



WILLFAR[®]

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2024

Willfar Information Technology Co., Ltd.

**Corporate Value and Return Enhancement
Action Plan 2024**

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Continuously Focusing on "Improving Quality and Increase Efficiency" to Activate New Momentum for High-Quality Development



To implement the initiative to carry out the special action of "Corporate Value and Return Enhancement" for Science and Technology Innovation Board listed companies, and to implement the investor-centered philosophy proposed in the initiative, promoting listed companies to continuously optimize operations, standardize governance, and actively return to investors, vigorously improve the quality of listed companies, boost confidence, stabilize the capital market, and promote high-quality economic development, Willfar Information hereby formulates the 2024 Annual Action Plan.

Willfar Information deeply acknowledges the importance of improving the quality of listed companies and enhancing investor returns. In 2024, the company will actively implement measures for "Corporate Value and Return Enhancement" special initiative, improve the quality of company operations, increase investor returns, enhance the sense of gain for investors, and achieve shared benefits between management and shareholders.



01

Embrace the “Value Creation as Priority” Philosophy, Continuously Delivering Substantial Returns to Investors.

Willfar, prioritizes value creation in its business management and place great emphasis on returns to investors.

The company successfully listed on the STAR Market on January 21, 2020, raising a net amount of 610 million yuan. All the funds were fully invested in enhancing the company's production capacity and research and development innovation and brought sustained and steady growth in business performance.

Since its listing, the company has achieved dual growth both in annual revenue and net profit over the years, with a compound annual growth rate (CAGR) of 15.65% for revenue and 24.68% for net profit. It has distributed a cumulative cash dividend of 490 million yuan and completed a share repurchase with an amount of 299 million yuan, representing 2.46% of the total share capital. Additionally, the return on equity (ROE) has also continued to grow, reflecting an improvement in profit quality.



