



金盘科技  
JINPAN TECHNOLOGY

STOCK CODE  
688676

# The Action Plan for Improving Quality and Efficiency to Increase Returns in 2024



Hainan Jinpan Smart Technology Co., Ltd.



# INTRODUCTION

By focusing on its core business, Hainan Jinpan Smart Technology Co., Ltd. hereinafter referred to as "the Company" or "Jinpan Technology") seeks stable growth and continuous improvement in technological innovation. Additionally, it continues to optimize its financial management system, strengthen communication with investors, and actively give back to shareholders. It has thus demonstrated a high sense of understanding of its responsibility and positive actions. To implement the initiative of "improving quality and efficiency to increase returns" for companies listed on the STAR Market and adhere to the investor-oriented concept, the Company has formulated an Action Plan for Improving Quality and Efficiency to Increase Returns in 2024. The details are as follows.



Since 2019, Jinpan Technology has been at the forefront of the industry by initiating a comprehensive digital transformation. Over the past five years, the Company has made great efforts and successfully built digital factories for dry-type transformers, complete sets of equipment and energy storage equipment in China with the support of its digital team. This has disrupted the traditional manufacturing model with digital productivity. Through the comprehensive empowerment of digital technology, the Company has improved quality and efficiency, promoted high-quality development, and contributed to its leapfrog growth in performance from 2021 to 2023. These achievements fully demonstrated the great potential of "new quality productive forces" in the traditional manufacturing industry.

In 2024, the Company will follow the new trend of incorporating data assets into balance sheets and actively carry out in-depth cooperation with third-party institutions and big data exchanges to promote the listing. This move will undoubtedly further enhance the digital transformation of the Company.

In addition, the application of large-scale AI models will become an integral part of the Company's efforts in vigorously promoting digital transformation. In 2024, the Company will actively use the massive data of digital factories to train large-scale AI models, thus driving forward its exploration in artificial intelligence, intelligent manufacturing, and virtual human-operated digital factories.

Jinpan Technology's three-step strategy fully embraces the concept of new quality productive forces. It demonstrates the Company's commitment to innovation-driven development and its role as an enterprise with a high sense of understanding of its responsibility and positive actions in the new era.



## Cultivate the Core Business for Enhanced Competitiveness

### ● Develop new quality productive forces and pursue intelligent manufacturing for a better future

Affected by the great tide of the global industrial revolution, Jinpan Technology, as a pioneer in the industry, is about to take a new step after completing the construction of digital factories. It will launch training on large-scale AI models to explore the path toward an intelligent upgrade for digital factories.

Through the construction of digital factories, Jinpan Technology has achieved transparency, automation and informatization in its production process, greatly improving production efficiency and product quality. To further tap the production potential, the Company plans to use large-scale AI models to deeply analyze production data, optimize processes, and predict and solve problems. By building a large-scale AI model of its own, Jinpan Technology aims to promote a new leap in management and production efficiency. In this process, the full utilization of data resources is particularly important. The Company will continuously improve its data collection and processing system to ensure accurate and complete data. Through in-depth analysis of data, the Company can have a more accurate insight into market demands, predict market trends and provide strong support for scientific decision-making. In addition, actively responding to the requirements of the era, Jinpan Technology has taken steps to incorporate data assets into its balance sheets, so as to explore the potential of data as a new production factor. Through continuous exploration and practice, the Company will drive the improvement of production efficiency and market competitiveness with data.

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

The vigorous development of the global new energy industry and AI has promoted the tremendous growth of the power market, thus creating unprecedented development opportunities for Jinpan Technology. To advance development in both domestic and international markets, the Company plans to adopt a series of active market strategies around the world, including actively participating in international cooperation and exchanges. Through participation in international exhibitions, it will explore new industries, clients and products, sign strategic cooperation agreements, and leverage other opportunities, so as to continuously enhance its international influence. At the same time, it will further expand its sales reach in China. To this end, it will build a wider range of sales channels, and further penetrate into lower-tier cities, thus promoting the deep development of the sales market. This approach will enable the Company to achieve balanced and sustainable development in both domestic and international markets. By providing high-quality products and services to global clients, the Company will create a more extensive development space for itself.

