3,005)	(94)	(2,911)	(1,869)	(34)	(1,835)
Research and development	(3,677)	(187)	(3,490)	(2,765)	(86)	(2,679)
General and administrative	(2,328)	(363)	(1,965)	(1,941)	(594)	(1,347)
Income (loss) from operations	$ 1,218	$ (689)	$ 1,907	$ 2,251	$ (744)	$ 2,995

Adjusted operating income for the three months ended on March 31, 2020, as compared with the same period in 2019 decreased by $1.1 million, due primarily to a $1.0 million decrease in income from operations and a $55,000 decrease in stock-based compensation expense.

Critical Accounting Policies and Significant Judgments and Estimates

There were no significant changes in our critical accounting policies or significant judgments or estimates during the three months ended March 31, 2020 to augment the critical accounting estimates disclosed under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report, other than those described in the notes to the condensed consolidated financial statements included in this report, including the adoption of the Financial Accounting Standards Board’s Accounting Standards Update 2016-02, *Leases (Topic 842)* effective January 1, 2019. As a result of our adoption of the new lease standard, we re-assessed the estimates, assumptions, and judgments that are most critical in our recognition of lease and have revised our lease critical accounting policy. For information regarding the impact of recently adopted accounting standards, refer to note 2 to the condensed financial statements included in this report.

Recent Accounting Pronouncements

A discussion of recent accounting pronouncements is included in our Annual Report and is updated in note 2 to the condensed consolidated financial statements included in this report.

Results of Operations

The following table sets forth our results of operations for the periods presented, as percentages of revenue:

	Three Months Ended March 31,	
	2020	2019
Revenue	100.0%	100.0%
Cost of revenue	58.0	56.9
Gross margin	42.0	43.1
Operating expenses:		
Sales and marketing	12.3	9.1
Research and development	15.1	13.5
General and administrative	9.6	9.5
Total operating expenses, net	37.0	32.1
Income from operations	5.0	11.0
Interest income (expense), net	0.9	(0.6)
Other income (expense), net	2.8	(1.3)
Equity income in net income of affiliates	0.6	0.6
Income before income taxes	9.3	9.7
Income tax expense	(1.2)	(0.6)
Net income	8.1	9.1
Less: Net income attributable to redeemable non-controlling interests	1.1	-
Net income attributable to ACM Research, Inc.	7.0%	9.1%

Comparison of Three Months Ended March 31, 2020 and 2019

Revenue

	Three Months Ended March 31,		% Change
`	2020	2019	2020 v 2019
	(in thousands)		
Revenue	$ 24,348	$ 20,479	18.9%

The increase in revenue of $3.8 million in the three months ended March 31, 2020 as compared to the same period in 2019 reflected increases in revenue of $10.0 million from front-end single-wafer cleaning equipment, offset in part by a decrease in revenue of $6.1 million from back-end wafer assembly and packaging equipment.

Cost of Revenue and Gross Margin

	Three Months Ended March 31,		% Change
	2020	2019	2020 v 2019
	(in thousands)		
Cost of revenue	$ 14,120	$ 11,653	21.2%
Gross profit	10,228	8,826	15.9%
Gross margin	42.01%	43.10%	-1.1

Cost of revenue increased $2.5 million and gross profit increased $1.4 million in the three months ended March 31, 2020, as compared to the corresponding period in 2019, due to increased sales volume and lower gross margin. Gross margin decreased by 1.1 percentage points during the three months ended March 31, 2020, versus the comparable period in 2019 due to differences in product mix.

Gross margin may vary from period to period, primarily related to the level of utilization and the timing and mix of purchase orders. We expect gross margin to be between 40.0% and 45.0% for the foreseeable future, with direct manufacturing costs approximating 50.0% to 55.0% of revenue and overhead costs totaling 5.0% of revenue.

Operating Expenses

	Three Months Ended March 31,		
	2020	2019	% Change 2020 v 2019
	(in thousands)		
Sales and marketing expense	$ 3,005	$ 1,869	60.8%
Research and development expense	3,677	2,765	33.0%
General and administrative expense	2,328	1,941	19.9%
Total operating expenses	$ 9,010	$ 6,575	37.0%

Sales and marketing expense increased by $1.1 in the three months ended March 31, 2020, as compared to the corresponding period in 2019. Sales and marketing expense consists primarily of:

- compensation of personnel associated with pre and aftersales support and other sales and marketing activities, including stock-based compensation;
- sales commissions paid to independent sales representatives;
- fees paid to sales consultants;
- shipping and handling costs for transportation of products to customers;
- cost of trade shows;
- travel and entertainment; and
- allocated overhead for rent and utilities.

Research and development expense increased by $0.9 million in the three months ended March 31, 2020 as compared to the corresponding period in 2019, principally as a result of increases in testing fees and personnel costs. Research and development expense represented 15.1% and 13.5% of our revenue in the three months ended March 31, 2020 and 2019, respectively. Without reduction by grant amounts received from PRC governmental authorities (see "—Key Components of Results of Operations—PRC Government Research and Development Funding"), gross research and development expense totaled $3.9 million, or 15.9% of revenue, in the three months ended March 31, 2020 and $4.1 million, or 20.0% of revenue, in the three months ended March 31, 2019. Research and development expense relates to the development of new products and processes and encompasses our research, development and customer support activities. Research and development expense consists primarily of:

- compensation of personnel associated with our research and development activities, including stock based compensation;
- costs of components and other research and development supplies;
- travel expense associated with customer support;
- amortization of costs of software used for research and development purposes; and
- allocated overhead for rent and utilities.

General and administrative expense increased by $0.4 million in the three months ended March 31, 2020 as compared to the corresponding period in 2019. General and administrative expense consists primarily of:

- compensation of executive, accounting and finance, human resources, information technology, and other administrative personnel, including stock-based compensation;
- professional fees, including accounting and legal fees;
- other corporate expenses; and
- allocated overhead for rent and utilities.

We expect that, for the foreseeable future, general and administrative expenses will increase in absolute dollars, as we incur additional costs associated with growing our business and operating as a public company in the United States and in China.

Other Income and Expenses

	Three Months Ended March 31,	
	2020	2019
	(in thousands)	
Interest Income	$ 335	$ 9
Interest Expense	(111)	(139)
Interest Income (expense), Net	$ 224	$ (130)
Other Income (expense), Net	$ 677	$ (261)

Interest income consists of interest earned on our cash and equivalents and restricted cash accounts, offset by interest expense incurred from outstanding short-term borrowings. We earned $224,000 of interest income, net in the three months ended March 31, 2020 as compared to incurring ($130,000) of interest expense, net in the three months ended March 31, 2019. This was a result of a larger balance of cash and equivalents and restricted cash along with reduced borrowings under short-term bank loans.

Other income (expense), net primarily reflects (a) gains or losses recognized from the impact of exchange rates on our foreign currency-denominated working-capital transactions and (b) depreciation of assets acquired with government subsidies, as described under "—Key Components of Results of Operations—PRC Government Research and Development Funding" above. Other income (expense), net was $677,000 in the three months ended March 31, 2020 due to primarily to gains and losses resulting from changes in the RMB-to-U.S. dollar exchange rate during the quarter, compared to Other income (expense), net of ($261,000) in the three months ended March 31, 2019 due to gains and losses resulting from changes in the RMB-to-U.S. dollar exchange rate during the quarter.

Income Tax Expense

The following presents components of income tax expense for the indicated periods:

	Three Months Ended March 31,	
	2020	2019
	(in thousands)	
Current:		
U.S. federal	$ (10)	$ -
U.S. state	-	-
Foreign	(257)	-
Total current tax expense	(267)	-
Deferred:		
U.S. federal	(28)	-
U.S. state	-	-
Foreign	(9)	(119)
Total deferred tax benefit	(37)	(119)
Total income tax expense	$ (304)	$ (119)

Our effective tax rate differs from statutory rates of 21% for U.S. federal income tax purposes and 15% to 25% for Chinese income tax purposes due to the effects of the valuation allowance and certain permanent differences as it pertains to book-tax differences in the value of client equity securities received for services. Our two PRC subsidiaries, ACM Shanghai and ACM Wuxi, are liable for PRC corporate income taxes at the rates of 15% and 25%, respectively. Pursuant to the Corporate Income Tax Law of the PRC, our PRC subsidiaries generally would be liable for PRC corporate income taxes as a rate of 25%. According to Guoshuihan 2009 No. 203, an entity certified as an "advanced and new technology enterprise" is entitled to a preferential income tax rate of 15%. ACM Shanghai was certified as an "advanced and new technology enterprise" in 2012 and again in 2016 and 2018, with an effective period of three years.

We file income tax returns in the United States and state and foreign jurisdictions. Those federal, state and foreign income tax returns are under the statute of limitations subject to tax examinations for 2009 through 2016. To the extent we have tax attribute carryforwards, the tax years in which the attribute was generated may still be adjusted upon examination by the Internal Revenue Service or state or foreign tax authorities to the extent utilized in a future period.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted on March 27, 2020. It contains several provisions that may have financial statement effects. Key Aspects of the CARES Act include the following:

- Repealed the 80% taxable income limitation for 2018, 2019 and 2020. Also allows those years to be carried back up to five years
- Allows corporations to claim 100% of AMT credits in 2019. It also provides for an election to take the entire refundable credit amount in 2018
- Section 163(j) ATI limit raised from 30% to 50% for businesses
- Technical corrections to TCJA for Qualified Improvement Property ("QIP"). Designates as 15-year property for depreciation purposes, which makes QIP a category eligible for 100% bonus depreciation

The CARES Act is not expected have a material impact on income taxes in the Company's financial statements.

