



金盘科技
JINPAN TECHNOLOGY

STOCK CODE
688676



2024

“ Improving Quality and Efficiency to Increase Returns in 2024 ”

Semi-Annual Assessment Report

HAINAN JINPAN SMART TECHNOLOGY CO., LTD

Introduction



About us

For decades, Hainan Jinpan Smart Technology Co., Ltd. (hereinafter referred to as "the Company" or "Jinpan Technology") has steadfastly advanced along the path of national reform and opening up.

With a deep foothold in both domestic and international markets, the Company drives development through innovation, integrates deeply into the construction of a digital China, and revolutionizes traditional manufacturing models with technological innovations. As a global supplier of electrical equipment, we are exploring the integration of manufacturing and capital markets in the digital economy era. This has led to the formation of a complete product lifecycle management system encompassing product research and development, design, manufacturing, and marketing services. Leveraging our in-house team and drawing on international standards for digital factories, we have developed integrated solutions for turnkey digital factory projects, encompassing design, construction, training, and services.

This underscores Jinpan Technology's [commitment to a green, low-carbon, and intelligent manufacturing industrial cluster centered on data-driven operations, software-defined infrastructure, and platform-based support, with intelligent decision-making as the objective.](#)

Through our initiatives in digital transformation and green and low-carbon transformation, we are continually advancing the digital, low-carbon, and intelligent development of new quality productive forces, making transformative contributions to the sustainable development of enterprises.

Continuing into 2024

Jinpan Technology goes with the emerging trend of incorporating data assets into balance sheets, following relevant regulations set forth by the Ministry of Finance. Concurrently, we have embarked on "AI+" research initiatives, launching vertical, domain-specific AI large language model projects that empower the transition of enterprises towards intelligent manufacturing.



Looking ahead

Jinpan Technology is committed to constructing an ecological platform for intelligent manufacturing and driving industrial transformation. Taking ESG principles as our guidance, we seek to collaborate with our partners to establish a "community with a shared future for enterprises," pioneer a new chapter in intelligent manufacturing, and generate greater value for society.

[In the assessment of our efforts to improve quality and efficiency in the first half of 2024, we will continue to demonstrate our corporate spirit and growth potential, laying a foundation for the company's steady development.](#)



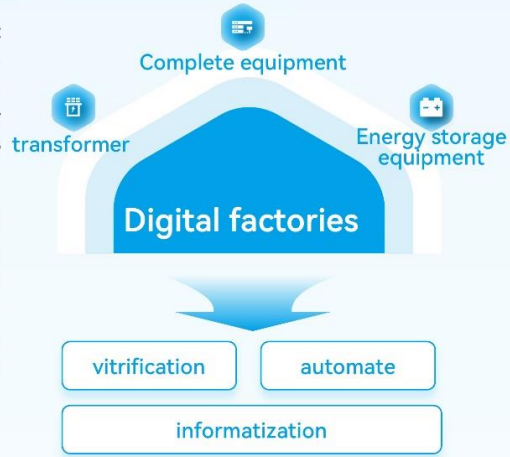
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Cultivate the Core Business for Enhanced Competitiveness

Leverage new quality productive forces to drive intelligent manufacturing for the future

In recent years, the Company has resolutely advanced the Group's strategic deployment for digital transformation. Leveraging the prowess of its in-house digital team, It has successfully established several digital factories in China, covering transformers, complete sets of equipment, and energy storage equipment, fully embodying the concept of new quality productive forces.

As the Group completes the digital transformation and production launch of various manufacturing bases nationwide, the digital factories at the Company's bases have achieved transparent and automated production processes with the application of information technology. This not only enhances the overall production capacity and efficiency of the Company but also optimizes product quality, laying a solid foundation for the Company's high-quality development.



In the first half of 2024

Actively responded to the national innovation-driven development strategy, utilizing new quality productive forces to propel the high-quality growth of enterprises and **initiating a large-scale AI model training project**. The Company established a cross-departmental AI team

- The company's artificial intelligence team has carried out close communication and collaboration with several outstanding AI companies in the industry, organizing dozens of in-depth communication meetings.
- After careful integration, The first phase of requirements for intelligent Q&A has been completed and the development direction of this requirement has been clarified.
- The ultimate goal is to comprehensively optimize enterprises' strength in research and development, design, production, and sales through AI technology.

