



**WILLFAR**<sup>®</sup>

Stock Code: 688100



2025

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Willfar Information Technology Co., Ltd.

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**Corporate Value and Return Enhancement  
Action Plan 2025**

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# Foreword



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Willfar Information Technology Co., Ltd. (hereinafter referred to as "Willfar" or "the Company") is steadfastly committed to implementing an Investor-Centric Approach, prioritizing customer satisfaction and enabling investors to share in the Company's dividends as core objectives. On February 29, 2024, the Company released its "Corporate Value and Return Enhancement 2024," followed by a timely mid-year evaluation report. Over the past year, the Company has sustained innovation-driven growth, focused on core business operations, enhanced governance efficiency, and implemented a series of measures, including transparent information disclosure and diversified investor engagement and returns initiatives. These efforts have yielded remarkable results in both operational performance and market value growth, demonstrating the Company's commitment to its investors through tangible actions.

In 2025, amid significant opportunities arising from global energy transformation, the rise of AI, and the expansion of the digital economy, the Company recognizes the profound responsibilities and missions it holds. In response, we are aligning with national calls and centering our efforts on the theme of "Value and Return Enhancement" to formulate this action plan. Guided by innovation, oriented by market dynamics, rooted in investor interests, and anchored in compliance, we will continuously strengthen our core competitiveness, investment value, and investor satisfaction, driving the Company toward sustained, high-quality development through Next-Gen Productivity.

## 2024 Highlights and Performance



**2.75** Billion Yuan  
Operating Revenue

**+23.35%**

YoY Growth

**631** Million Yuan  
Net Profit Attributable  
to Parent Company

**+20.07%**

YoY Growth

**22.98%**  
Net Profit Margin  
Attributable to Parent  
Company



Return on Equity (ROE)

**20.39%**

YoY Growth

**1.47%**

Total Shareholder Return

**26.66%**



Since listing, cumulative  
dividends and share  
repurchases have totaled

**900** Million yuan



**40%**

Cash Dividend  
Payout Ratio



**323** Million yuan

Cumulative  
Repurchase Amount



**13.02** Million

Cumulative Number of  
Repurchased Shares



Repurchase and Cancellation **8.31** Million Shares (representing 1.66% of the total share capital), Equivalent to approximately **200** Million yuan in cash dividends

- Inclusion in the SSE STAR Market ESG Index
- Inclusion in the SSE 380 Index
- Inclusion in the STAR AI Index
- Inclusion in the STAR 100 Index
- Wind ESG Rating "A" Level
- National-Level Specialized, Refined, Distinctive, and Innovative 'Little Giant' Enterprises
- National Intellectual Property Advantage Enterprise
- China Patent Excellence Award



- The Highest AAA-level Certification of the Integration of Informatization and Industrialization Management System in 2024 by the Ministry of Industry and Information Technology
- Top 100 Internet Companies in China by Comprehensive Strength in 2024
- Top 50 Chinese Listed Companies in New Quality Productive Forces
- Consecutive Two-Year Highest A-Level Rating for Information Disclosure by the SSE
- Best Practice of the Board of Directors by the CAPCO
- Best Practice of Earnings Presentation by the CAPCO



## Focusing on Core Business to Drive Value and Efficiency, Building a Path to High-Quality Development

Willfar deeply understands that strengthening and expanding its core business while enhancing operational quality is the foundation for achieving sustained high-quality development and delivering greater returns to investors.