Net Income Attributable to Redeemable Non-Controlling Interests

As described above under "—STAR Market Listing and IPO," in 2019, ACM Shanghai sold a total number of shares representing 8.3% of its outstanding ACM Shanghai shares. ACM Research continues to hold the remaining 91.7% of ACM Shanghai's outstanding shares. As a result, commencing with the three months ended September 30, 2019, we reflect, as net income attributable to redeemable non-controlling interests, the portion of our net income allocable to the minority holders of ACM Shanghai shares. In the three months ended March 31, 2020, this amount totaled $258,000.

Liquidity and Capital Resources

During the first three months of 2020, we funded our technology development and operations principally through our beginning cash balance, application of net proceeds from a follow-on public offering of Class A common stock in 2019, short-term borrowings by ACM Shanghai from local financial institutions, and cash flow from operating activities.

We believe our existing cash and cash equivalents, our cash flow from operating activities, and short-term bank borrowings by ACM Shanghai will be sufficient to meet our anticipated cash needs for at least the next twelve months. We do not expect that our anticipated cash needs for the next twelve months will require our receipt of any PRC government subsidies. Our future working capital needs will depend on many factors, including the rate of our business and revenue growth, the payment schedules of our customers, and the timing of investment in our research and development as well as sales and marketing. To the extent our cash and cash equivalents, cash flow from operating activities and short-term bank borrowings are insufficient to fund our future activities in accordance with our strategic plan, we may determine to raise additional funds through public or private debt or equity financings or additional bank credit arrangements. We also may need to raise additional funds in the event we determine in the future to effect one or more acquisitions of businesses, technologies and products. If additional funding is necessary or desirable, we may not be able to obtain bank credit arrangements or to affect an equity or debt financing on terms acceptable to us or at all.

Sources of Funds

Cash Flow from Operating Activities. Our operations provided cash flow of $3.8 million in the first three months of 2020. Our cash flow from operating activities is influenced by (a) the level of net income, (b) the amount of cash we invest in personnel and technology development to support anticipated future growth in our business, (c) increases in the number of customers using our products, and (d) the amount and timing of payments by customers.

Equity and Equity-related securities. During the three months ended March 31, 2020, we received proceeds of $175,000 from sales of Class A common stock pursuant to option exercises.

Short-Term Loan Facilities. We have short-term borrowing with two banks, as follows:

Lender	Agreement Date	Maturity Date	Annual Interest Rate	Maximum Borrowing Amount(1)	Amount Outstanding at March 31, 2020
China Everbright Bank	April 2019	April 2020 -August 2020	5.22%-5.66%	RMB50,000	RMB27,000
				$ 7,055	$ 3,810
IBK (Industrial Bank of Korea)	July 2019	July 2020	4.17%	KRW500,000	KRW100,000
				$ 410	$ 82
				$ 7,465	$ 3,892

(1) Converted from RMB and KRW to dollars as of March 31, 2020

All of the amounts owing under the line of credit with China Everbright Bank are guaranteed by Dr. David Wang, our Chief Executive Officer, President and Chair of the Board. All of the amounts owing under the line of credit with IBK are guaranteed by YY Kim, CEO of ACM Research (Korea).

Government Research and Development Grants. As described under "—Key Components of Results of Operations—PRC Government Research and Development Funding," ACM Shanghai has received research and development grants from local and central PRC governmental authorities. ACM Shanghai received cash payments of $1.9 million related to such grants received in the three months ended March 31, 2020, as compared to cash payments of $22,000 related to such grants received during the same period in 2019. Not all grant amounts are received in the year in which a grant is awarded. Because of the nature and terms of the grants, the amounts and timing of payments under the grants are difficult to predict and vary from period to period. In addition, we expect to apply for additional grants when available in the future, but the grant application process can extend for a significant period of time and we cannot predict whether, or when, we will determine to apply for any such grants.

Working Capital. The following table sets forth selected working capital information:

	March 31, 2020
	(in thousands)
Cash and cash equivalents	$ 52,283
Accounts receivable, less allowance for doubtful amounts	37,260
Inventory	44,987
Working capital	$ 134,530

Our cash and cash equivalents at March 31, 2020 were unrestricted and held for working capital purposes. ACM Shanghai, our only direct PRC subsidiary, is, however, subject to PRC restrictions on distributions to equity holders. We currently intend for ACM Shanghai to retain all available funds any future earnings for use in the operation of its business and do not anticipate its paying any cash dividends. We have not entered into, and do not expect to enter into, investments for trading or speculative purposes. Our accounts receivable balance fluctuates from period to period, which affects our cash flow from operating activities. Fluctuations vary depending on cash collections, client mix, and the timing of shipment and acceptance of our tools.

We have never declared or paid cash dividends on our capital stock. We intend to retain all available funds and any future earnings to support the operation of and to finance the growth and development of our business and do not anticipate paying any cash dividends in the foreseeable future.

Uses of Funds

Capital Expenditures. We incurred $0.1 million in capital expenditures in the first three months of 2020, versus $0.1 million during the same period in 2019.

Off-Balance Sheet Arrangements

As of March 31, 2020, we did not have any significant off-balance sheet arrangements, as defined in Item303 (a)(4)(ii) of Regulation S-K under the Securities Act of 1933.

Emerging Growth Company Status

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act, or JOBS Act, and may take advantage of provisions that reduce our reporting and other obligations from those otherwise generally applicable to public companies. We may take advantage of these provisions until the earliest of December 31, 2022 or such time that we have annual revenue greater than $1.0 billion, the market value of our capital stock held by non-affiliates exceeds $700 million or we have issued more than $1.0 billion of non-convertible debt in a three-year period. We have chosen to take advantage of some of these provisions, and as a result we may not provide stockholders with all of the information that is provided by other public companies. We have, however, irrevocably elected not to avail ourselves, as would have been permitted by Section 107 of the JOBS Act, of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933 for complying with new or revised accounting standards, and we therefore will be subject to the same new or revised accounting standards as public companies that are not emerging growth companies

Item 3. Quantitative and Qualitative Disclosures about Market Risks

We are a smaller reporting company as defined by Item 10(f)(1) of Regulation S-K under the Securities Act of 1933 and as such are not required to provide information under this Item.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2020. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission, or the SEC. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2020, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures over financial reporting were effective.

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2020, no changes were identified to our internal control over financial reporting that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we may become involved in legal proceedings or may be subject to claims arising in the ordinary course of our business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

There have been no material developments with regard to legal proceedings in the three months ended March 31, 2020 or in the subsequent period up to the date of this report.

ITEM 1A. RISK FACTORS

There were no material changes to the risk factors discussed in Item 1A, “Risk Factors” of Part I in our Annual Report. In addition to the other information set forth in this report, you should carefully consider those risk factors, which could materially affect our business, financial condition and future operating results. Those risk factors are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may have a material adverse effect on our business, financial condition and operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Equity Securities

In the three months ended March 31, 2020, we issued and sold to employees and consultants an aggregate of 35,001 unregistered shares of Class A common stock upon the exercise of stock options at per share exercise prices between $0.75 and $1.50. These transactions did not involve any underwriters, any underwriting discounts or commissions, or any public offering. We believe the offers, sales and issuances of these shares were exempt from registration under the Securities Act of 1933 by virtue of Section 4(a)(2) thereof (or Regulation D promulgated thereunder) because the issuance of securities to the recipients did not involve a public offering or in reliance on Rule 701 under said Act because the transactions were pursuant to a contract relating to compensation as provided under such rule. The recipients of the shares represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the shares issued in these transactions. The recipients had adequate access, through a relationship with us, to information about us. The sales of these shares were made without any general solicitation or advertising.

Use of Initial Public Offering Proceeds

The net proceeds of our initial public offering of Class A common stock in November 2017, after deducting underwriting discounts and commissions and offering expenses, were $17.3 million. There has been no material change in the planned use of proceeds from that described in the final prospectus filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act of 1933 on November 3, 2017. To date we have applied the net proceeds to purchase inventory and ordinary course of business operations.

Item 6. Exhibits

The following exhibits are being filed as part of this report:

Exhibit Number	Description
10.01†‡	Employment Agreement dated January 8, 2018 between ACM Research (Shanghai), Inc and Lisa Feng
10.02	Note Assignment and Cancellation Agreement dated April 30, 2020 by and among ACM Research, Inc., ACM Research (Shanghai), Inc. and Shengxin (Shanghai) Management Consulting Limited Partnership
10.03	Share Transfer and Note Cancellation Agreement dated April 30, 2020 between ACM Research, Inc. and Shengxin (Shanghai) Management Consulting Limited Partnership
31.01	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.02	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.01*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

† Indicates management contract or compensatory plan.

‡ Certain sensitive personally identifiable information in this exhibit was omitted by means of redacting a portion of the text and replacing it with [***].

* The certifications attached as Exhibit 32.01 accompany the Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	ACM RESEARCH, INC.
Date: May 8, 2020	By: /s/ Mark McKechnie
	Mark McKechnie
	Chief Financial Officer, Executive Vice President and Treasurer
	(Principal Financial Officer)

盛美半导体设备（上海）有限公司

EMPLOYMENT AGREEMENT

劳 动 合 同

Party A: ACM Research (Shanghai), Inc.

(Hereinafter: "the Company")

甲方：盛美半导体设备（上海）有限公司

（以下称“公司”)

Party B: (Hereinafter: "the Employee")

乙方：**Lisa Feng**（以下称“员工”)

Mr/Ms:Lisa Feng

Detailed employee information is to be filled in on the signature page
员工的详细信息填写在签字页

This Employment Agreement (this "Agreement") is entered into at Build 4, No.1690 Cai Lun Road, Zhangjiang High-Tech Park, Shanghai on 1/8/2018 in the People's Republic of China ("PRC") signed by the following two parties:

本雇佣协议（“协议”）于 1/8/2018，签 署于中华人民共和国（简称“中国”)，上海张江高科技园区蔡 伦路1690号 第4幢，签约双方为：

COMPANY: ACM Research (Shanghai) Inc.