Actively responding to the requirements of the era, Jinpan Technology advanced the recognition of data assets

- In collaboration with external professional institutions, conducted a comprehensive audit and precise identification of its data resources, resulting in the identification of five core data assets, including digital factory data products, comprehensive energy management data and algorithms, and distributed photovoltaic intelligent operation and maintenance data and algorithms. These data assets underwent rigorous data quality evaluation, compliance reviews, and scientific valuation, with an estimated **value exceeding RMB 300 million**.



Following relevant regulations set forth by the Ministry of Finance, Jinpan Technology incorporated the newly added data assets into its balance sheets in 2024.

- This move not only enhances the Company's data asset management but also facilitates a clearer understanding of the economic value of newly acquired data resources, enables optimized resource allocation, and provides a legal basis for data circulation and transactions, promoting the efficient utilization of data elements. Furthermore, it empowers the Company to tap into the potential of data, uncover new business opportunities, and ultimately stand out in fierce market competition with enhanced overall competitiveness.

Advance the development at home and abroad and write a new chapter of progress

the Company actively responded to the robust development of the global new energy and AI sectors

- By promoting a dual-driver development strategy in both domestic and international markets, aiming to achieve a more balanced and sustainable market presence.
- In terms of market expansion, the Company adopted a diversified strategy both domestically and internationally actively seeking new growth opportunities.



On the international stage

- We participated in several pivotal industry exhibitions. During the first half of 2024, we showcased our products at international exhibitions such as the DISTRIBUTECH International 2024, the 2024 IEEE PES T&D Conference & Exposition, and the 2024 China Guangxi Products Exhibition (Japan). Through these exhibitions, we not only highlighted our technological prowess and product advantages but also fostered in-depth cooperation with international clients, continually enhancing our brand's global influence and broadening our international market access. From January to June 2024, the company achieved rapid growth in export orders. Furthermore, to deepen our global presence, we have expanded our production capacity in Mexico. We are poised for production capacity expansion for the entire product line in both Mexico and the United States. In Europe, we have established our Polish factory and European Sales & After-Sales Service Headquarters. The company is expected to prepare production capacity in Poland in the fourth quarter of this year, laying the foundation for further market expansion.

Domestic market

- The Company is committed to providing differentiated and customized products and services to mid-to-high-end target customer groups and continuously developing high-quality clients to promote healthier growth in its domestic business. Meanwhile, the Company focuses on tapping downstream clients in emerging fields and further exploring the potential of the domestic market.

Looking
forward to
the future

- The Company will flexibly adjust its strategies according to market changes, make full use of the global marketing channels built over the years, timely adjust domestic and foreign strategies according to different market environments, give play to the synergy and complementarity between domestic and foreign markets, thus promoting the continuous growth of the Company's overall business and improving the Company's operation quality and competitiveness.

In terms of team building

- The Company is committed to building an efficient marketing team, carrying out a comprehensive training program for marketing management trainees, continuously introducing new talent to the sales team, and ensuring that the team can flexibly respond to market changes by developing marketing talent with innovative thinking, professional skills, and market sensitivity, so as to promote the continuous expansion of the Company's sales business.

Rapidly enhance the new production capacity of equity investment projects to achieve the target output as soon as possible

in the first half of 2024

- With the successive operation of the Company's equity investment projects, we will learn from the successful experience of the Hainan-based first-generation digital factory and the Guilin-based second-generation digital factory and quickly replicate these successful modes to the application of new digital factories.
- In order to promote the rapid ramp-up of newly built production capacity, we have adopted a series of strategies to **assign experienced and skilled workers** to assist new factories go into operation smoothly.



Employees are trained through

systematic courses

practical operations

▶ Enable them to master various techniques as soon as possible required by operating digital factories.

new employees were organized to receive on-site training in the Hainan-based digital factory in groups

▶ Improve their professional skills and adaptability, so as to provide solid support for the rapid ramp-up of production capacity.



Strengthen R&D and Talent Development Strategies to Continuously Improve the Capacity for Scientific and Technological Innovation

Promote the R&D of new products and drive the innovation and upgrading of the industrial chain

The Company will focus on the core goal of R&D throughout the year, be committed to **continuously cultivating new quality productive forces**, and deepen the construction of the R&D system to promote technological innovation and product upgrading. As of June 30, 2024



- had 411 R&D people
- Its professional fields cover product R&D, design, process, test, quality control, transformation and upgrading of manufacturing mode, etc.