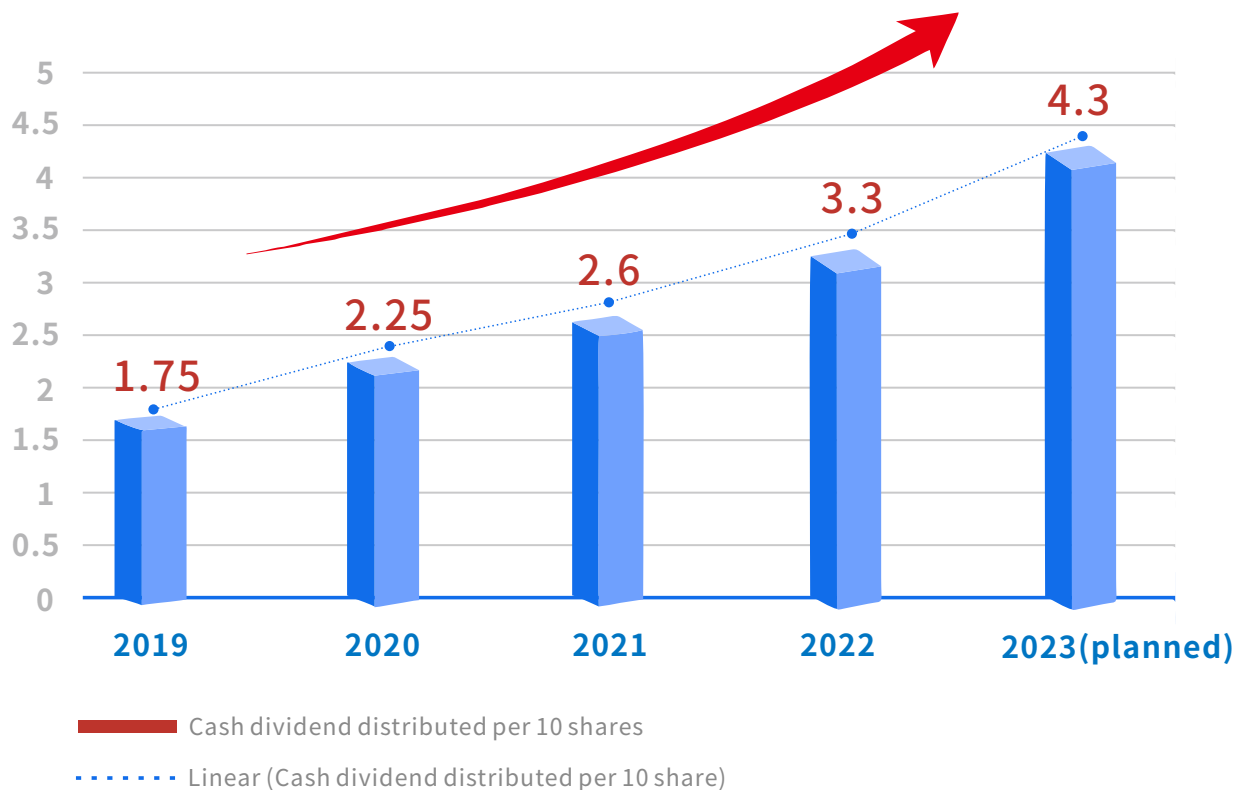


The 2023 Cash Dividend Distribution Plan Announced, with a proposed 30% Increase in Dividend Per Share

On March 21, 2024, the company will hold its annual general meeting to review the dividend distribution plan for 2023. It is proposed to distribute a cash dividend of 4.3 yuan (tax included) per 10 shares to all shareholders, representing a year-over-year increase of 30% in cash dividend per share. The total expected cash dividends to be distributed are 210 million yuan. With this, the company expects to have distributed a total of 700 million yuan in cash dividends since its listing, which is more than the amount of funds raised from the listing, delivering substantial returns to investors through actions.



Cash Dividend Distributed per 10 Shares (yuan)



Enhancing the 2024 Cash Dividend Plan, Proposing a 40% Cash Dividend Payout Ratio

In 2024, focusing on long-term, sustainable development and considering the company's actual situation, strategic development planning, and industry trends, the company plans to establish a scientific, continuous, and stable reward planning and mechanism for investors. This ensures the continuity and stability of the profit distribution policy, with a planned cash dividend payout ratio of 40% of the 2024 profits.

Planning to Establish a Stable Stock Price Scheme in 2024

In 2024, based on the capital market conditions, the company also plans to establish a stable stock price scheme. If necessary, timely measures will be taken to boost market confidence and maintain stock price stability.

Looking forward, the company will continue to prioritize the needs of investors, striving to create a future of value sharing and mutual success. Investors will grow together with the company, share in the fruits of success and achieve stable wealth appreciation.



02

Continuously Practicing "Benefit Sharing" to Construct a Win-Win Situation for Management and Shareholders

The company has established a functional compensation system that combines job responsibilities with target accountability, taking value contribution as the core principle for compensation incentive distribution. This ensures the fairness, motivational aspect, and competitiveness of the company's compensation distribution. At the same time, the company continuously improves the employee career development planning system, fully mobilizing employees' enthusiasm and creativity, enhancing staff cohesion, and the company's core competitiveness.

In 2024, the company will establish and implement a series of systems and measures to strengthen the interest-sharing mechanism between management and shareholders. These efforts aim to stimulate the management's enthusiasm and creativity, promoting the company's long-term and stable development.



Launching the First Employee Stock Ownership Plan (ESOP) at the Beginning of 2024

The company will introduce the first phase of the Employee Stock Ownership Plan in 2024, totaling 4 million shares. The ESOP will have a lock-up period, unlocking in three phases at 12 months, 24 months, and 36 months after the transfer of the target shares to the ESOP, with each unlocking phase releasing 40%, 30%, and 30% of the shares, respectively. The ESOP also sets individual performance assessment indicators, determining performance levels based on employee evaluation scores and comprehensive assessment results. This approach not only fully motivates the participants but also imposes corresponding constraints, encouraging long-term shareholding and focusing on the company's long-term value, thus more effectively aligning the interests of the holders with those of the company and its shareholders.