公司： 盛美半导体设备（上海）有限公司

Legal Representative: Hui Wang

法定代表人：王晖

And

和

EMPLOYEE: Name of Employee:

员工：员工姓名：**Lisa Feng**

ID Number: 身份证号码：***

Identification Address:

身份地址：

Residential address:

居住地址：***

This company and the aforementioned individual shall bilaterally and unanimously reach an agreement on the undertakings, terms and conditions to sign the agreement as follows:

本公司和该员工就双方承诺、条款和条件达成一致，并签订协议如下：

1 GENERAL PROVISIONS 总则

This Agreement is based on equality, willingness and mutual agreement in accordance with *Labor Law of People's Republic of China*, *Labor Contract Law of People's Republic of China* and relevant laws, administrative regulations as well as the actual situation in the Company.

根据《中华人民共和国劳动法》,《中华人民共和国劳动合同法》和有关法 律，行政法规, 结合我公司的实际情况，在双方平等自愿, 协商一致的条件下，制定本合同。

This Agreement is entered into between the Employee and the Company and only comes into effect when this Agreement is signed by both parties.

员工与公司双方签订劳动合同，并由双方共同签署本合同方可生效。

2 TERM (Termination during probationary period, renewal, and termination) 协议

期限（试用期解除，续约，解除）

Term 期限

This Agreement is a fixed-term agreement, effective as of 2018/1/8 and shall end on 2021/1/7 unless this agreement is terminated either during the probationary period or in accordance with the company's relevant policies, rules and regulations.

You will undergo a probationary period of 6 months you will have a probation evaluation after 6 months, if you pass the evaluation, you will pass the probation.

本协议为固定期限劳动合同，自 2018/1/8 起生效，有效期至 2021/1/7 止。 除了试用期阶段的合同解除或者根据公司的相关规章制度的约定解除劳动合同的，此合同将延续至有效期结束为止。 试用期为6个月，我们将在您入职6个月时进行试用期考核，若考核通过，将转正。

Renewal and Termination 协议的续签和提前终止

This Agreement renewal and termination will be under the labor law and with the unanimous consent of both parties; however, a written agreement must be agreed upon at least thirty (30) to ninety (90) days in advance of the end of employment.

合同期限的延续和提前终止应根据劳动法的相关规定执行，并 由双方协商一 致后，应至少在本合同期满30至90天之前达成书面协议。

3 Employee Obligation & Responsibility 员工的义务与职责

Scope of Work 职责范围

The Employee shall be employed as the Company's Controler, and shall have such duties as are commensurate with this position and any related duties now or hereafter assigned to the Employee by the Company. Please refer to Attachment 1 for detailed job descriptions.

该员工将被聘为本公司的 Controler，履行与该 职位相称的各项职责以及本公司当前或以后指派的各项相关职责。具体工作职责见附件一。

Observing the Laws and Rules 员工应当遵守的法律规定

The Employee must abide by the Company's rules, regulations, and practices as they may be adapted or modified from time-to-time by the Company, including without limitation the rules contained in the Company's Employee Handbook (the "Employee Handbook"). The Employee acknowledges and agrees that performing the duties outlined herein in accordance with industry standards and in a high quality and professional manner is essential to protecting the Company's brand image.

员工必须遵守本公司的规章制度和惯例，并且严格遵守本公司员工手册（即“员工手册”）的各条规定，以及公司按照实际公司情况而不时修改这些规章制度和惯例或采纳新的规章制度和惯例。员工承认并同意根据行业标准、以高质量专业化的方式履行员工手册中描述的各项职责对于保护本公司的品牌形象至关 重要。

The Employee Handbook will become binding to the Employee when the employment commences. Changes or supplements in the Employee Handbook will be done by Human Resource in collaboration with the management according to the applicable laws and regulations, and officially notify to all employees.

员工遵守员工手册的相关规定，自劳动关系成立之日起生效。员工手册的修订或增补由人力资源部门协同管理层根据相关法律法规规定的程序进行，并正式公示给所有员工。

Work Hours 工作时间

The Employee's normal work hours shall be **eight (8)** hours each day, (excluding one hour for lunch break), five (5) days per week, Monday to Friday, for a total of forty (40) working hours per week. The Employee shall work on a shift basis or other non-standard work hours system, if so required by the Company.

该员工的标准工作时间为每天八小时（进餐一小时不包括在内），一周五（5）天，从周一至周五，一周总计四十个工时。员工也有可能按照公司的要求实行轮班制 工作时间或其他非标准工作时间制。

Paid Annual Leave 带薪年休假

The Company shall grant Employee **Fifteen (15)** days of totally paid annual leave per calendar year, in addition to the legal public holidays of the PRC. Employee's paid vacation days shall be taken at such time or times as may be approved by the Company, pro-rated for any partial calendar year of employment. Further comment upon rules and regulations regarding holiday affairs are illustrated in the Employee Handbook.

除中华人民共和国的法定公共假期放假之外，本公司根据年历每年给予员工十五天带薪休假。带薪休假的时间必须通过本公司批准，按照雇佣的历年按比例分配。关于休假事宜的规定和规章在《员工手册》中有详细说明。

Labor Protection 劳动保护

The company dedicates to provide a safe and comfortable working environment for its employees. The Company adopts necessary measures and regulations to ensure the Employee has a safe work environment. The Employee should obey the regulation or any rules issued by the company to keep themselves safe.

公司致力于提供良好的安全和舒适的工作环境给员工。我们将提供必要的安全保护设施和管理条例，保证员工的工作场所安全。员工应遵守公司发布的相关条例以确保自身安全。

4 REMUNERATION AND BENEFITS 报酬和待遇

Salary 薪水

The salary together with subsidies, if any, of the Employee during the term of this Agreement shall be according to the salary adjustment record, the salary including the monthly allowance for lunch allowance and the traffic allowance **before tax**.

本协议有效期内，员工每月薪资按最新的薪资调整记录执行，工资总额包括员工每月津贴中的午餐及交通津贴，税前。

The annual remuneration consists of **13** equal monthly payments. The conditions of the 13th month salary payment are: 1) Working in our company with more than 3 months in current year 2) and still under employment with the company when the 13th month salary granted. The specific refes to the employee handbook.

年报酬由 **13** 月工资组成。13薪按比例发放条件为：1）当年度在公司服务满3个 月以上的；2) 同时发放 13个月薪水时，员工依然在职，可以享受13个月的薪水；具体参照员工手册。

The salary of the present month shall be paid at the 30th to the bank accounts of the Employee established by the Company.

当月的工资将会在本月的30号发放，存入公司为员工开办的银行户头。

Salary amount is strictly confidential and shall be discussed only between the H.R. Department and the Employee or between the direct manager and the Employee.

薪水的数额是严格保密的，只有人力资源部和员工之间，或者直接上司和员工之间才可以谈论。

Performance-related Bonus 员工业绩奖金

The Employee will receive a bonus based on personal performance and company status and the company annual bonus plan approved by the top management in the company. Normally, the bonus review will be handled by the company, and the bonus will be issued before the Chinese New Year.

员工根据个人表现和公司经营状况，以及公司管理层针对每年奖金计划方案规定的绩效完成内容将 获得的业绩奖金。该业绩奖金将由公司高层及公司内部实行统一评估，业绩奖金一般情况下将在中国新年之前发放。

Only upon fulfillment of the following three conditions, the performance bonus under this article may be granted: (1) the Employee achieves the target stipulated by the Company and achieves the work target setup by his/her supervisors; (2) the Employee is still under employment with the Company when granting the bonus or the employee is continuously worked in a calendar year from Jan. 1st to Dec. 31st; and (3) the Employee has not violated the relevant rules and regulations of the Company nor damaged the Company assets.

在同时满足以下三个条件的情况下, 本条规定的员工业绩奖金方可支付： (1) 员工 达到 公司规定的业绩并且完成由上级领导给予设定的工作目标； (2) 员工在业绩奖金发放时仍然在职，或连续工作满一个公历年 (从当年 1 月 1 日至 12 月 31 日); (3) 员工没有违反公司规章制度或者损坏公司财产的情况。

Tax Payment 纳税

The Employee shall be personally responsible for the individual income tax and any other charges or taxes, if any, associated with the remuneration. The Company will pay salary and remuneration, if any, directly to Employee, after deducting any amount required to be withheld by the Company, acting as the legally obligatory withholder, as individual income tax or otherwise in accordance with applicable law.

员工应自行对与本薪酬待遇有关的个人所得税及其他税费负责。本公司根据现行法律规定，以法定代扣人的身份代扣代缴一定数额的税费之后，把工资以及报酬（如果有报酬的话）直接发放给员工。

Chinese nationals or employees holding a Chinese passport will receive a tax certificate once a year. Employees whose yearly income exceeds one hundred twenty thousand RMB (RMB120,000.00) will be personally responsible for his/her personal tax claim.

中国籍员工／持中国护照员工将每年一次收到纳税清单，对于年收入超过 12 万人民币一年的，员工 将自己负责申税。

Insurance and Welfare 保险 和福利

The Company provides the statutory social insurance to the Employee, and additional commercial insurance to match up the daily requirement to the Employee. The detailed policy is listed in the Employee Handbook.