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

The investment projects of the Company have been basically completed and put into operation. In 2024, the Company will rapidly increase the new production capacity of investment projects from the following aspects. Firstly, it will set up a highly professional and experienced team dedicated to strengthening the operation and management of these projects. Additionally, it will strengthen employee training to ensure that its workforce possesses the necessary skills to adapt to digital factory environments and continuously improve production capacity and efficiency. Secondly, it will pay attention to the precise execution of orders and optimize production processes to ensure that orders are completed with high quality and efficiency. Thirdly, the Company will leverage the advantages of digital factories to increase production orders, aiming to rapidly enhance production capacity in response to market demands. By promoting the rapid improvement in the new production capacity in 2024, the Company will contribute to its high-quality development.

# 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

Technological innovation has always been the core driving force for the Company's sustainable development and the source of value creation. Through close cooperation with clients, the Company accurately grasped the market dynamics, flexibly adjusted its research and development plans, and continued to upgrade and innovate. Its products have covered multiple industries and application scenarios, as Jinpan Technology launched dry-type transformers, developed and produced a batch of liquid-immersed transformers, continuously improved the energy efficiency ratio of transformers, and made technical breakthroughs in a full range of products from LV energy storage to HV energy storage devices. In addition to standardized production of products, the Company pays more attention to customized services that meet the individual needs of clients. It is committed to driving product upgrading with scientific and technological innovation and providing diversified solutions for global clients.

In 2024, the Company will continue to deepen the development of its R&D system and seek technology and product innovation. Through technological innovation, it will continuously introduce digital, low-carbon and intelligent products, cultivate more new quality productive forces, and contribute to the goal of high-quality development of the Company. The Company will continue to promote the application of dry-type transformer series products in more fields, conduct the R&D of the technology for large-capacity and high-voltage dry-type boost transformers in the offshore wind power field, and actively promote the commercialization of new products. Additionally, it will further research and develop high-voltage dry-type power transformers applied in the field of smart grids and actively promote research, development and verification of product prototypes. Through these efforts, it aims to provide products with higher safety levels for urban central substations or underground substations. The Company will also continue to develop environment-friendly liquid-immersed transformers with higher voltage levels and actively promote the industrialization process of liquid-immersed transformer series products in the global market. In terms of digital energy management, the Company will focus on developing overall solutions for digital energy in zero-carbon parks, designing and promoting digital distributed photovoltaic platforms and centralized control systems for energy storage power stations. Simultaneously, it will continue to carry out R&D and application of virtual power plants

In 2024, the Company will also actively utilize digital technology, fully learn artificial intelligence technology, and integrate AI technology into the production and manufacturing processes to continuously optimize the material transfer efficiency of its digital factories. Besides, the Company will take advantage of digital means and simulation platforms to further explore the mode to improve R&D efficiency and consolidate its technological strength in the field of new energy power equipment.

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

The Company values the development of the R&D team and has formed a sound talent-cultivating mechanism in long-term development as well as employment, management and cultivation systems for technicians. Meanwhile, it actively carries out on-the-job training for technicians to ensure that they always master advanced design ideas, R&D methods and production processes in the industry. In 2024, the Company will optimize its talent incentive mechanism by making it more targeted and oriented, so as to achieve the unity of the R&D goals and the Company's goals. By optimizing the employee performance assessment system and implementing a mechanism in which each individual will be evaluated through an assessment form, the Company will guide employees to further recognize their goals. Based on performance assessment results, the Company will identify talents and reward valuable talents through improved incentives such as performance bonuses, equity incentives, and other means.

By 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. Through the establishment of collaborations with universities or scientific research institutes, the Company plans to conduct pre-research on cutting-edge technologies, grasp industry development trends, and prepare for the incubation of new products and technologies. The ultimate goal is to remain at the forefront of technological advancement in the industry. Moreover, the Company plans to discuss with universities and industry partners the joint construction of industrial design research institutes or key laboratories to promote the in-depth integration of enterprises, universities, and research institutes.

# Optimize Client Structure and Management and Improve Efficiency

**01**

## Optimize client structure and improve revenue quality

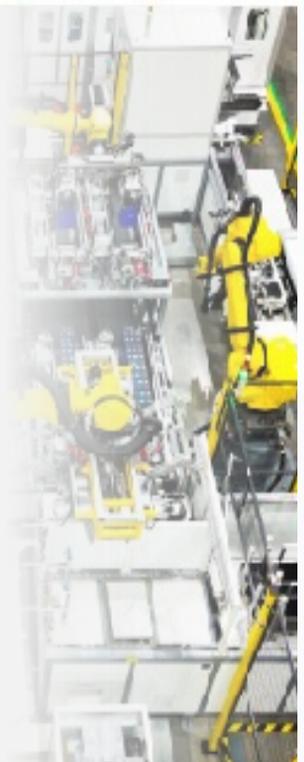
In 2023, Jinpan Technology had more **than 1,000 clients**. From 2021 to 2023, the Company's top five clients accounted for **34.98%, 23.54%** and **22.37%** of its operating revenue respectively, showing a decreasing trend year by year.