Sharing Responsibilities and Benefits, Planning to Continuously Launch Long-term Equity Incentive Plans in the Next Two Years

To continuously strengthen the shared responsibility and benefit constraint between management and shareholders, the company will use all repurchased shares for long-term equity incentives. The plan is to implement 4 million shares in 2025 and 4.31 million shares in 2026. These ensure the long-term incentive and constraint mechanism for the company's management team and key business teams, promote the alignment of interests and shared profits between management and all shareholders, and enhancing the overall value of the company.

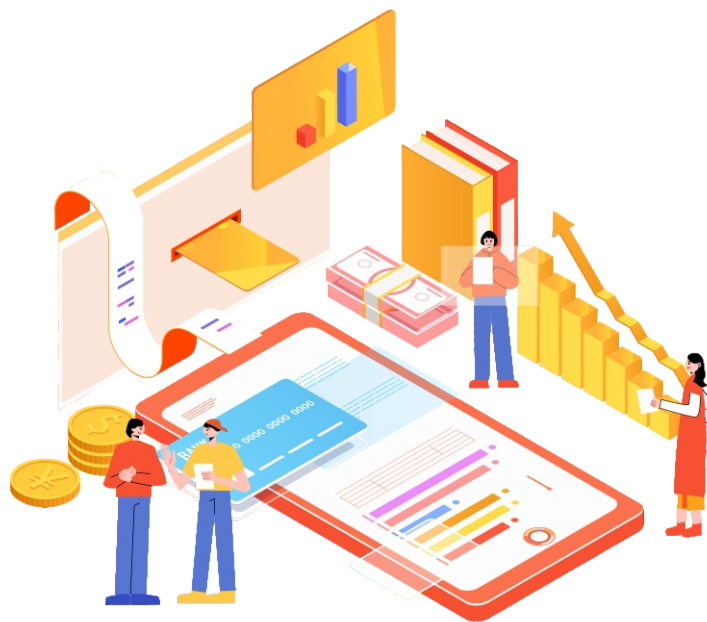
Improving the Scientific Compensation Management System to Build a Diversified Incentive System

In 2024, it is planned to establish a dynamic compensation adjustment mechanism and a market-oriented performance evaluation system. The compensation for senior executives will consist of multiple components, including base salary, performance bonus, and long-term incentive plans. Based on the company's strategy, long-term, medium, and short-term performance and management goals, establish a performance evaluation system that combines KPIs and OKRs. The company's performance in major R&D progress and business development will be included in the performance assessment, linking the management's compensation and performance to the overall performance of the company. The performance results are applied in a timely manner, with performance-oriented resources being allocated to high-output areas, fostering a culture of excellence and stimulating organizational vitality.

03

Strengthening Governance Foundations to Solidify the Embankment of High-Quality Development

2024 marks the fifth year since Willfar's listing, with the listing being the "starting point" for higher-quality development. Compliant and lawful operation is the cornerstone of sustainable business. In 2024, the company will continue to remember the "four respects" and adhere to the "four bottom lines," treating compliance as both a belief and a habit. It will continue to adhere to standardized governance, improve governance structures, enhance internal control system construction, strengthen risk management, and elevate decision-making levels. The aim is to create a more efficient management system and a more scientific management mechanism to ensure compliant operations, protect the legitimate rights and interests of a broad investor base, and achieve a virtuous cycle of company development.