116 core technologies

power transmission distribution and control equipment products

60

energy storage series products

28

manufacturing mode innovation and overall solutions (including industrial software) for digital factories

28



software copyrights 58

A total of 263 valid patents

Domestic invention patents

32

overseas invention patents

5

utility model patents

219

design patents

7



Trademarks 36

The Company has a series of achievements in R&D and new product promotion

- The Company has successfully developed the offshore wind power floating cabin built-in dry-type transformer, which is about to enter the pilot final assembly stage. The Company will also continue to develop liquid-immersed transformer products with high voltage levels for different downstream fields and promote **the industrialization of liquid-immersed transformer series products** for the global market. In 2024, the Company has already developed and mass-produced 110/120kV **customized liquid-immersed transformer products** for different overseas regions.

- Jinpan Technology's dry-type transformer was successfully selected for the Recommended Catalogue of National Energy Conservation and Carbon Reduction Technical Equipment in the Industry and Information Technology Field (2024).
- **The Company's 20+MW large-capacity offshore wind turbine cabin transformer** was successfully rolled off the production line
- The Company's phase-shifting rectifier transformer helped realize the full water supply for the Pearl River Delta Water Resources Allocation Project.
- **China's first onshore wind turbine** using Jinpan Technology's 66KV dry-type transformers was successfully connected to the grid in the Fuyang Wind Power & Solar Energy Storage Base Project in Anhui Province
- the Company's "Solution to Integrated Energy Management System for Zero-Carbon Parks (Factories)" was selected into the Top 50 Typical Cases of Green and Low-carbon Development of National Private Enterprises for 2024.
- Besides, it has completed the R&D of the centralized control system for energy storage power stations and has been promoting the virtual power plant system according to market demand



Optimize the talent incentive mechanism and deepen industry-university-research cooperation

Reward System for Major Technological Development Projects

improved the Reward System for Major Technological Development Projects

- by optimizing the talent incentive mechanism and improved the scoring criteria for R&D achievement transformation and project management in the system to make its talent incentive more targeted and oriented
- The assessment items for the completion of R&D projects are set in the Group's performance indicators in 2024 to make the R&D objectives closer to the Company's objectives.
- By optimizing the employee performance assessment system and implementing a mechanism in which each individual will be evaluated through a specific assessment form with detailed bottom-line objectives, guarantee objectives, and challenge objectives, the Company will guide employees to recognize their goals further.

fostering industry-university-research cooperation

the Company will create opportunities for employees to broaden their horizons and improve their skills. This includes participating in domestic and international exhibitions and academic exchanges to stay informed about industry trends.

- The Company sent key employees to participate in international exhibitions to discuss the feasibility of exporting the Company's various business to the international market.
- Relying on the platform of the Hainan Provincial Government, the Company also participated in the Macao International Environmental Co-operation Forum & Exhibition to learn measures from its counterparts and communicate with domestic and foreign clients for the comprehensive energy management system independently developed by the Company for zero-carbon parks.
- Communicated closely with universities and colleges to exchange ideas on the transient overvoltage issues of dry-type transformers and gas insulated switchgears (GIS) in the wind farm operation, solutions for intermediate frequency water-cooled dry-type transformers, etc., to prepare for the development of new products and technologies.

Optimize Client Structure and Management and Improve Efficiency

Optimize client structure and improve revenue quality

In 2024, the Company will continue to deepen market expansion, adhere to the global development strategy for clients, consolidate long-term cooperative relationships with strategic clients, and unremittingly approach new client groups. With the transformation of the global energy structure, the improvement of the electrification rate, and the vigorous rise of emerging industries such as artificial intelligence, the upgrading and construction of power grid-supporting facilities are ushering in a new round of development opportunities.



During the reporting period

- The Company vigorously pursued the R&D of new products, including dry-type transformers, liquid-immersed transformers, and grid-connected energy storage systems. Concurrently, it actively facilitated the commercialization of these products. It aimed to meet the diverse needs of clients in the global market.
- With its extensive advantages, including brand influence in the global market, digital lean manufacturing capabilities, and a forward-looking global channel strategy, the Company has accelerated its expansion into overseas markets, achieving outstanding performance.