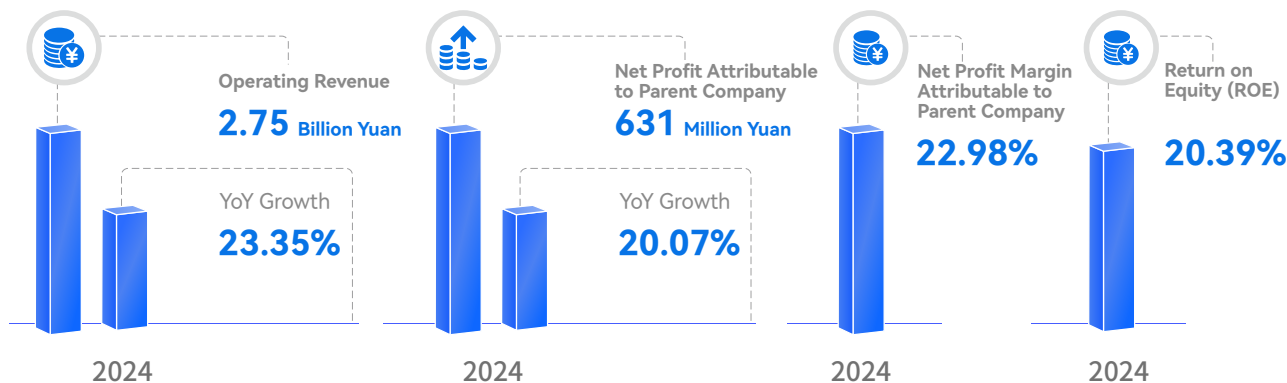
In 2024, under the operating theme of "Steady Progress with Innovative Development". The Company continued to implement "Value and Return Enhancement" initiatives, leveraging technological innovation as a key driver to cultivate new quality productivity. By focusing on improving operational quality and asset efficiency, deepening domestic market penetration, advancing the "three internationalization strategies" (organizational, ideological, and strategic), and accelerating its global expansion, the Company significantly expanded its market share, achieving new highs in both revenue and profitability.

In 2025, Willfar will adhere to a development path that balances "organic growth with strategic expansion, and efficiency improvements with innovation-driven progress". With "Value and Return Enhancement" as the guiding principle, the Company will advance its internationalization efforts, ensuring the robust implementation of this action plan to elevate operational quality to new heights and build a more resilient and dynamic path to high-quality development.

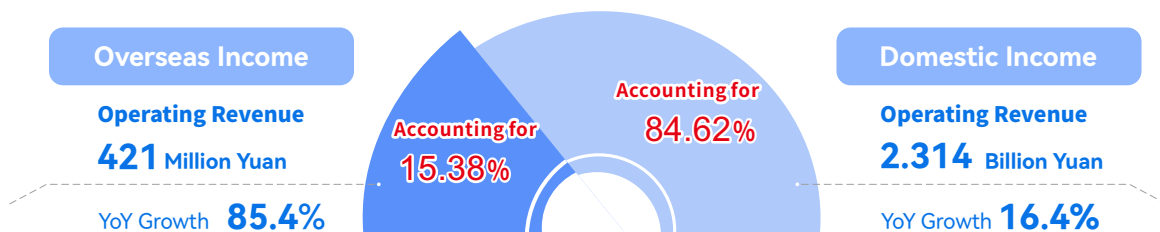


## Strengthening Foundations Laying the Groundwork for High-Quality Development

In 2024, Willfar Achieved Significant Value and Return Enhancement, Creating New Performance Highs.



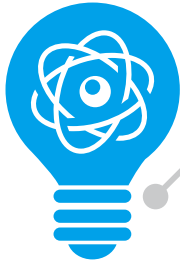
Domestic Business Grew Steadily while Overseas Business Achieved Leapfrog Growth.



In 2024, we secured over **770** million yuan in bids for electricity information collection equipment during centralized procurement tenders by the State Grid and Southern Grid, **ranking first in the industry by bid share.**



The chip module business demonstrated robust growth, achieving **776** million yuan in revenue, year on year growth of **18%** accounting for **28.39%** becoming the top revenue-generating product.



In the context of global manufacturing restructuring, surging AI computing demands, and the transformation of new energy systems.

The Company successfully launched nearly **50 new products and solutions**

generating **1.338 billion yuan** in new product revenue, which accounted for **49%** of core business income.