员工能享受国家规定的相关社会保险，和其他额外的商业保险计划，详细信息根据《员工手册》内的相关规定执行。

5 EMPLOYEE'S GENERAL OBLIGATIONS员工的总体职责

Management of Files 文件管理

The Employee will separately file work related files as well as collecting any and all documents produced during the performance of duties, projects, tasks and/or other obligations due; the loss deletion or damage of any document is strictly prohibited and will be deemed as a serious breach of this Agreement and the Employee concerned may not be eligible for the performance bonus under Article 4 of this Agreement.

员工将建立各自和工作有关的文件夹，收集履行职责、项目、执行任务或其他应尽职责时产生的所有文档；严禁遗失、删除或损坏与员工工作职责相关的任何信息，如有遗失、删除或损坏将视为严重违反本协议，员工因此不得享有本协议第四条规定的业绩奖金。

No Other Work and Other Association 不得另外从事工作或加入其他社团

During the term of this Agreement, the Employee shall only assume post of and work for the Company. The Employee is not allowed to undertake any other business or professional activity similar or unsimilar to the duties of the Employee, including employment, provide labor service and/or consultation without permission by the Company either directly or indirectly, independently or in association with others.

本协议有效期内，员工只能在本公司担任职务进行工作，未经公司同意不得间接或直接地单独或与他人参与或联系与其在本公司的职责相同或相异的一切形式的商业或专业活动，包括雇佣，提供劳务和咨询活动。

Confidential Information 保密信息

Without the prior written approval of the Company, the Employee shall not, during the term or at any time thereafter, disclose to any unauthorized person (including his/her relatives), or use for the Employee's personal benefit or otherwise any information, knowledge, or data which the Employee receives or develops during the term and that which is confidential, including, but not limited to information contained in business processes, business plan, customer lists, methods, machines, manufacturers, compositions, engineering, research, ideas, concepts, inventions, discoveries, writings, software, or otherwise, or which the Company or any affiliate thereof, has received in confidential from any others; nor shall the Employee disclose to the Company any confidential information of any others. The Employee hereby warrants that the Employee shall hold in confidence all confidential information of the Company.

在未事先征得公司书面同意的情况下，员工不得在期限内或之后任何时间，为了员工自身的利益或者他人利益，向任何未经授权的人（包括其亲属）披露或为上述之目的而使用员工在合同期限内接收或研发出的任何保密性质的信息、知识或数据，包括但不限于商业程序、商业计划、客户清单、 方 法、机器、加工商、构成、工程、研究、想法、概念、发明、发现、书面材料、 软件 或者其他物件中所包含的信息，或者公司或其任何关联公司从他方接收的要求保密的信息；员工还不得向公司披露其他任何人的任何保密信息。员工特此保证员工将会对公司的所有保密信息进行保密。

The Employee covenants that, upon end or termination of the employment due to any reason, the Employee shall deliver to the Company or destroy, at the Company's request, any and all forms of the files, documents and materials in the Employee's possession, which may contain the Company's confidential information.

员工承诺，由于任何原因而导致该雇佣关系终止或解除以后，该员工应将其手中任何及所有形式的、 可 能包含该 公司保密信息的文件、档案和材料交还给公司或者在公司的要求下销毁。

A breach of this Article of Confidential Information by the Employee constitutes a material breach of this Agreement. The Employee shall be liable for the breach herein, and return to the Company all proceeds gained as resulted from such breach. The Employee shall indemnify the Company against any losses incurred in such breach. Furthermore, the Company also has the right to take punitive actions against the Employee in accordance with relevant labor disciplines and rules, and the Employee concerned may not be eligible for the performance bonus under Article 4 of this Agreement.

员工违反本条关于保密信息的行为应被视为对此劳动合同的重大违约行为。该员工将对其违反本条规定的行为承担赔偿责任，并向公司呈交由于该等违约行为而取得的所有收益。该员工应为由于该等违约行为而造成的任何损失向该公司赔偿。此外，公司还有权根据相关的劳动纪律规则及规定对该员工采取惩罚性行动，员工因此不得享有本协议第四条规定的业绩奖金。

Due Practice 正当做法

During the term of this Agreement, the Employee shall not, and shall not direct any other person, to offer, promise or give to any government official, any political party or official thereof, any candidate for political office, or any other person any money or any other thing of value while knowing or having reason to know that all or a portion of such money or thing of value will be offered, promised, or given directly to any such entity for the purpose of influencing any action, omission, or decision by the recipient in order to obtain or retain business for Company or to direct business to another.

本协议有效期内，员工本人不得，也不得指示他人，给任何政府官员、政党或政党的官员、候选人或任何其他人提供钱财，也不得做出此类承诺，不管是否应当知情这些钱财的一部分或者全部会提供给这些组织以影响接受方的制定法规、做出决议或做出消极行为以便本公司包揽业务或把业务指派给其他公司。

6 TRAINING 培训

The Company requires all Employees to undertake training programs, including compulsory courses and development training courses if the Company considers it appropriate. If the Employee has received training from the Company, and terminates his/her employment pursuant to provisions of this Agreement within two (2) years of completing such training, the Employee shall reimburse the Company of all training related expenses incurred by the Company in providing such training to the Employee on a pro rata basis.

本公司要求员工参加公司举办的必修类和合适的发展类培训项目。如果在员工在接受公司为其提供的培训完成两年（2年）内由于本协议相关的原因从本公司辞职，则必须按比例向本公司归还公司所支付的培训费用，作为对本公司的赔偿金。

7 END AND TERMINATION OF THIS AGREEMENT 协议的终止与解除

End and Termination of this Agreement 协议的终止与解除

For the conditions related to end or termination of this Agreement, the Company will act in accordance with the relevant regulations of *Labor Law of People's Republic of China*, *Labor Contract Law of People's Republic of China*, and the regulations as stipulated in the Employee Handbook.

对于本合同的终止和解除的情况，公司将根据《劳动法》、《劳动合同法》和《员工手册》的相关规定处理。

Handover 移 交手续

No matter for which reason this Agreement ends or terminates, the Employee must fully cooperate with the handover personnel designated by the Company to ensure that his/her duties are successfully transferred to the handover personnel. The Company has the discretion to adopt different handover procedures for different employees.

员工无论何种原因与公司解除或终止劳动合同时均应与公司指定的交接人员合作，做好所担任工作的业务交接工作。公司有权根据不同职位的员工的情况决定采用不同的适当的工作交接手续。

Before the Employee leaves the Company, the following matters must be delivered:

(1) Company assets held by the Employee (including equipment and facilities assigned by the Company to the Employee);

(2) Personal loans borrowed from the Company;

(3) Outstanding company affairs undertaken by the employee;

(4) Details relating to the company affairs undertaken by the employee;

(5) Various kinds of documents, disks and E-mails relating to the company affairs (including documents, books, technical data, etc.).

员工在离职前应就下列事项分别造册办理移交：

(1)、所经营的公司财物（含公司发给个人的设备和工具等）;

(2)、向公司借取的个人预支款；

(3)、应办未办及已办未了的事项；

(4)、所经办业务项目之办事细则；

(5)、所经办业务之各项资料（包括公文、图书、技术资料等）。

After completion of the handover, the Employee shall not keep any copy of the work related materials or electronical copies; the Employee shall not use the work related materials to support any opponent in lawsuit, arbitration or dispute which may have adverse effect to the Company.

交接完毕后，员工不得保留任何跟公司业务资料有关的复印件或电子版拷贝，不得将保留的业务资料用于支持任何可能对公司造成不利影响的诉讼、仲裁或争议的相对方。

The Employee must complete the handover in person. If the handover cannot be conducted by the Employee, a third party can be designated to complete the delivery upon approval by the Company. However, the Employee will still be responsible for the delivery. If the delivery fails to be delivered in time or completely, the Employee will be responsible for the losses or damages incurred to the Company.

移交应亲自办理，如有特别原因，经核准可指定他人代为办理移交，所有一切责任仍由原移交人负责。逾期不移交或移交不清导致公司财物缺少、损坏，以及使公司蒙受其他损失者应负赔偿责任。

8 STATEMENT OF DISPUTE 争议的条件

In the event of a labor dispute, the Employee and the Company will negotiate based on fairness and equality.

一旦劳动争议发生，员工和公司将在公平和公正的基础上协商解决。

If the dispute is not settled within 30 days after the occurrence, the parties have the right to submit to the local labor dispute arbitration committee for arbitration.

如果双方自劳动争议发生的30天内无法解决劳动争议，双方有权向劳动关系所在地的劳动仲裁委员会提出仲裁。

If either party is not satisfied with the arbitration ruling, the case may be forwarded to the local People's Court.

任何一方对仲裁结果不满意的，可向地区法院起诉。

9 NON-CONFLICTING AGREEMENT 无相互冲突的协议

The Employee hereby represents and warrants that the execution of this Agreement and the performance of the Employee's obligations hereunder will not breach or be in conflict with any other agreement to which the Employee is a party or is bound to and that the Employee is not subject to any covenants against competition or similar covenants that would affect the performance of the Employee's obligations under this Agreement, and all the obligations included in the non-competition agreement or any other agreements which may have influential problems.

本公司的员工在此声明并保证在执行本协议及履行本协议中规定的员工职责时，不会违反或者冲突员工签订的其他协议或使其受到制约的协议，而且员工当前不再受任何不竞争契约或者其他一切可能影响本协议下员工职责的类似契约的管辖，包括前任公司遗留的任何竞业限制或其他合约问题的 影响。

10 MISCELLANEOUS 其他

Survival: After the expiration or termination of this agreement, provisions of this agreement shall survive the termination thereof for the settlement of right(s) and obligation(s) produced by this agreement.