In April of this year, signed several contracts with overseas client E, one of its major EPC partners, to supply various types of transformers.

The cumulative contract value is approximately **RMB 739 million** (based on the exchange rate of USD 1 to RMB 7.1025 as published by the Foreign Exchange Center of the People's Bank of China on April 17, 2024).

the Company's new digital integrated solution business achieved a significant breakthrough within the year

Orders for this segment amounted to **RMB 476 million** (excluding tax), showcasing the Company's ability to rapidly expand and gain market recognition in the realm of new digital business.

the Company has consistently upheld the core principle of "continuously providing clients with high-quality products and services while creating enduring value for them".

- This commitment has not only guided us in earning the recognition of clients worldwide and optimizing our client structure but has also propelled the Company to further expand its global market share. As a result, this has significantly contributed to the ongoing improvement of our profit quality.



Empower management with digital technology and enhance operational and managerial efficiency

Over the years, Jinpan Technology has achieved the digital transformation of discrete manufacturing by deeply integrating cutting-edge technologies, such as digital twin, with traditional manufacturing techniques. This transformation not only enhances total factor productivity and product quality but also significantly reduces energy consumption and emissions.

Building on this foundation, the Company integrates AI technology with digital manufacturing.



In 2024, it initiated a training project to explore large-scale AI models



The project aims to comprehensively optimize the R&D, design, production, and sales processes within the Company through AI technology and advance intelligent manufacturing with new quality productive forces, thereby fostering a new era of high-quality development.



The Company attaches great importance to this project and has established an inter-departmental AI team specifically for it. The team is comprised of specialized groups in technical operations, financial management, intelligent factories, and more. It spans over 10 key directions including R&D design, production and processes, marketing, supply chain management, digital factory, financial analysis, and corporate governance.



During the course of project promotion, Jinpan Technology's AI team has engaged in close communication and collaboration with numerous leading AI companies in the industry. The company's artificial intelligence team has carried out close communication and collaboration with several outstanding AI companies in the industry, organizing dozens of in-depth communication meetings. After careful integration, the first phase of requirements for intelligent Q&A has been completed and the development direction of this requirement has been clarified. The aim is to comprehensively optimize the various aspects of the enterprise, such as research and development, design, production, and sales, through artificial intelligence technology.



By comprehensively reviewing the pain points and expectations, Jinpan Technology has reached a preliminary consensus with relevant partners on the construction and application of large-scale AI models., opting to execute the project in phases. This marks a solid advance for Jinpan Technology on its journey toward becoming an AI-driven enterprise.

the application of AI technology is not just a technical innovation, but also a significant shift in enterprise development strategy.

Therefore, Jinpan Technology will steadfastly adhere to the principles of open cooperation and innovative development, partnering with more outstanding collaborators. Through ongoing exploration and practice, it is committed to deeply integrating AI technology into every facet of enterprise production. This dedication aims to achieve the goal of empowering management with digital technology and enhancing operational efficiency.

Improve Corporate Governance and Foster High-quality Corporate Development



As a "critical minority", the directors, supervisors, and senior executives of the Company play a pivotal role in its development.

To ensure they are well-versed in the latest regulatory systems and capital operations practices and to enhance their adherence to standard operational procedures

the Company organized a total of **7 training sessions** for its directors, supervisors, and senior executives in the first half of 2024, covering topics such as training for newly appointed directors, supervisors, and senior executives of listed companies, reforms of the independent director system, training for directors, supervisors and senior executives of listed companies in Hainan, and follow-up training for board secretaries. The training content covered the Several Opinions of the State Council on Strengthening Regulation, Preventing Risks and Promoting the High-Quality Development of the Capital Market, the performance standards for independent directors, as well as the latest regulatory changes on matters such as reduction of shareholdings, share buybacks, dividend distribution, and delisting. This further enhanced the directors', supervisors', and senior executives' understanding and grasp of the new trends in regulatory governance, strengthening their risk prevention awareness and compliance capability.

To enhance the professional capabilities of the Office of the Board of Directors in supporting directors, supervisors, and senior executives in their duties

the Office has actively engaged in various regulatory training sessions. In 2024, it has participated in a total of **11 relevant training sessions**. Through ongoing learning and self-improvement efforts, the Office now provides more accurate and efficient guidance and services to directors, supervisors, and senior executives for their duty performance. This initiative has further promoted the Company's standardized operational level.