In 2024, Operational Quality and Cash Flow Optimization

Net Cash Flow from Operating Activities **474 million yuan**

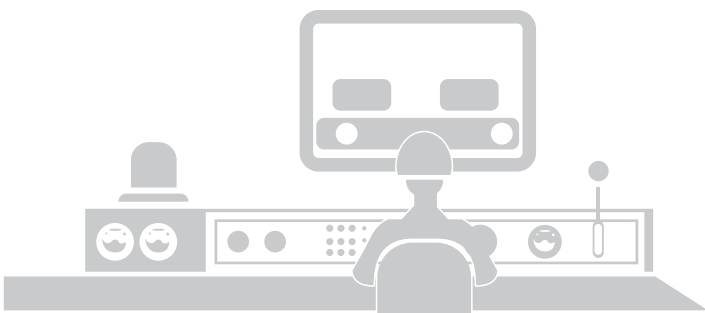
YoY Improvement of **13.52%**



The order book remained robust, as of December 31, 2024

Net Cash Flow from Operating Activities **4.017 Billion Yuan**

YoY Growth **15.35%**



## Expanding Globally, Building New Competitive Advantages in International Markets

In 2024, Willfar made significant strides in its global expansion through organizational internationalization, ideological internationalization, and strategic internationalization, achieving breakthroughs in its overseas business.

Overseas Income

**421** Million Yuan

YoY Growth **85.4%**

The proportion of overseas

revenue increased from **10.24%**

in 2023 to **15.38%**

emerging as a key driver of the company's performance growth.



By the end of 2024, the Company had established over **10** overseas subsidiaries and sales offices, with factories under construction in Saudi Arabia and Indonesia, set to commence operations in 2025.



Leveraging the global energy transition, Willfar secured multiple product certifications across Asia, Europe, and North America, laying a solid foundation for its internationalization strategy.



In 2024, the Company obtained key international certifications, including the U.S. FCC certification, CE-RED (EU Radio Equipment Directive) certification, MID/OIML metrology certification, and STS prepaid product certification.



These achievements enable Willfar to deliver reliable, high-quality products and services to global customers.



In software development, Willfar achieved the highest level of the Capability Maturity Model Integration (CMMI-ML5) certification, positioning it among the few companies globally capable of delivering high-quality software integration services to international markets.



## Unleashing Synergies Activating New Industry Dynamics

2025 marks the culmination year of Willfar Information’s “5-5” strategic plan. Amid profound changes in the global energy landscape, policy guidance, and market demands, the Company is seizing these strategic opportunities to optimize its industry layout, accelerate technological innovation, and expand market presence. Willfar will closely align with these directions to drive synergistic growth and unlock new industry momentum.



In 2025, the Company will proactively optimize resources and reduce costs. In business expansion, organizational restructuring, and budget planning, Willfar will sharpen its focus on core operations through comprehensive budget management. This will integrate revenue-enhancing initiatives—such as international expansion, new product development, technology application, and market breakthroughs—with cost-saving measures, including cost reduction, managing bad receivables and inventory, and improving per-capita productivity and operational efficiency. These efforts will ensure efficient resource utilization and robust execution. Willfar will reinforce accountability, prioritize key performance indicators, and advance internationalization while focusing on major projects.

In 2025, the Company will continue to enhance operational quality and innovation capabilities, strengthen talent development, and aggressively recruit top talent. Key initiatives include:

**1**  
Accelerating international market expansion through prudent overseas site development, enhanced management of key international projects, and optimized operations of overseas factories. The Company will also expand innovative business lines while elevating the internationalization and professionalism of management functions, including human resources, finance, legal, and risk control, to support long-term strategic depth.

**2**  
Adopting a customer-centric, market-driven approach to drive product and technology innovation, continuously launching new products and solutions in response to market needs. Willfar will pioneer new industries, business models, and markets, cultivating new growth drivers and establishing competitive advantages.

**3**  
Concentrating on core businesses, targeting opportunities to complement, strengthen, and extend industry chains. The Company will prioritize high-synergy, high-barrier acquisitions and strategic investments, aiming to complete at least one strategic M&A project in 2025 to achieve a balance of organic growth and strategic expansion, as well as efficiency improvements and innovation-driven progress.