Keeping Pace with Policy Steps to Ensure Efficient and Compliant Systems

Update and strengthen the implementation of new policies. On February 28, 2024, the company held the ninth meeting of its third board of directors, during which it reviewed and approved revisions to nine governance systems, including the 《Constitution》, the 《Working System for Independent Directors》, the 《External Guarantee Management System》 and the 《Implementation Rules for Related Party Transactions》. These revisions were made in response to the governance rules for listed companies issued by the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange (SSE) in 2023. The company plans to hold its annual general meeting on March 21, 2024, to approve the revised systems. In 2024, the company will strengthen the internal training, dissemination, and execution inspection of the new systems to enhance the effectiveness of the company's system implementation.

In 2024, the company will also establish a mechanism for regular monitoring of new regulatory rules to quickly respond to regulatory dynamics and revise and approve company systems in a timely manner following the issuance of new capital market regulations.

Empowering Key Roles to Enhance Governance Capabilities

The "key minority" play a crucial role in company governance. In 2024, the company will not only promptly relay statutory training organized by capital market regulatory departments but also fully leverage resources from the CSRC, Shanghai Stock Exchange, Pujiang Lectures, China Association for Public Companies and its training platforms, China Capital Market Institute, etc., to organize online and offline training for the "key minority" and the company's management team. This ensures they are up-to-date with the latest laws and regulations, enhancing their duty performance skills and compliance knowledge reserves, and promoting a comprehensive improvement in the company's overall governance level.

Integrating Regulatory Dynamics to Solidify the Embankment of Development

To maintain close alignment with regulatory policies, in 2024, a continuous tracking and feedback mechanism for regulatory dynamics will be established. The company will collect, analyze, and timely transmit the latest regulatory information, and quarterly organize and interpret the latest regulatory policies, market rules, and related laws and regulations. This information will be compiled and provided to the company's "key minority". Additionally, the company's management team will be educated on changes in regulatory policies and their impact on the company's business, understanding responsibilities in information disclosure, reporting of significant events, and insider information management. This will guide all staff to establish a compliance consciousness, leading the company to achieve steady development on the basis of compliance.

04

Intuitive and Understandable, Globally Diverse: Enhancing Investor Communications

Looking towards 2024 and beyond, the company will continue to commit to building closer and more efficient bridges of communication with investors, achieving deeper understanding, trust, and cooperation between the company and its investors. This effort aims to genuinely protect investor rights and interests, creating a new situation of shared value and mutual benefit.



Information Disclosure Innovation: Visualization, Simplification, and Internationalization in Parallel

Visualization of Information Disclosure

In 2024, alongside the publication of regular reports, the company will adopt visual formats such as performance briefings, graphic briefings, and short videos to interpret regular and temporary announcements. Through vivid and intuitive methods, these efforts will help investors better understand the company's operational results, financial status, and development strategy. The company will release at least four "One Picture to Understand" interpretations in 2024, providing a more direct understanding on regular reports.

Simplification of Professional Terminology

When drafting announcements, the company will avoid overly professional terminology and use simple, easy-to-understand language to lower the reading difficulty for investors.



Auxiliary Explanations through Charts

Regular reports will include additional charts and data comparisons to make information clearer and easier to understand.




Internationalization of Information Disclosure

The internationalization of information disclosure reflects the company's practice of internationalization in the capital market. In 2024, the company will publish bilingual versions (Chinese and English) of the "One Picture to Understand" for regular reports and the Environmental, Social, and Governance (ESG) Social Responsibility Report. This approach aims to showcase the company's financial status and business operations to global investors, strengthen connections with international investors, and highlight the company's commitment and efforts in sustainable development and social responsibility.




Building Multi-level Communication Channels: Achieving Multi-channel, Multi-platform, Multi-method Investor Relations Management

Investor Communication Platforms



In 2024, the company will utilize online platforms such as the Shanghai Stock Exchange's e-Interaction platform, Jinmen Finance, and Quanjing to build a multi-platform investor communication platform. Additionally, a "Investor Interaction" section will be added to the company's WeChat official account, integrating the Willfar IR mini-program to deliver the latest announcements and information to institutional investors, analysts, and retail investors. A research appointment function will be implemented to combine the public account with digital investor relations, providing investors with faster, more convenient, and diverse channels of communication and establishing a two-way communication bridge between investors and the company. Questions from investors on the e-Interaction platform will be responded to within two trading days.