To ensure that the directors, supervisors, and senior executives of the Company stay updated with the latest changes in laws and regulations and to guide them in enhancing their compliance awareness

The Office of the Board of Directors promptly collects and analyzes the latest regulatory information, carefully compiles it into a publication called **Monthly Regulatory Dynamics**, and provides it for the reference of the Company's directors, supervisors, and senior executives. Through this initiative, the latest regulatory policies, market rules, and regulatory cases are conveyed to the directors, supervisors, and senior executives of the Company.

In terms of improving the internal control system, during the reporting period

Continued to establish and improve its internal control system

Effectively supported its high-quality development through compliance management.

In strict accordance with the requirements of laws and regulations such as Company Law and Measures for the Administration of Independent Directors of Listed Companies, the Company has continuously strengthened the construction and improvement of internal control system and optimized the internal control process.



Revised and formulated 7 basic management systems

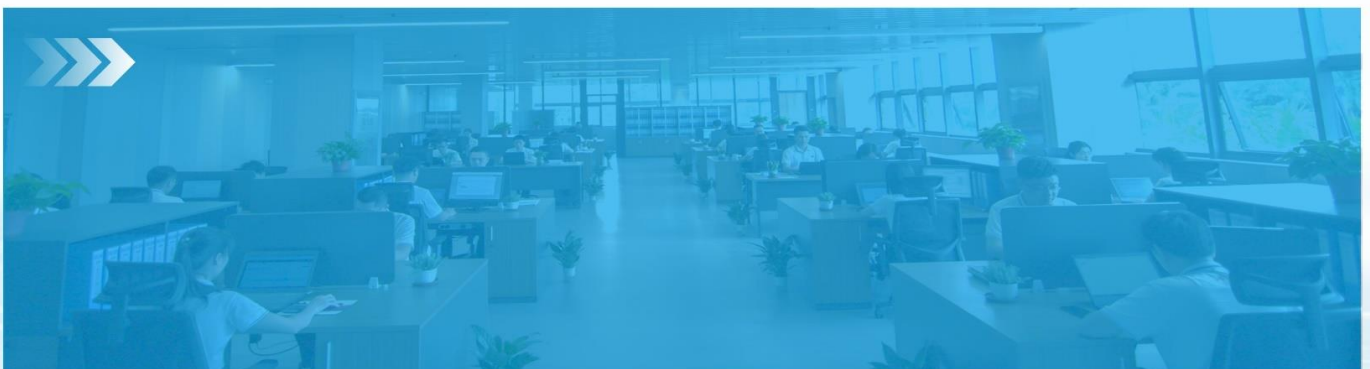
Improved to effectively protect the legitimate rights and interests of investors

7 basic management systems

- Voluntary Information Disclosure Management System
- On-site Work System for Independent Directors
- Working System for Special Meetings of Independent Directors



Effectively guided the governance practices of the Company in information disclosure, performance of duties by independent directors, share repurchase, selection and appointment of accounting firms, remuneration determination of directors, supervisors and senior executives, etc. **The level of standardization and governance has been further**



Strengthen Communication with Investors

In the first half of 2024

the Company continued to optimize investor relations management, adhered to a multi-channel and multi-form communication strategy, and interacted with investors through Shanghai Stock Exchange (SSE) e-interview, SSE Roadshow Center, Comein Finance and other platforms.

Shanghai Stock Exchange (SSE) e-interview

SSE Roadshow Center

Comein Finance



Held the Company's 2024 Annual Open Day for Public Investors **104** institutional and individual investors participating in the activity.

Investors visited the company's digital factory in Wuhan base Investors further deepened their understanding of and trust in the Company by visiting the digital factory at Wuhan base of the Company and carrying out face-to-face exchanges.

The Company's WeChat official account for investor relations opened a new inquiry column For investors' opinions to collect suggestions from investors, aiming at opening up multiple channels to listen to investors' voices and continuously improving the Company's operation and development strategies.

In terms of information disclosure

we paid attention to improving the readability and comprehensibility of periodic reports

After the periodic report is released

- We posted the "Learn More Through One Picture" on our WeChat official account for investor relations
- Published a visual annual report video on the platform of SSE Roadshow Center.
- The Company interpreted its performance by diversified means such as combination of pictures and texts and visual videos to help various investors quickly grasp the key points of the Company's annual performance.