## Enhancing Shareholder Returns Embracing Shared Value Creation

Since its listing on the STAR Market in 2020, Willfar Information has consistently upheld an Investor-Centric Approach, reinforcing shareholder returns through a combination of high cash dividends and share repurchases with cancellations. In 2024, the Company's coordinated efforts in cash dividends (totaling 700 million yuan), share cancellations (equivalent to 200 million yuan), and market value management resulted in a total shareholder return (TSR) of 26.66% and a return on equity (ROE) of 20.39%. The combined value of cash dividends and share cancellations reached 1.48 times the net proceeds from the IPO (610 million yuan), achieving a win-win scenario of performance growth and capital appreciation. These actions reflect Willfar's deep commitment to investor responsibility and its establishment of a comprehensive, multi-layered investor returns framework.





In 2025, the Company will remain dedicated to value creation, further refining its stable dividend policy and implementing a robust market value management policy to fulfill its commitments to investors and embrace Shared Value Creation.

## Consistent Dividends Demonstrating Commitment Ensuring Mutual Benefits



Willfar Information views cash dividends as a critical way to reward investors.

On May 9, 2024, Willfar completed the dividend distribution and interest payment for the year 2023.

Dividend Distribution per Share **0.43 Yuan**

YoY Growth **30%**



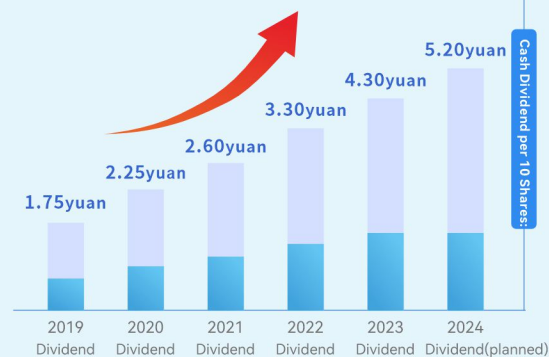
Total Cash Dividend Distribution **211 Million Yuan**

Since its listing, the Company has cumulatively distributed **704 million yuan** in cash dividends. In September 2024, Willfar canceled shares worth approximately **200 million yuan**, bringing the total value of cash dividends and share cancellations to **900 million yuan—1.48 times the net IPO proceeds**. This demonstrates the Company’s strong commitment to and accountability for shareholder interests.

In 2025, Willfar will establish a scientific and stable dividend policy, targeting a baseline dividend payout ratio of 40% over the next five

years. This ensures investors can tangibly benefit from the Company’s growth, embodying our long-term vision and commitment to Shared Value Creation.

To visually showcase the Company’s dividend performance, a chart is included, detailing annual dividend amounts, per-share dividends, and year-on-year growth trends (see attached chart).



This data highlights Willfar’s steady increase in dividend scale and growth rate, further bolstering investor confidence.

## Share Repurchases and Cancellations Boosting Returns, Incentives Driving Growth



In September 2024, the Company completed a pivotal initiative by canceling 8.31 million shares (1.66% of total share capital) repurchased for approximately 200 million yuan. This action optimized the Company’s share structure, contributing to a 1.47 percentage point year-on-year increase in ROE to 20.39%. It shows the dual effectiveness of the company in value creation and shareholder return.



In January 2025, the Company announced a new share repurchase plan, targeting 100 million yuan to 150 million yuan in shares. This follows the successful repurchase of 12.31 million shares (worth 300 million yuan) between 2022 and 2023. The repurchased shares will support equity incentives or employee stock ownership plans, fostering long-term motivation among core teams and injecting vitality into the Company’s sustainable development.



In 2025, Willfar will diligently execute the repurchase plan, closely monitoring market dynamics and stock price trends, adjusting the repurchase pace as needed, and disclosing progress in a timely and accurate manner in accordance with regulations. These efforts will stabilize investor expectations, strengthen market confidence, and support the Company’s steady advancement in the capital markets.

## Value Management Stabilizing Share Prices Sentiment Monitoring Safeguarding Progress

As of December 31, 2024, the closing stock price was 36.20 yuan, representing a 163% increase from the listing price of 13.78 yuan, with a compound annual growth rate of 21.31% since listing. In 2024, the Company's total shareholder return reached 26.66%, delivering substantial value to investors.



Since its listing, Willfar has achieved steady stock price growth, driven by its expanding business footprint and consistent performance improvements.