In 2024, the Company will continue to deepen market expansion. Adhering to a globalization strategy in client development, it will further optimize client structure, consolidate long-term cooperation with strategic clients and unremittingly explore new client groups. Sticking to the development concept of "domestic and international circulations," it will remain active in adapting to the international situation and beef up efforts to develop global markets. While improving product performance, it will continue to develop transformer, energy storage and other series of products suitable for different fields so as to constantly expand product application in downstream fields and accelerate the introduction of new clients. In addition, the Company will also actively expand the new business of overall digital solutions and promote the extensive application of digital technology in intelligent manufacturing to meet the growing demand for digital transformation in discrete manufacturing and improve the Company's revenue quality.

**02**

## Empower management with digital technology and improve the efficiency of operation and management

The Company has always been committed to empowering management with digital technology and optimizing financial management by continuously enabling smooth internal data flow. In recent years, it has rolled out the consolidation management software BPC project. At the same time, based on the digital platform, it has also launched the intelligent business decision-making system SAC project for the board of directors, establishing a multi-dimensional analysis framework consisting of the three levels of the board of directors, the management level and the business department and realizing the real-time availability, traceability and visualization of the report data. Through automatic data processing, the Company can provide real-time and rapid assistance for decision-making, effectively integrate the data resources of multiple corporate systems, and provide timely and accurate support for analysis and decision-making. In 2024, the Company plans to introduce large-scale AI model technology to further empower corporate management. Through real-time analysis, monitoring and early warning of data, the Company will be able to provide more rapid and accurate assistance for decision-making, thus further improving operational efficiency and injecting continuous impetus into sustainable corporate development.



## Improve Corporate Governance and Promote High-quality Corporate Development

Jinpan Technology has always adhered to the principle of standardized governance and is committed to building a scientific and compliant governance system

### In 2023



the Company comprehensively and systematically revised a total of 26 systems including the corporate articles of association, the working system for independent directors and the related party transaction management system in line with the latest laws and regulations, rules of the CSRC and business rules of the exchanges, thus providing a solid institutional guarantee for the Company's scientific decision-making and standardized operation.

In addition, the Company actively responded to the call of the CSRC and conducted an in-depth self-examination of the qualifications of independent directors to ensure that all incumbent independent directors met the qualifications and conditions stipulated in the Administrative Measures for Independent Directors of Listed Companies and the Working System for Independent Directors of Hainan Jinpan Smart Technology Co., Ltd.

### In 2024



Jinpan Technology will further strengthen standardized governance. Firstly, the Company will continue to strengthen compliance training for directors, supervisors and senior executives. With the help of the training platforms of the CSRC, exchanges and associations, it will continuously strengthen the awareness of "improving quality and efficiency to increase returns," enhance self-discipline awareness and promote the continuous standardized corporate operation.

Secondly, the Company will establish a continuous tracking and feedback mechanism for regulatory developments to timely collect, analyze and transmit the latest regulatory information. Meanwhile, the Company will sort out, interpret and compile the latest regulatory policies, market rules, relevant laws and regulations and other information on a quarterly basis for the reference of the Company's controlling shareholders, actual controllers, directors, supervisors, senior executives, and so on.

Finally, the Company will continue to pay attention to regulatory developments and timely revise the articles of association and relevant internal control systems in accordance with the latest regulations of the CSRC, the Shanghai Stock Exchange (SSE) and other organizations, so as to continuously improve the corporate governance system, enhance the level of standardized governance, and effectively protect the legitimate rights and interests of investors.

## Strengthen Communication with Investors

Since its listing, the Company has actively participated in the briefings on public performance and industry performance organized by the SSE Roadshow Center. To improve the readability of periodic reports and meet the needs of different investors, the Company has released the "Learn More Through One Picture" series through its official public account for investor relations after disclosing the periodic reports and added videos to its performance briefings to make information more intuitive and understandable.

At the same time, the Company has attached great importance to communication with investors. In addition to performance briefings, it also regularly holds investor reception days. When announcing important matters, it synchronously disseminates them on multiple platforms through live-streaming and other forms, so as to interact and communicate with investors in diverse forms and convey the value of the Company.

In 2024,  
the Company will  
renew its  
commitment to the  
investor-oriented  
concept.