遗留效力：本协议期满或终止后为清算本协议产生的（各项）权利和（各项）义务，本协议的各条规定以及保密规定仍然有效。

Revision in Written Form: No provision of this Agreement may be amended, modified or waived without a written agreement signed by both parties.

以书面形式修改：本协议各条规定的修正、修改或放弃 都必须 由双方签署同意。

Notice: Any notice or other communications shall be delivered by first class certified mail or by registered mail. If the address of the Employee changes, the Employee shall notify the Company within seven days after the effectiveness of such change.

通知：双方之间任何通知或者沟通应通过特快专递或者挂号信，由日寄到双方在本协议中规定的地址。 若员工的通讯地址有任何变更，员工应当在该变更生效后七天内通知公司。

Language: This Agreement is executed in two (2) sets of originals, with each set comprised of and English and Chinese version. If there is any discrepancy between the Chinese version and the English version, the Chinese shall prevail.

语言：本协议由两套（2套）原件组成，每套有英文和中文书面协议版本，若中文与英文有任何不一致，以中文为准。

[*End of page. Next page is Signature Page.*]

本页完，签字转下页

IN WITNESS HEREOF, the parties have executed this Employment Agreement as of the date set forth above.

截止上述日期，双方已经完成雇佣协议的制定，特此证明。

ACM Research (Shanghai), Inc.

盛美半导体设备(上海）有限公司

By／签订人 /s/ David Wang

Printed Name/打印姓名：David Wang

Title 职务：Chairman of the Board/成事长法人代表

EMPLOYEE/员人:

By／签订人 /s/ Lisa Feng

Printed Name/打印姓名：Lisa Feng

I.D. Card #/身份证明号码: ***

ID Address/户籍地址：

Residential Address/居住地址: ***

Email/电子邮件:

Attachment 1: Job Description

附件一：工作职责

Exhibit 10.02

NOTE ASSIGNMENT AND CANCELLATION AGREEMENT

THIS NOTE ASSIGNMENT AND CANCELLATION AGREEMENT (this "*Agreement*") is made as of April 30, 2020, by and among ACM Research, Inc. ("*ACM*"), ACM Research (Shanghai), Inc. ("*ACM Shanghai*"), and, solely with respect to Sections 1 and 5, Shengxin (Shanghai) Management Consulting Limited Partnership ("*SMC*," and together with ACM and ACM Shanghai, the "*Parties*").

RECITALS

A. On March 30, 2018:

1. the Parties entered into a warrant exercise agreement (the "*Warrant Exercise Agreement*") pursuant to which SMC exercised in full an outstanding warrant dated March 14, 2017 to purchase from ACM a total of 397,502 shares of ACM's Class A common stock (the "*Warrant Shares*") for an aggregate purchase price of $2,981,259.26, which aggregate purchase price was paid by SMC's issuance of a senior secured promissory note dated March 30, 2018 in the principal amount of $2,981,259.26 made and delivered, upon the order of ACM, to ACM Shanghai (the "*SMC Note*");

2. as security for the performance of its obligations under the SMC Note, SMC granted to ACM Shanghai a continuing security interest in all right, title and interest of SMC in and to the Warrant Shares pursuant to Section 5 of the Warrant Exercise Agreement (the "*Security Covenant*"); and

3. in exchange for its receipt of the SMC Note upon the order of ACM, ACM Shanghai issued and delivered to ACM a promissory note in the principal amount of the $2,981,259.26 (the "*Intercompany Note*").

B. Pursuant to an equity purchase agreement dated August 14, 2019, ACM acquired from SMC a total of 154,821 of the Warrant Shares for an aggregate purchase price of $2,042,863.10, of which purchase price a total of $1,161,157.50 was, in accordance with the terms of the Security Covenant:

1. applied to reduce the principal amount outstanding under the SMC Note to $1,820,101.76; and

2. withheld by ACM and applied to reduce the principal amount outstanding under the Intercompany Note to $1,820,101.76.

C. The Parties wish to set forth terms pursuant to which, with the consent of SMC, ACM Shanghai will assign and transfer to ACM all of ACM Shanghai's rights, title and interest in and to the SMC Note and the Security Covenant in exchange for ACM's cancellation of the Intercompany Note, all as set forth in this Agreement.

In consideration of the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Assignment, Assumption and Amendment. Effective as of the time of the execution and delivery of this Agreement by the Parties (the "*Effective Time*"):

1.1 SMC Note.

(a) ACM Shanghai hereby assigns, transfers and conveys to ACM all of ACM Shanghai's right, title and interest in and to the SMC Note, including the right to collect all sums due thereunder. ACM Shanghai disclaims any further interest in the SMC Note after the Effective Time.

(b) ACM hereby assumes all of ACM Shanghai's obligations under the SMC Note arising or accruing on or after the date of this Agreement.

(c) SMC hereby consents, in accordance with Section 8.6 of the SMC Note, to the assignment of the SMC Note by ACM Shanghai to ACM pursuant to this Subsection 1.1 and agrees that all rights, title and interest formerly held by ACM Shanghai in the SMC Note shall by owned and held by ACM as of the Effective Time.

1.2 Security Covenant.

(a) ACM Shanghai hereby assigns, transfers and conveys to ACM all of ACM Shanghai's right, title and interest in and to the Security Covenant. ACM Shanghai disclaims any further interest in the SMC Note or the Security Covenant after the Effective Time.

(b) ACM hereby assumes all of ACM Shanghai's obligations under the Security Covenant arising or accruing on or after the date of this Agreement.

(c) SMC hereby consents to the assignment of the Security Covenant by ACM Shanghai to ACM pursuant to this Subsection 1.2 and agrees that all rights, title and interest formerly held by ACM Shanghai in the Security Covenant shall by owned and held by ACM as of the Effective Time.

(d) In order to give effect to the foregoing provisions of this Subsection 1.2, the Parties hereby agree that, in accordance with Subsection 6.8 of the Warrant Exchange Agreement, Section 5 of the Warrant Exercise Agreement, which is the Security Covenant, shall be amended and restated, effective immediately, as follows:

"5. Grant and Release of Security Interest.

5.1 Grant of Security Interest. As security for the performance of any and all obligations of SMC pursuant to the SMC Note, SMC pledges and grants to ACM a continuing security interest in all right, title and interest of SMC in and to the Warrant Shares. SMC understands that the Warrant Shares, which will be held in book-entry form, may be notated with legends to evidence ACM's security interest, and SMC agrees to cooperate with ACM in taking such other steps as ACM may reasonably determine to be desirable to evidence, protect and preserve its security interest in the Warrant Shares.

5.2 Release of Security Interest. In the event SMC wishes to sell any of the Warrant Shares while the SMC Note remains outstanding, ACM agrees that its security interest in such Warrant Shares will be released if, and only if, SMC complies with the provisions of this Subsection 5.2. In order to release the security interest in Warrant Shares in connection with a sale of such Warrant Shares, SMC must pay with respect to the SMC Note (a) principal of the SMC Note in an amount equal to $7.50 multiplied by the number of Warrant Shares being sold plus (b) the amount of interest accrued on such principal amount since the issue date of the SMC Note (with respect to such proposed sale, the "*Required Note Payment*"). In furtherance of the foregoing:

(a) SMC shall provide to ACM, at least ten days before the date of any such sale, a notice (a "*Sale Notice*") specifying the number of Warrant Shares proposed to be sold and the date on which such sale is to occur and describing the manner in which SMC will pay the Required Note Payment with respect to such sale;

(b) SMC shall promptly respond to any questions that ACM may have with respect to such Sale Notice;

(c) ACM shall notify SMC, within five days of receipt of such Sale Notice, whether the proposed arrangements for the Required Note Payment are acceptable to ACM in its sole discretion, it being understood that if such arrangements are not acceptable to ACM, ACM's security interest in the Warrant Shares proposed to be sold will not be released and the sale cannot proceed; and

(d) if the proposed arrangements for the Required Note Payment are acceptable to ACM and SMC chooses to proceed with the sale of the Warrant Shares in accordance with the terms described in such Sale Notice,

(i) SMC shall pay the amount of the Required Note Payment to ACM;

(ii) the amount of the Required Note Payment shall be applied to payment of the SMC Note in the principal and interest allocations set forth in the preceding sentence; and

(iii) ACM shall arrange for release of its security interest in such Warrant Shares, including the removal of any legends notated on such Warrant Shares to evidence ACM's security interest."

The Parties agree that, except as set forth above in this Subsection 5.2, the Warrant Exercise Agreement shall remain in full force and effect in accordance with its terms.

2. <u>Cancellation of Intercompany Note</u>. ACM hereby acknowledges and agrees that the assignment, transfer and conveyance of ACM Shanghai's right, title and interest in and to the SMC Note and the Security Covenant pursuant to Section 1 constitute satisfaction and payment all of ACM Shanghai's payment and other obligations under the Intercompany Note and, accordingly, the Intercompany Note is hereby cancelled, and no longer outstanding, effective immediately. For clarity, and without limiting the foregoing, ACM hereby irrevocably and unconditionally releases and forever discharges ACM Shanghai of and from any and all rights, obligations, promises, agreements, debts, losses, controversies, claims, causes of action, liabilities, damages and expenses of any nature whatsoever, whether known or unknown and whether asserted or unasserted, that ACM ever had, now has or hereafter may have against ACM Shanghai arising under the Intercompany Note.