To better safeguard shareholder interests, Willfar formally launched its <Market Value Management Policy> in early 2025, with the Chairman leading efforts to oversee market value initiatives. The Company has integrated sentiment monitoring into its daily management practices, employing a range of strategies to maintain stable market value aligned with its intrinsic value, ensuring investor benefits are protected.

In 2025, Willfar will treat value management as a systemic strategic initiative, establishing a four-pronged framework:

Value Creation  
(40% baseline dividend ratio)

Value Preservation  
(dynamic repurchase mechanism)

Value Communication  
(multi-dimensional investor relations system)

Sentiment Management  
(routine monitoring + responsive mechanisms)

Four in one management system

This approach will enable real-time tracking of market trends and investor feedback, translating corporate achievements into tangible investor value and laying a solid foundation for high-quality development in the capital markets.

## Innovation as the Driver Igniting the Engine for High-Quality Development

The "New Nine Articles" emphasize the importance of adhering to high-quality development as the core theme, promoting innovation, and fostering Next-Gen Productivity. Today, the global manufacturing landscape is undergoing profound transformation, with surging AI computing demands driving unprecedented electricity needs, while the widespread adoption of solar and wind energy is reshaping the global energy structure. These shifts present unprecedented challenges for stable, reliable, and high-quality power supply, ushering the global power industry into a new era of transformation. To address this, Willfar has developed a comprehensive product ecosystem integrating "chips + IoT + artificial intelligence."



The Company continues to prioritize technological innovation as the cornerstone of its growth, significantly increasing R&D investment and consistently launching new products and solutions. This has yielded impressive market expansion results, solidifying Willfar’s leadership in China’s power sector while actively exploring emerging areas such as Integrated Energy System (Generation, Grid, Load, Storage), Digital Twin-enabled smart city infrastructure, green buildings, and energy services, unlocking new growth avenues.



## With Technological Innovation as its Foundation Continuously Increases R&D Investment

### During the reporting period



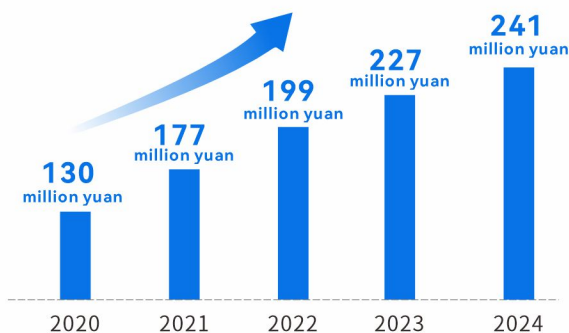
R&D Spending **241 Million Yuan**      YOY Growth **5.95%**

### As of the end of the reporting period

Willfar employed **441 R&D professionals** accounting for **51.34%** of its workforce



including **184** individuals with master’s degrees or higher.



#### In terms of intellectual property

the Company added **66** patents during the period including **35** invention patents

alongside **110** software copyrights and **2** integrated circuit layout design rights.

#### As of the reporting period's end

Willfar held a total of **726** valid patents (**184** of which are invention patents)

**1008** software copyrights, and **8** integrated circuit layout design rights

The Company has also contributed to **87** standards, including **1** international standard, **40** national standards, **11** industry standards, **6** local standards, and **29** group standards.

## Deepening the Energy Internet Supporting Global New Energy Systems and Smart Management

The energy internet industry, in which Willfar operates, is a critical pathway for energy transformation and revolution, as well as a vital component of the digital economy. As one of China's earliest entrants in this field, Willfar holds a clear strategic first-mover advantage, adhering to its vision of "IoT-Enabling the World, Chip-Linking the Future". The Company has deepened its comprehensive energy IoT solutions, extending applications to cities, industrial parks, buildings, and enterprises, thereby digitalizing and decarbonizing public urban infrastructure such as electricity, water, gas, heating, and charging. These efforts advance the construction and intelligent management of new energy systems. Moving forward, Willfar will empower more enterprises and cities to achieve green, low-carbon development, contributing to the building of modern energy ecosystems.