▶ It will continuously optimize investor relations management, build an investor communication system that is supported by multiple platforms, and make full use of online channels such as SSE e-interview, Comein Finance (<https://www.comein.cn/home/index>) and Tonghuashun Finance (<https://www.10jqka.com.cn/>). It will also continue to hold Investor Open Day activities, inviting investors to visit digital factories and conduct special discussions and face-to-face exchanges.

▶ In addition, the Company will improve the mechanism to seek the suggestions and feedback of investors. It will set up a consultation column in the Company's official public account to carefully listen to investors' suggestions, report suggestions to the company's management regularly in written form, and make relevant responses in regular reports.

▶ It will also interpret reports in various forms such as pictures, texts and videos, and add auxiliary explanations such as figures and data comparison to make the contents of the reports clearer and easier to understand. The Company will make continuous efforts to communicate with investors in a more efficient and convenient way, so as to achieve win-win results with investors.

# Improve Returns for Investors



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

Since its listing in 2021, the Company has continuously implemented a prudent and sustainable dividend strategy. From 2020 to 2022, the dividend amount of the Company accounted for **more than 30%** of the net profit attributable to shareholders of listed companies in the consolidated statements of that year, with the cumulative dividend amount reaching **RMB 277.0351 million**. In 2023, the Company planned to further increase its cash dividends for investors and distribute a total of **38.11%** of the net profit attributable to shareholders of listed companies in the consolidated statements of the year to investors as cash dividends. Compared with the previous year, the cash dividend per share achieved a **year-on-year increase of 80%, reaching an all-time high**. A continuous high proportion of dividends not only reflects the Company's returns to investors, but also demonstrates the steady growth of the Company's profitability.

In 2024, Jinpan Technology will formulate a shareholder dividend return plan for 2024 to 2026. This long-term plan will provide shareholders with clearer and more stable cash dividend expectations, ensure that the interests of all shareholders, especially those minority ones, can be fully protected, and demonstrate respect for shareholders' interests and confidence in the Company's future development. Meanwhile, the Company will carry out interim dividend distribution in due course in combination with the actual operating situation. While ensuring normal corporate production and operation, the Company will continuously increase the returns for shareholders so as to share the growth and success of the Company with shareholders.

## ● Promote the implementation of the Company's repurchase scheme

Relying on the firm belief in future development prospects and deep recognition of long-term corporate value, the Company has deliberated and approved a share repurchase program. According to the program, the Company plans to repurchase shares with total self-owned funds not less than RMB 50 million (including RMB 50 million) but not more than RMB 100 million (including RMB 100 million) at a price not exceeding RMB 42.36 per share (including RMB 42.36) and plans to use the repurchased shares for the employee stock ownership program or equity incentives. This move aims to further gather core talents, strengthen team cohesion and solidarity, better stimulate employees' innovation vitality, enhance the Company's core competitiveness, and inject strong impetus into the long-term development of the Company. In 2024, Jinpan Technology will actively promote the implementation and progress of the repurchase work in an orderly manner according to the requirements of the resolution of the board of directors.

## Strengthen Interest Sharing and Mutual Restriction between the Management and Shareholders



### 01

In 2024, Jinpan Technology will make positive efforts to further optimize the management compensation and incentive mechanism to promote the deep integration of the interests of the management and shareholders. The Company has formulated a compensation policy for senior executives that is closely related to corporate operation so as to make senior executives focus more on the Company's business development and the realization of the Company's objectives when making decisions and to ensure that the compensation and performance of senior executives are directly linked to the overall performance of the Company.

### 02

In 2024, the Company will adjust the fixed/floating ratio of the compensation structure for senior executives, increase the amount of performance assessment and its proportion, and link performance assessment bonus and the Company's operating performance and other factors. Besides, the Company has issued a repurchase announcement for 2024 and plans to use all repurchased shares for equity incentives. By adopting business objectives and other contents that are more closely related to investors' interests as assessment indicators, the Company strives to realize the alignment of interest and sharing of revenue among the management, core business team and all shareholders of the Company, thus increasing the overall value of the Company.

# Other Issues



**Jinpan Technology will constantly evaluate the action of "improving quality and efficiency to increase returns"** and disclose information in a timely manner. The Company will focus on its main business, strengthen its core competitiveness, profitability and risk management capabilities, give back to investors with excellent performance and standardized governance, and fulfill its responsibilities as a listed company. Affected by the market environment, policy adjustment and other factors, the implementation of the action plan faces uncertainty, so investors should make prudent decisions and pay attention to risks.





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Board of Directors of Hainan Jinpan Smart Technology Co., Ltd.

March 21, 2024