Investor Communication Channels



In 2024, the company plans to organize a series of investor relations activities, including at least four investor reception days/performance briefings, led by the Chairman/President for interactive exchanges with investors. The company will also actively participate in strategy meetings organized by various sell-side institutions for face-to-face discussions with different types of investors. Based on investor needs, the company will arrange site visits, reverse roadshows, and other forms of investor communication, understanding investors' actual demands and responding promptly. Additionally, within two trading days, summaries of these research activities will be promptly posted on the Shanghai Stock Exchange's e-Interaction platform, truly reflecting the principle of respecting and protecting investor rights and interests.

05

Deepening the Foundation in the Energy IoT Sector, Forging an Innovation-Driven Development Engine

Innovation is in Willfar's gene, and growth is its pursuit. The company focuses on "four innovations": theoretical, practical, systemic, and cultural, as the core drivers of development. By deeply cultivating the energy IoT field and creating new three elements of "human capital, science and technology, and big data," Willfar aims to enhance its soft power, solidify its developmental foundation, and broaden its protective moat. Through technological innovation, it seeks to improve development quality, create new momentum, and establish new advantages.





Focusing on R&D in three major areas to empower the digitalization of smart grids and smart cities.

In 2024, against the backdrop of global smart city construction and green, low-carbon development, Willfar will target the State Grid's demand for "further strengthening the construction of a smart and robust grid" and the Southern Power Grid's plan for "continuous coordination of traditional grid upgrades and deepening digital empowerment." The company will concentrate on R&D in three key areas to speed up the innovation-to-market process.



Advancing the Chip Strategy

Chips are a primary R&D focus for Willfar, addressing current needs in grid communication technology. In 2023, the company achieved significant accomplishments in the chip sector, including winning the first prize in the China Electric Power Science and Technology Award. Building on the launch of a new generation of HPLC+HRF dual-mode communication chip modules and units in 2023, the company will continue to escalate its R&D investment in chips and communication modules. Further efforts will be dedicated to optimizing key technologies for Wi-SUN local routing self-organizing networks and communication modules, addressing the timely and efficient remote collection and analysis of data. This aims to facilitate a bidirectional interaction between energy flows and data flows, positioning the company as a leading supplier in the overseas AMI (Advanced Metering Infrastructure) market.



Innovating IoT Application Layer Software Systems and Platforms

Software, serving as the driving force behind technological innovation, represents the core technical capability of the company and is rapidly evolving towards networked, platform-based, and intelligent directions. In the future, the company will focus on increasing its R&D investment in IoT application layer software systems and platforms, targeting the global market. It will primarily serve sectors such as smart grids under dual carbon requirements, smart fire protection, and intelligent water conservancy and water affairs, aiding customers in reducing costs, increasing efficiency, and achieving digital management.



R&D in Emerging Technology Applications

The company will focus on enhancing the development of key AI technologies such as big data analysis, edge computing, and topology recognition, and deeply integrate them into the business processes of smart grids and smart cities, aiming to replace or optimize traditional hardware devices with software solutions. By updating and upgrading intelligent algorithms for topology recognition, load forecasting, and visual monitoring, the company aims to drive the construction of new types of power systems.



Continuously Focusing on "Corporate Value Enhancement" to Activate New Momentum for High-Quality Development

In today's rapidly changing market environment, the company deeply understands that "Corporate Value Enhancement" is not only a means of survival but also a foundation for development.

2024 marks a crucial year for Willfar's 5th five-year development strategy and its deepened push towards internationalization. The political and economic landscape of the world, as well as its growth momentum, have made the coming year full of uncertainty. However, opportunities and risks, seeking development and peace, are still the prevailing trends. Green environmental protection and dual-carbon goals remain the common destiny of mankind. In such a changing era, the company believes that only by "doing well by itself," using its internal certainty to deal with external uncertainties, can it succeed.