3. <u>Representations and Warranties of ACM Shanghai</u>. ACM Shanghai represents and warrants to ACM as follows:

3.1 <u>SMC Note</u>. ACM Shanghai is the sole owner of the SMC Note and holds beneficial and legal title to the SMC Note free and clear of any and all liens or other encumbrances, including restrictions on transfer relating thereto. The SMC Note has not been amended or modified prior to the Effective Time, except to the extent of partial payment of the principal thereof as described in Recital B.1 above. No act or omission on the part of SMC or ACM Shanghai has occurred that, alone or with the passage of time, would constitute a default under the SMC Note.

3.2 Security Covenant. The Security Covenant is in full force and effect in accordance with its terms and has not been amended or modified. No act or omission on the part of SMC or ACM Shanghai has occurred that, alone or with the passage of time, would constitute a default under the Security Covenant.

3.3 Authorization. All action required to be taken to authorize ACM Shanghai to enter into and perform this Agreement has been taken.

3.4 Binding Obligation. This Agreement constitutes a valid and legally binding obligation of ACM Shanghai, enforceable against ACM Shanghai in accordance with its terms except as limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other laws of general application relating to or affecting the enforcement of creditors' rights generally or (b) laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.5 Governmental Consents and Filings. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any national, provincial or local governmental authority of any jurisdiction is required to be obtained by ACM Shanghai in connection with the consummation of the transactions contemplated by this Agreement.

3.6 Compliance with Other Instruments. ACM Shanghai is not in violation or default (a) of any provisions of its organizational documents, (b) of any instrument, judgment, order, writ or decree, (c) under any note, indenture or mortgage, or (d) under the Warrant Exercise Agreement or any other lease, agreement, contract or purchase order to which it is a party or by which it is bound, or, to its knowledge, of any provision of any statute, rule or regulation applicable to ACM Shanghai, the violation of which would have a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property or operating results of ACM Shanghai. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either (x) a default under any such provision, instrument, judgment, order, writ, decree, contract or agreement or (y) an event that results in the creation of any lien, charge or encumbrance upon any assets of ACM Shanghai or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to ACM Shanghai.

4. Representations and Warranties of ACM. ACM represents and warrants to ACM Shanghai as follows:

4.1 Intercompany Note. ACM is the sole owner and holder of the Intercompany Note and holds beneficial and legal title to the Intercompany Note free and clear of any and all liens or other encumbrances. The Intercompany Note has not been amended or modified, except to the extent of partial payment of the principal thereof as described in Recital D.2 above.

4.2 Authorization. All corporate action required to be taken to authorize ACM to enter into and perform this Agreement has been taken.

4.3 Binding Obligation. This Agreement constitutes a valid and legally binding obligation of ACM, enforceable against ACM in accordance with its terms except as limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other laws of general application relating to or affecting the enforcement of creditors' rights generally or (b) laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

4.4 Governmental Consents and Filings. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any national, provincial or local governmental authority of any jurisdiction is required to be obtained by ACM in connection with the consummation of the transactions contemplated by this Agreement.

4.5 Compliance with Other Instruments. ACM is not in violation or default (a) of any provisions of its organizational documents, (b) of any instrument, judgment, order, writ or decree, (c) under any note, indenture or mortgage, or (d) under any lease, agreement, contract or purchase order to which it is a party or by which it is bound, or, to its knowledge, of any provision of any statute, rule or regulation applicable to ACM, the violation of which would have a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property or operating results of ACM. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either (x) a default under any such provision, instrument, judgment, order, writ, decree, contract or agreement or (y) an event that results in the creation of any lien, charge or encumbrance upon any assets of ACM or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to ACM.

5. Miscellaneous.

5.1 Survival. Unless otherwise set forth in this Agreement, the representations and warranties of each of ACM Shanghai and ACM contained in this Agreement shall survive the execution and delivery of this Agreement and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by or on behalf of ACM or ACM Shanghai, respectively.

5.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the Parties to this Agreement or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

5.3 Governing Law. This Agreement and any controversy arising out of or relating to this Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

5.4 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

5.5 Interpretation. For purposes of this Agreement:

(a) headings used in this Agreement are for convenience of reference only and shall not, for any purpose, be deemed a part of this Agreement;

(b) references to a Section or Subsection refer to a Section or Subsection of this Agreement, unless specified otherwise;

(c) the words “include” and “including” shall not be construed so as to exclude any other thing not referred to or described;

(d) the word “or” is not exclusive;

(e) the definition given for any term shall apply equally to both the singular and plural forms of the term defined;

(f) unless the context otherwise requires otherwise, references (i) to an agreement, instrument or other document (including this Agreement) mean such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (ii) to a statute mean such statute as amended from time to time and include any successor legislation thereto and any rules and regulations promulgated thereunder; and

(g) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

5.6 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of (a) personal delivery to, or other actual receipt by, the Party to be notified and (b) when sent, if sent by electronic mail during normal business hours of the recipient, or, if not sent during the recipient’s normal business hours, then on the recipient’s next business day. All communications shall be sent to the respective Parties at their addresses or e-mail addresses as set forth on the signature page, or to such address or e-mail address as subsequently modified by written notice given in accordance with this Subsection 5.6. If notice is given to ACM, a copy shall also be sent to Mark L. Johnson at K&L Gates LLP, State Street Financial Center, 1 Lincoln Street, Boston, Massachusetts 02111.

5.7 Attorneys’ Fees. If any action at law or in equity (including arbitration) is necessary to enforce or interpret the terms of any of this Agreement, the prevailing Party shall be entitled to reasonable attorneys’ fees, costs and disbursements in addition to any other relief to which such Party may be entitled.

5.8 Amendments. Any term of this Agreement may be amended or terminated only with the written consent of ACM, ACM Shanghai and, with respect to any provision of Section 1 or 5 to the extent such provision directly or indirectly involves or affects SMC, SMC.

5.9 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

5.10 Entire Agreement. This Agreement, the SMC Note, the Intercompany Note and the Warrant Exercise Agreement collectively constitute the full and entire understanding and agreement among the Parties with respect to the subject matter of this Agreement, and any other written or oral agreement relating to the subject matter of this Agreement existing between any of the Parties is expressly canceled.

5.11 Dispute Resolution.

(a) The Parties (a) irrevocably and unconditionally submit to the jurisdiction of the state courts of the State of Delaware and to the jurisdiction of the U.S. District Court for the District of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of Delaware or the U.S. District Court for the District of Delaware, and (c) waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter of this Agreement may not be enforced in or by such court.

(b) Waiver of Jury Trial: Each Party waives its rights to a jury trial of any claim or cause of action based upon or arising out of this Agreement or the subject matter of this Agreement. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including contract claims, tort claims (including negligence), breach of duty claims, and all other common law and statutory claims. This Subsection 5.11(b) has been fully discussed by each of the Parties and these provisions will not be subject to any exceptions. Each Party further warrants and represents that it has reviewed this waiver with its legal counsel, and that such Party knowingly and voluntarily waives its jury trial rights following consultation with legal counsel.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

ACM RESEARCH, INC.

By: /s/ Hui Wang
Name: Hui Wang
Title: CEO

Address: 42307 Osgood Road, Suite I
Fremont, CA 94539
United States of America

ACM RESEARCH (SHANGHAI), INC.

By: /s/ Hui Wang
Name: Hui Wang
Title: Chairman of the Board

Address: Building 4, No.1690
Cai Lun Road
Zhangjiang High Tech Park
Shanghai, P.R. China 201203

SHENGXIN (SHANGHAI) MANAGEMENT
CONSULTING LIMITED PARTNERSHIP
solely with respect to Sections 1 and 5

By: /s/ Steven Huang
Name:
Title: GP

Address: Rm. 210-32, 2nd Fl. Building 1
38 Debao Rd.
Pilot Free Trade Zone
Shanghai, China

Signature Page to Note Assignment and Cancellation Agreement

Exhibit 10.03

SHARE TRANSFER AND NOTE CANCELLATION AGREEMENT

THIS SHARE TRANSFER AND NOTE CANCELLATION AGREEMENT (this "*Agreement*") is made as of April 30, 2020, by and between ACM Research, Inc. ("*ACM*") and Shengxin (Shanghai) Management Consulting Limited Partnership ("*SMC*," and together with ACM, the "*Parties*").

RECITALS

A. On March 30, 2018, the Parties, together with ACM Research (Shanghai), Inc. ("*ACM Shanghai*"), entered into a warrant exercise agreement (the "*Warrant Exercise Agreement*") pursuant to which SMC exercised in full an outstanding warrant dated March 14, 2017 to purchase from ACM a total of 397,502 shares (the "*Initial Warrant Shares*") of ACM's Class A common stock ("*Class A Common Stock*") for an aggregate purchase price of $2,981,259.26, which aggregate purchase price was paid by SMC's issuance of a senior secured promissory note dated March 30, 2018 in the principal amount of $2,981,259.26 made and delivered, upon the order of ACM, to ACM Shanghai (the "*SMC Note*").

B. Pursuant to an equity purchase agreement dated August 14, 2019, ACM acquired from SMC a total of 154,821 of the Initial Warrant Shares for an aggregate purchase price of $2,042,863.10, of which purchase price a total of $1,161,157.50 was, in accordance with the terms of the Security Covenant, applied to reduce the principal amount outstanding under the SMC Note to $1,820,101.76.

C. Pursuant to a note assignment and cancellation agreement dated as of the date hereof among ACM, ACM Shanghai and SMC, ACM Shanghai is assigning and transferring to ACM all of ACM Shanghai's rights, title and interest in and to the SMC Note.

D. The Parties wish to set forth the terms pursuant to which SMC will transfer the remaining 242,681 of the Initial Warrant Shares currently held by SMC (the "*Remaining Warrant Shares*") to ACM in exchange for consideration as described herein, subject to all approvals required from regulatory authorities of the People's Republic of China, prior to the Approval Deadline (as defined below).