Improve Returns for Investors

- Since its listing, Jinpan Technology, with its resilient entrepreneurial spirit and innovative breakthroughs by the team, has utilized the capital market to drive new quality productive forces and achieved sustained growth. As of the market close on June 28, 2024, the company has seen a market value of RMB 23.8 billion, 5.5 times its listing market value, delivering returns to investors, employees, and society.

Continuously give back to investors: Increase cash dividends and share development results

In the first half of 2024, the Company completed the dividend work for 2023

achieved a high-proportion
cash dividend of

RMB 4.5 per 10 shares

The total amount reached
(including tax)

RMB 205,584,400

profit attributable to shareholders
of the listed company in that year

40.74%

Formulated a shareholder dividend return plan for 2024–2026, which has been reviewed and approved by the Board of Directors and submitted to the General Meeting of Shareholders for review.

The plan proposes the proportion of profits to be distributed in cash for the Company in the next three years. On the premise of meeting the conditions of cash dividend and ensuring the normal operation and long-term development of the Company

- it is planned that the profit to be distributed in cash every year shall **not be less than 30%** of the distributable profit realized in the current year
- The plan provides shareholders with a more clear and stable return expectation.



Promote the implementation of the Company's repurchase scheme

Deliberated and approved the share repurchase plan and actively promoted its implementation.

The Company held a board meeting on April 23, 2024 to deliberate and approve the Proposal on Adjusting the Upper Limit of Share Repurchase Price, so as to ensure the smooth implementation of the share repurchase plan

no more than RMB

42.36 per share

no more than RMB

48.00 per share

As of July 31, 2024, the Company has repurchased through the SSE's trading system by centralized bidding

Cumulative repurchase
of company shares

1,212,625 shares

Accounting of the total
share capital for

0.265%

A total transaction amount of RMB

51,310,884.38

(excluding stamp duty, trading commission and other transaction costs).

The share repurchase plan aims to further gather core talents, inject strong impetus into the long-term development of the Company.

The Company will continue to actively promote the implementation of the repurchase work in an orderly manner according to the requirements of the resolution of the Board of Directors.

07

Strengthen Interest Sharing and Mutual Restriction between the Management and Shareholders

The Company is committed to optimizing the remuneration and incentive mechanism of the management to promote the deep integration of the interests of the management and shareholders. For this purpose, it has formulated a remuneration policy closely related to the operation of the Company to ensure that the remuneration and performance of senior executives are directly related to the overall performance of the Company.



In the first half of the year

- The General Meeting of Shareholders approved the Measures for the Administration of Remuneration Assessment of Directors, Supervisors and Senior Executives of Hainan Jinpan Smart Technology Co., Ltd. and the Proposal on Adjusting the Remuneration and Allowances of Directors of the Company.
- In addition, the Company's Board of Directors also approved the Proposal on Increasing Floating Performance Awards and Adjusting Remuneration of Senior Executives of the Company

By adjusting the fixed-floating ratio of senior executive remuneration structure, increasing the amount and proportion of performance appraisal, and linking the performance appraisal bonus with the Company's operating performance, the Company further realized the interest consistency and income sharing among the management, business backbone team and all shareholders.



- the Company has issued a repurchase announcement, planning to use all repurchased shares for equity incentives and combine business objectives and other contents more closely related to investors' interests as assessment indicators

So as to promote the long-term sustainable development of the Company and enhance its overall value.





All contents of the Company's 2024 Action Plan for "Improving Quality and Efficiency to Increase Returns" are being successfully implemented. The above content is based on the judgment and evaluation made according to the current implementation of the action plan.



Up to now, the Company has not received any opinions and suggestions from investors on the action plan for improvement or further improvement measures. In the follow-up implementation process, the Company will continue to pay attention to the feedback of investors, continuously optimize the action plan in combination with the actual situation of the Company and the concerns of investors, and continuously promote the implementation of the plan. The implementation of the action plan may be affected by domestic and foreign market environment factors, policy adjustments and other factors in the future, with certain uncertainties. Investors are advised to invest cautiously and pay attention to investment risks.





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Hainan Jinpan Smart Technology Co., Ltd.
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