Continuously and Actively Practicing "Corporate Value Enhancement" to Solidify the Path to High-Quality Development

In 2024, in terms of improving operational quality, the company will focus on the theme of "stable progress and innovative development," adhere to increasing revenue and reducing costs, and implement the "three increases and three reductions": increase contracts, increase collections, increase market share; reduce waste, reduce bad receivables, reduce inventory with the risk of obsolescence and stagnation. In terms of risk prevention and performance improvement, risk prevention will be prioritized. We aim to continuously improve profit quality, ensuring that every revenue comes from healthy business operations. At the same time, we will demand efficiency and effectiveness from management, mastering the "arithmetic of business operations" by focusing on "Corporate Value and Return Enhancement" achieving a balanced and focused approach, planning before acting, and fully activating new momentum for high-quality development.

In 2024, in terms of open source and efficiency enhancement, the company plans to: 1) Conduct a thorough analysis of both domestic and international political and economic situations as well as market opportunities, seize existing markets while actively promoting the development of emerging markets. 2) In terms of project execution and delivery, ensure all projects are completed on time, with high quality and efficiency, thereby providing top-notch service. 3) For technological innovation and application, continue to invest in research and development, and integration of innovations to enhance the competitiveness of IoT (Internet of Things) and future connectivity solutions. Actively align with global green development policies, contributing to the realization of China's new power systems, digital smart cities, and carbon neutrality goals with Willfar's strength.



Fully Advancing Internationalization to Activate New Momentum for High-Quality Development

Against the backdrop of digitalization and intelligentization, the company will keep pace with industry trends, understand customer needs, and commit to providing customers with superior system solutions and services. While continuing to deepen its efforts in the smart grid sector, it will expand into smart cities, overseas markets, and the chip sector.

In 2024, the company will make great effort to promote its internationalization strategy, focusing on international market thinking, institutional building, and management teams, to implement its transformation and development. According to market demand, the company will transform from a simple export model to a localized production and sales model planned overseas, expanding its global market coverage. This strategy aims to deepen understanding of local market demands, enhance the brand's influence in local markets, cultivate a professional team with an international perspective and cross-cultural communication skills, strengthen its competitiveness in the international market, and activate new momentum for high-quality development.

New Quality Productivity Capacity Output and International Cooperation



Willfar Information possesses a wealth of technological talent and innovative resources that support the research, development, and application of new technologies. Meanwhile, with a strong foundation in the manufacturing of power distribution equipment, and IoT devices, it has a comprehensive production system and supply chain network capable of quickly responding to market demands and mass-producing high-quality new technology products.

In terms of international new quality productivity capacity output, Willfar Information has planned investments in several overseas smart factories and is also in discussions with multiple partners about capacity building project outputs. Utilizing solutions such as automated manufacturing schemes, cloud computing services, big data analysis services, and artificial intelligence algorithm services, it aims to export smart factory construction plans in various manufacturing fields, including water metering devices, energy efficiency management devices, communication modules and equipment, and distribution network equipment manufacturing. Combining Willfar Information's talent resources and supply chain network, the company aims to achieve digital transformation and innovative development for both its own factories and those of its partners, promoting Willfar Information's global market presence, products, technology, and capacity cooperation for mutual development and success.



The "Corporate Value and Return Enhancement" action plan is based on the current situation of the company and is subject to judgments that may be influenced by policy adjustments, domestic and international market environments, and other factors, leading to certain uncertainties. Investors are advised to invest cautiously and be attention to investment risks.



The company will continue to assess and implement measures related to the "Corporate Value and Return Enhancement" action plan. By striving for strong performance, standardized corporate governance, and positive investor returns, the company aims to fulfill the responsibilities and obligations of a listed company and reward investors' trust.





WILLFAR®

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