In consideration of the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Surrender of, and Consideration for, Remaining Warrant Shares.

1.1 Surrender. On April 30, 2020 (the "*Effective Date*"), SMC shall assign, transfer, convey and surrender all of its rights, title and interest in and to the Remaining Warrant Shares to ACM, against the consideration set forth in Subsection 1.2. Thereafter, the Remaining Warrant Shares shall initially have the status of treasury shares, which are authorized and issued, but not outstanding, shares of Class A Common Stock.

1.2 Consideration. It is intended by the Parties that the consideration deliverable to SMC in exchange for the Remaining Warrant Shares surrendered to ACM in accordance with Subsection 1.1, as determined in accordance with the procedures set forth in Section 2, shall consist of one of the alternatives set forth in this Subsection 1.2. Any such alternative is subject to, and no such alternative may be implemented without, any and all approvals (the "*Required Approvals*") required of governmental department and other regulatory bodies of the People's Republic of China (collectively, the "*Regulators*").

(a) Alternative A. The following proposed rights and benefits to SMC, as they may be subsequently modified in writing pursuant to the request of the Regulators and with the agreement of ACM and SMC, are collectively referred to as the "*Alternative A Consideration*":

(i) ACM shall cancel the SMC Note and thereby irrevocably and unconditionally release and forever discharge SMC of and from any and all rights, obligations, promises, agreements, debts, losses, controversies, claims, causes of action, liabilities, damages and expenses of any nature whatsoever, whether known or unknown and whether asserted or unasserted, that ACM ever had or may have against SMC arising under the SMC Note;

(ii) ACM shall issue to SMC a warrant to purchase up to 242,681 shares of Class A Common Stock ("*New Warrant Shares*") at a purchase price per share of $7.50; and

(iii) ACM shall either (A) amend the Registration Rights Agreement dated as of March 10, 2017 (the "*Registration Rights Agreement*"), pursuant to which ACM granted to SMC certain incidental, or piggyback, rights to offer and sell any or all of the Initial Warrant Shares pursuant to a registration statement filed under the U.S. Securities Act of 1933 (the "*Securities Act*"), to provide such registration rights to SMC with respect to the New Warrant Shares or (B) enter into a registration rights agreement pursuant to which ACM shall grant to SMC registration rights with respect to the New Warrant Shares substantially similar to the registration rights previously granted to SMC under the Registration Rights Agreement with respect to the Initial Warrant Shares.

(b) Alternative B. The following proposed rights and benefits to SMC, as they may be subsequently modified in writing pursuant to the request of the Regulators and with the agreement of ACM and SMC, are collectively referred to as the "*Alternative B Consideration*":

(i) SMC shall deliver to ACM $1,820,101.76 in full satisfaction of its payment and other obligations under the SMC Note;

(ii) ACM shall issue to SMC 242,681 shares of Class A Common Stock (the "*New Common Shares*"); and

(iii) ACM shall either (A) amend the Registration Rights Agreement pursuant to which ACM granted to SMC certain incidental, or piggyback, rights to offer and sell any or all of the Initial Warrant Shares pursuant to a registration statement filed under the Securities Act, to provide such registration rights to SMC with respect to the New Common Shares or (B) enter into a registration rights agreement pursuant to which ACM shall grant to SMC registration rights with respect to the New Common Shares substantially similar to the registration rights previously granted to SMC under the Registration Rights Agreement with respect to the Initial Warrant Shares.

(c) New Alternatives. If (a) one or more Regulators propose rights and benefits (other than those contemplated by Alternative A Consideration or Alternative B Consideration) for delivery to SMC in consideration for the surrender of the Remaining Warrant Shares to ACM and such rights and benefits are acceptable to, and agreed upon by, each of ACM and SMC in their sole discretion or (b) as the result of discussions between the Parties and the Regulators in connection with the Parties' obtaining of Required Approvals in accordance with Subsection 2.1, other rights and benefits to be delivered to SMC in consideration for the surrender of the Remaining Warrant Shares to ACM are proposed that are acceptable to, and agreed upon by, each of ACM and SMC in their sole discretion, each such set of rights and benefits shall be collectively referred to as "*New Alternative Consideration*."

2. Required Approvals.

2.1 Solicitation of Required Approvals. SMC shall use its reasonable best efforts to obtain the Required Approvals with respect to each of the Alternative A Consideration and the Alternative B Consideration by no later than December 31, 2023 (such date, as it may be extended from time to time with the written consent of both ACM and SMC, being referred to as the "*Approval Deadline*"). If, at any time prior to the Approval Deadline, one or more Regulators indicate that neither the Alternative A Consideration nor the Alternative B Consideration will receive any of the Required Approvals, then (a) each of ACM and SMC, in cooperation with the Regulators, shall use its reasonable best efforts to identify and develop one or more proposals for New Alternative Consideration, *provided* that in each case any such New Alternative Consideration shall be subject to the approval of each of ACM and SMC, which approval may be withheld in their sole discretion and (b) SMC shall use its reasonable best efforts to obtain the Required Approvals with respect to each such New Alternative Consideration by no later than the Approval Deadline.

2.2 Required Approvals Obtained. Upon the receipt of the Required Approvals with respect to one or more of the Alternative A Consideration, the Alternative B Consideration and any New Alternative Consideration, ACM and SMC shall:

(a) if Required Approvals are received with respect to more than one of the alternative proposals for consideration, within a reasonable time frame but in any event within five business days from the earliest date on which both Parties have been notified of the receipt of the Required Approvals, select and agree upon the alternative proposal to be implemented;

(b) reasonably agree on a date for the closing of the selected alternative proposal, which date shall be no more than ten business days from the date the selection pursuant to clause (a) is made or, if only one alternative proposal is approved, from the date the notification of such approval is received;

(c) use their reasonable best efforts to obtain any additional consents necessary or reasonably desirable in order to effect the closing and to agree on any additional documentation necessary for the delivery of the applicable consideration; and

(d) deliver the consideration contemplated by the selected alternative proposal, together with any additional consents and other documents, and take such other actions, as they may deem necessary or reasonably desirable in order to comply with the Required Approvals with respect to the selected alternative proposal.

2.3 Required Approval Not Obtained. If, by the Approval Deadline, (a) the Required Approvals have not been obtained with respect to at least one of the Alternative A Consideration, the Alternative B Consideration and any New Alternative Consideration and (b) SMC has not otherwise reached a new agreement suitable to ACM, SMC and the Regulators with respect to the rights and benefits to be received by SMC as consideration for its surrender of the Remaining Warrant Shares to ACM (an "*Updating Agreement*"), then SMC and ACM hereby acknowledge and agree that the cancellation of the SMC Note by ACM will constitute full satisfaction and payment for SMC's surrender of the Remaining Warrant Shares to ACM in accordance with Section 1.1 and, accordingly, the SMC Note shall be cancelled, and shall no longer be outstanding, effective as of 5 p.m., Eastern time, on the Approval Deadline. For clarity, and without limiting the foregoing, at such time and on such date, ACM shall automatically, without any further action on the part of ACM or SMC, irrevocably and unconditionally release and forever discharge SMC of and from any and all rights, obligations, promises, agreements, debts, losses, controversies, claims, causes of action, liabilities, damages and expenses of any nature whatsoever, whether known or unknown and whether asserted or unasserted, that ACM ever had or may have against SMC arising under the SMC Note.

3. Representations and Warranties of ACM. ACM represents and warrants to SMC as follows:

3.1 SMC Note. ACM is the sole owner and holder of the SMC Note and holds beneficial and legal title to the SMC Note free and clear of any and all liens or other encumbrances.

3.2 Authorization. All corporate action required to be taken to authorize ACM to enter into and, except to the extent of any additional authorization required with respect to the New Alternative Consideration or any Revised Agreement, perform this Agreement has been taken.

3.3 Binding Obligation. This Agreement constitutes a valid and legally binding obligation of ACM, enforceable against ACM in accordance with its terms except (a) as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other laws of general application relating to or affecting the enforcement of creditors' rights generally or (ii) laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (b) with respect to the enforceability of any New Alternative Consideration or any Revised Agreement prior to the receipt of any required authorizations.

3.1 Valid Issuance of Class A Common Stock. The New Warrant Shares or New Common Shares, as applicable, if and when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and nonassessable, and free of restrictions on transfer other than restrictions on transfer under this Agreement and applicable U.S. federal and state securities laws.

3.2 Governmental Consents and Filings. Except as required by the Required Approvals or as may be required with respect to the New Alternative Consideration or any Revised Agreement, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any national, provincial or local governmental authority of any jurisdiction is required to be obtained by ACM in connection with the consummation of the transactions contemplated by this Agreement.

3.3 Compliance with Other Instruments. ACM is not in violation or default (a) of any provisions of its organizational documents, (b) of any instrument, judgment, order, writ or decree, (c) under any note, indenture or mortgage, or (d) under any lease, agreement, contract or purchase order to which it is a party or by which it is bound, or, to its knowledge, of any provision of any statute, rule or regulation applicable to ACM, the violation of which would have a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property or operating results of ACM. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement will not, *provided* that ACM is able to obtain (i) any additional consent that may be required with respect to the New Alternative Consideration or any Revised Agreement and (ii) the consent required by Section 13(m) of the Registration Rights Agreement to grant the registration rights contemplated by the Alternative A Consideration and the Alternative B Consideration, result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either (x) a default under any such provision, instrument, judgment, order, writ, decree, contract or agreement or (y) an event that results in the creation of any lien, charge or encumbrance upon any assets of ACM or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to ACM.