Overseas Breakthroughs as a Robust Growth Driver, Becoming a Key Driver of Performance Growth. In 2024, Willfar accelerated its global expansion, achieving significant progress in overseas markets and driving a leap in international revenue. Through localized operations and tailored solutions, the Company has supported the digital transformation of energy infrastructure along the Belt and Road Initiative. Multiple self-developed Wi-SUN chips have earned international certifications, with Willfar now serving as a core member of the Wi-SUN Alliance. Additionally, the Company's intelligent ultrasonic water meters have secured the highest-level international certifications in the EU, UK, and other regions, further solidifying its global market position.



### Self-Developed Chips: Penetrating Domestic Markets, Integrating Internationally

During the reporting period, Willfar's Wi-SUN communication module technology for power IoT passed a scientific and technological evaluation, with multiple self-developed products receiving certifications from the Wi-SUN Alliance, Brazil's Anatel, and the U.S. FCC. Together with G3-PLC/BPLC technologies, these solutions provide power AMI communication options covering over 70% of global countries, securing overseas orders exceeding tens of millions of yuan and achieving international leading-edge technical standards.

The Company's high-speed broadband carrier communication technology and chips for power IoT also underwent evaluation by an academican-led expert panel, with some aspects reaching international leadership and the overall level deemed internationally advanced. The new-generation dual-mode communication chip, as a frontrunner, passed testing and certification by both State Grid and Southern Grid, further boosting its market share.

## Integrating AI to Empower New Energy Systems



Willfar is integrating cutting-edge artificial intelligence into the development of new power systems, driving the digital and intelligent transformation of the power sector and supporting China's dual-carbon goals. Through advanced research into load forecasting, photovoltaic power generation prediction, and operational optimization, the Company enhances the accuracy of demand and renewable energy forecasts, enabling intelligent, coordinated control across vast, distributed generation, supply, and consumption networks. Willfar is also advancing critical technologies such as intelligent topology identification and ground fault protection, improving the efficiency and reliability of distribution networks.



In the realm of smart cities, Willfar has developed AI edge computing gateways and intelligent security management platforms, significantly enhancing edge computing and security capabilities. As the Vice Chairman of the Power Industry AI Alliance, the Company is actively promoting AI applications in the power and renewable energy sectors, contributing to the construction of new energy systems.



In 2024, Willfar collaborated with a national-level key laboratory in the energy sector—approved and managed by the central government—on “chips + AI” initiatives, driving the industrialization of research outcomes. This partnership advances the digitization and intelligence of the power sector, injecting New Quality Productive Forces into energy IoT development.



In 2025, Willfar will continue to deepen its focus on “AI + Energy,” establishing new paradigms while expanding AI applications in edge computing and big data. The Company will also accelerate its internationalization strategy, leading industry standard-setting efforts to contribute to global energy transitions and high-quality digital economy development.

## Deepening Industry-Academia-Research Collaboration Harnessing Innovative Resources

Willfar Information has established a provincial-level academician expert workstation, postdoctoral research station, and provincial engineering technology research center. The Company collaborates deeply with leading domestic institutions, including Tsinghua University, the National Supercomputing Center in Changsha, and the China Association of City Science, fostering resource sharing and complementary strengths to jointly conduct technological research and product development.

Through its partnership with Tsinghua University, Willfar is enhancing the reliability of new power systems by developing channel-less protection technologies, addressing critical industry challenges in fault diagnosis. Collaboration with the National Supercomputing Center in Changsha provides access to high-performance computing resources and algorithmic research capabilities, enabling the application of cutting-edge technologies across industries. These initiatives strengthen Willfar's innovation ecosystem and support its leadership in Next-Gen Productivity.





## Boosting Transparency Paving the Way for Capital Market Advancement

In the pursuit of high-quality development in the capital markets, effective information disclosure and robust investor relations are vital links connecting Willfar to its investors. The Company remains committed to an Investor-Centric Approach, ensuring transparency, accessibility, and engagement through innovative disclosure practices and multi-channel communication.



## Innovating Disclosure Formats, Enhancing Information Delivery

Information disclosure serves as a critical bridge between the Company and its investors, forming the cornerstone of investor rights protection.

In 2024, Willfar adhered to the principles of

Truthful Accurate Complete Timely Fair

disclosure

publishing **68** mandatory announcements to

provide comprehensive and transparent information to investors. Additionally, the company proactively promoted voluntary disclosure initiatives, promptly sharing information that is crucial for investors' value judgments and decision-making processes.



In 2024, the Company launched bilingual “One-Chart Insights” for its four quarterly reports, using concise, intuitive charts to highlight key financial data and business achievements. Additionally, Willfar produced video explanations of its annual report, featuring management team members to provide clear, accessible insights into key financial and strategic points, enabling investors to obtain core information in a more direct and convenient manner.

Given the technical nature of Willfar’s industry, the Company emphasizes plain language, charts, case studies, and video explanations to effectively reduce cognitive barriers for investors, helping investors grasp its business development process, achievements, and strategic vision.

Beyond regulatory requirements, the Company proactively issued 14 voluntary disclosures, including monthly contract bid-winning reports, bilingual versions of the “Corporate Value and Return Enhancement Action Plan”, and ESG reports, offering multi-dimensional insights into its operational performance, social responsibility, and sustainability efforts. While ensuring compliance, Willfar focused on enhancing the content and format of its disclosures, improving visual clarity, readability, and international appeal.

These enriched disclosures were distributed through multiple channels, including the Company’s website, WeChat public account, WeChat video channel, and investor relations mini-program. Willfar also leveraged the Shanghai Stock Exchange’s “STAR Market 3-Minute Insights into New-Quality Productive Forces” platform to share a visual interpretation of its 2023 annual report, and partnered with Securities Times for the “Exploring STAR Market Innovation, Decoding Industry Pioneers, A Tour of New-Quality Productive Forces in Shanghai Stock Exchange” series, using vivid language to showcase its role in building new energy systems as a “neural network.” These efforts garnered 32,760 views, demonstrating significant engagement.

Since the inception of information disclosure assessments for the STAR Market, Willfar has consistently earned the highest A-level rating from the Shanghai Stock Exchange for its disclosure quality, reflecting its dedication and excellence.

A Comprehensive Overview

ESG report

WeChat Public Account

In 2025, the Company will uphold high standards, continuously improving disclosure quality using AI tools to enrich visual presentations. Building on bilingual “One-Chart Insights” and ESG reports, Willfar will publish all WeChat public account content in dual languages and leverage AI to produce multi-lingual versions of its 2024 annual report video and 2024 performance briefing video, catering to investors in different regions and expanding its influence in international capital markets.






## Multi-Platform Engagement Building a Comprehensive Communication Network



Willfar prioritizes investor relations management, engaging investors through diverse platforms and channels to foster trust, deepen understanding, and promote mutual growth.

### Regular Investor Briefings:

In 2024, the Company organized

-  **2** investor reception days
-  **3** performance briefings
-  and over **360** online and offline research interactions
-  attracting **471** investment institutions
-  and **830** professionals.



The 2023 performance briefing, hosted on the Shanghai Stock Exchange's roadshow platform and led by the Chairman with independent directors in attendance, was broadcast across multiple platforms, reaching 10,000 viewers on the Company's WeChat video channel alone.



Beyond these, Willfar hosted thematic investor events, inviting participants to visit its facilities, engage with industry experts and management, and share feedback, enhancing investor recognition and satisfaction.



On March 19, 2024, the “STAR China – STAR 100 Index High-Quality Development Research Tour,” co-hosted by Shanghai Securities News and Bosera Fund, visited Willfar. Management provided a comprehensive overview of the Company’s history, core businesses, technological innovations, and industry layout, offering investors deeper insights into Willfar’s commitment to innovation and high-quality development.

On May 20, 2024, Willfar hosted its 25th World Metrology Day exchange and investor reception, inviting industry experts to discuss the latest trends and innovations, while showcasing annual new products in areas like digital grids, communication chips, and smart cities, strengthening investor understanding of the industry and Company.

On September 13, 2024, under the guidance of the Hunan Securities Regulatory Bureau and Hunan Fund Industry Association, Willfar welcomed investors for an in-person “face-to-face” exchange—the first of its kind among Hunan-listed companies—featuring participation from auditors, marking a significant step in protecting investor rights through innovative practices.