4. Representations and Warranties of SMC. SMC represents and warrants to ACM as follows:

4.1 Remaining Warrant Shares. SMC is the sole owner of the Remaining Warrant Shares and holds beneficial and legal title to the Remaining Warrant Shares free and clear of any and all liens or other encumbrances. The Remaining Warrant Shares represent all of the equity interests in ACM held by SMC.

4.2 Authorization. All corporate action required to be taken to authorize SMC to enter into and, except to the extent of any additional authorization is required with respect to the New Alternative Consideration or any Revised Agreement, perform this Agreement has been taken.

4.3 Binding Obligation. This Agreement constitutes a valid and legally binding obligation of SMC, enforceable against SMC in accordance with its terms except (a) as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other laws of general application relating to or affecting the enforcement of creditors' rights generally or (ii) laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (b) with respect to the enforceability of any New Alternative Consideration or any Revised Agreement prior to the receipt of any required authorizations.

4.4 Governmental Consents and Filings. Except as required by the Required Approvals or as may be required with respect to the New Alternative Consideration or any Revised Agreement, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any national, provincial or local governmental authority of any jurisdiction is required to be obtained by SMC in connection with the consummation of the transactions contemplated by this Agreement.

4.5 Compliance with Other Instruments. SMC is not in violation or default (a) of any provisions of its organizational documents, (b) of any instrument, judgment, order, writ or decree, (c) under any note, indenture or mortgage, or (d) under any lease, agreement, contract or purchase order to which it is a party or by which it is bound, or, to its knowledge, of any provision of any statute, rule or regulation applicable to SMC, the violation of which would have a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property or operating results of SMC. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement will not, *provided* that SMC is able to obtain any additional consent that may be required with respect to the New Alternative Consideration or any Revised Agreement, result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either (x) a default under any such provision, instrument, judgment, order, writ, decree, contract or agreement or (y) an event that results in the creation of any lien, charge or encumbrance upon any assets of SMC or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to SMC.

4.6 Purchase Entirely for Own Account. SMC shall acquire, if and when acquired, the New Warrant Shares or New Common Shares, as applicable, for investment for its own account, not as a nominee or agent and not with a view to the resale or distribution of any interest in the New Warrant Shares or New Common Shares, as applicable. SMC has no present intention of selling, granting any participation in or otherwise distributing any interest in the New Warrant Shares or New Common Shares, as applicable. SMC does not presently have any contract, undertaking, agreement or arrangement with any individual or entity to sell, transfer or grant participations to either such individual or entity or any third party, with respect to the New Warrant Shares or New Common Shares, as applicable.

4.7 Disclosure of Information. SMC has had an opportunity to discuss with ACM's management the business, management and financial affairs of ACM and ACM Shanghai and the terms and conditions of the offering of the New Warrant Shares or New Common Shares, as applicable, and SMC has had an opportunity to review ACM Shanghai's facilities. The foregoing, however, does not limit or modify the representations and warranties of ACM in Section 3 or the right of SMC to rely thereon.

4.8 Restricted Securities. SMC understands that if and when issued, the New Warrant Shares or New Common Shares, as applicable, will not have been, and will not be, registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act that depends upon, among other things, the bona fide nature of the investment intent and the accuracy of SMC's representations as expressed in this Agreement. SMC understands that the New Warrant Shares or New Common Shares, as applicable, are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to those laws, SMC must hold the New Warrant Shares or New Common Shares, as applicable, indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available, including a transfer outside of the United States in an offshore transaction in compliance with Rule 904 under the Securities Act of (if applicable). SMC acknowledges that ACM has no obligation to register or qualify for resale the New Warrant Shares or New Common Shares, as applicable, except as set forth in Subsections 1.2(a)(iii) and 1.2(b)(iii). SMC further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including the time and manner of sale, the holding period for the New Warrant Shares or New Common Shares, as applicable, and on requirements relating to ACM that are outside of SMC's control and that ACM is under no obligation, and may not be able, to satisfy.

4.9 Legends. SMC understands that if and when issued, (a) the Warrant and (b) the New Warrant Shares or New Common Shares, as applicable, which will be held in book-entry form, may be notated with restrictive legends as ACM and its counsel deem necessary or advisable under applicable law or pursuant to this Agreement, including a legend substantially to the following effect:

> "THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933. SUCH SECURITIES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION OF THE U.S. SECURITIES ACT OF 1933."

4.10 Investor Status. SMC is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act and is not a U.S. person as defined in Regulation S under the Securities Act and the New Warrant Shares or New Common Shares, as applicable, have not been offered or sold within the United States as defined under the Securities Act. At the time of the origination of discussion regarding the offer and sale of the New Warrant Shares or New Common Shares, as applicable and the date of the execution and delivery of this Agreement, SMC was at all times outside of the United States. SMC has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to receive the New Warrant Shares or New Common Shares, as applicable, or any use of this Agreement, including (a) the legal requirements within its jurisdiction for the purchase of the New Warrant Shares or New Common Shares, as applicable, (b) any foreign exchange restrictions applicable to such purchase, (c) any governmental or other consents that may need to be obtained, (d) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the New Warrant Shares or New Common Shares, as applicable, and (e) SMC's receipt and continued beneficial ownership of the New Warrant Shares or New Common Shares, as applicable, will not violate any applicable securities or other laws of SMC's jurisdiction.

5. Miscellaneous.

5.1 Survival. Unless otherwise set forth in this Agreement, the representations and warranties of each Party contained in this Agreement shall survive the execution and delivery of this Agreement and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by or on behalf of the other Party.

5.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the Parties to this Agreement or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

5.3 Governing Law. This Agreement and any controversy arising out of or relating to this Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

5.4 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

5.5 Interpretation. For purposes of this Agreement:

(a) headings used in this Agreement are for convenience of reference only and shall not, for any purpose, be deemed a part of this Agreement;

(b) references to a Section or Subsection refer to a Section or Subsection of this Agreement, unless specified otherwise;

(c) the words “include” and “including” shall not be construed so as to exclude any other thing not referred to or described;

(d) the word “or” is not exclusive;

(e) the definition given for any term shall apply equally to both the singular and plural forms of the term defined;

(f) unless the context otherwise requires otherwise, references (i) to an agreement, instrument or other document (including this Agreement) mean such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (ii) to a statute mean such statute as amended from time to time and include any successor legislation thereto and any rules and regulations promulgated thereunder; and

(g) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

5.6 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of (a) personal delivery to, or other actual receipt by, the Party to be notified and (b) when sent, if sent by electronic mail during normal business hours of the recipient, or, if not sent during the recipient's normal business hours, then on the recipient's next business day. All communications shall be sent to the respective Parties at their addresses or e-mail addresses as set forth on the signature page, or to such address or e-mail address as subsequently modified by written notice given in accordance with this Subsection 5.6. If notice is given to ACM, a copy shall also be sent to Mark L. Johnson at K&L Gates LLP, State Street Financial Center, 1 Lincoln Street, Boston, Massachusetts 02111.

5.7 Attorneys' Fees. If any action at law or in equity (including arbitration) is necessary to enforce or interpret the terms of any of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees, costs and disbursements in addition to any other relief to which such Party may be entitled.

5.8 Amendments. Any term of this Agreement may be amended or terminated only with the written consent of the Parties.

5.9 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

5.10 Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the Parties with respect to the subject matter of this Agreement, and any other written or oral agreement relating to the subject matter of this Agreement existing between the Parties is expressly canceled.

5.11 Dispute Resolution.

(a) The Parties (a) irrevocably and unconditionally submit to the jurisdiction of the state courts of the State of Delaware and to the jurisdiction of the U.S. District Court for the District of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of Delaware or the U.S. District Court for the District of Delaware, and (c) waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter of this Agreement may not be enforced in or by such court.

(b) Waiver of Jury Trial: Each Party waives its rights to a jury trial of any claim or cause of action based upon or arising out of this Agreement or the subject matter of this Agreement. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including contract claims, tort claims (including negligence), breach of duty claims, and all other common law and statutory claims. This Subsection 5.11(b) has been fully discussed by each of the Parties and these provisions will not be subject to any exceptions. Each Party further warrants and represents that it has reviewed this waiver with its legal counsel, and that such Party knowingly and voluntarily waives its jury trial rights following consultation with legal counsel.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

ACM RESEARCH, INC.

By: /s/ Hui Wang
Name: Hui Wang
Title: CEO

Address: 42307 Osgood Road, Suite I
Fremont, CA 94539
United States of America

SHENGXIN (SHANGHAI) MANAGEMENT CONSULTING LIMITED PARTNERSHIP

By: /s/ Steven Huang
Name: Steven Huang
Title: GP

Address: Rm. 210-32, 2nd Fl. Building 1
38 Debao Rd.
Pilot Free Trade Zone
Shanghai, China

Signature Page to Share Transfer and Note Cancellation Agreement

Exhibit 31.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David H. Wang, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ACM Research, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(e) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of this quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2020

/s/ David H. Wang
David H. Wang
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.02

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark McKechnie, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ACM Research, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of this quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2020

/s/ Mark McKechnie

Mark McKechnie
Chief Financial Officer, Executive Vice President and Treasurer
(Principal Financial Officer)

Exhibit 32.01

CERTIFICATION PURSUANT TO 18 U.S.C. 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of ACM Research, Inc. for the quarterly period ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his or her knowledge on the date hereof:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ACM Research, Inc. for the period presented therein.

Date: May 8, 2020	/s/ David H. Wang
	David H. Wang Chief Executive Officer and President *(Principal Executive Officer)*
Date: May 8, 2020	/s/ Mark McKechnie
	Mark McKechnie Chief Financial Officer, Executive Vice President and Treasurer *(Principal Financial Officer)*

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.