On December 19, 2024, the Company held its annual innovation summit and investor research event, inviting industry experts, scholars, and investors. During the event, the company established three innovation consortia focusing on new energy systems, smart grid innovation, digital city simulation, and AI supercomputing. Willfar also unveiled 12 new products integrating Digital Twin, communication chips, and AI applications in digital grids and smart cities, engaging investors on green, low-carbon energy transitions and the Company’s future plans, reinforcing its commitment to high-quality development.



- 01 STAR China – STAR 100 Index High-Quality Development Research Tour
- 02 Face-to-Face Investor On-site Exchange Event
- 03 Annual New Product Launch and Investor Exchange Conference
- 04 Annual Innovation Summit and Investor Research Meeting

### Diverse Investor Relations Interactions



In 2024, Willfar added an “Investor Engagement” section to its WeChat public account, integrating its IR mini-program for real-time announcement updates and research appointment scheduling, offering investors quick, convenient access. The Company participated in over **40** strategy sessions organized by brokerages, receiving **57** research reports from **18** institutions, with **24** rated “Buy” and **14** rated “Overweight,” effectively communicating its value to the market.

### Timely Investor Responses



Willfar leveraged platforms like the Shanghai Stock Exchange e-Interaction, JDM Finance, Panoramic Network, Stock Forum, and Xueqiu to promptly address investor inquiries, maintaining an average response time of within two business days.

### International Investor Relations



Willfar expanded its global capital market presence, enhancing engagement with overseas institutions. In 2024, the Company participated in the “Listed Companies Roadshow in Hong Kong” organized by the China Listed Companies Association, conducting four reverse roadshows in Hong Kong and hosting five on-site visits by international investors. Through international brokerage channels, Willfar issued English research reports, providing deep insights into its industry and business potential. By year-end, foreign ownership of the Company’s shares increased by **106%** compared to the beginning of 2024, reflecting growing international engagement.



In 2025, Willfar will establish a capital market working group led by the Chairman at the board level, enhancing routine investor communication by leveraging AI tools to build diversified and efficient communication channels. The Company will explore inviting investors to visit overseas factories, establish mechanisms for consulting investors on major events, and respond promptly to investor concerns, fostering a partnership for shared growth and value creation.



## Strengthening Governance Foundations, Building a Robust Framework for High-Quality Development

In today's complex business environment and stringent regulatory landscape, Willfar recognizes that exceptional corporate governance is essential for sustainable development and enhancing market value. The Company is committed to improving governance efficiency, implementing key initiatives to ensure steady progress and lay a strong foundation for investor returns.



Willfar will focus on modernizing governance capabilities, following a path of "safeguarding shareholder rights, innovating governance mechanisms, upgrading risk management, and deeply integrating ESG". These efforts will solidify the Company's governance foundation, delivering long-term, sustainable value to investors.

safeguarding shareholder rights

innovating governance mechanisms

upgrading risk management

deeply integrating ESG

## Diversified Board Structure Enhancing Scientific Decision-Making

Willfar is dedicated to building a diversified and high-performing board, comprising nine directors with over 20 years of expertise in their respective fields. The board includes three independent directors and two female directors, reflecting diversity in perspectives and gender, providing robust professional support for strategic decisions and operational management.



In 2024, with a focus on regulatory compliance, Willfar promptly revised and updated relevant policies in response to policy changes, continuously improving internal management mechanisms, optimizing governance, and protecting the rights of minority shareholders.



In accordance with the corporate governance rules for listed companies issued by the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange (SSE), the Company held **4** shareholder meetings and **8** board meetings, passing **37** resolutions.



Willfar updated and refined nine governance policies, including its Articles of Association, External Guarantee Management Policy, and Related Party Transaction Implementation Rules. And the Board of Directors/Shareholder Meeting also approved the <Accounting Firm Selection Policy> to standardize auditor appointments.



As a constituent of the Shanghai Stock Exchange STAR 100 Index, Willfar implemented its <Market Value Management Policy>, approved by the board on January 14, 2025. These efforts earned the Company recognition as a 2024 Best Practice Case in Board Governance by the China Listed Companies Association.



In 2025, with the new Company Law introducing requirements for employee directors, Willfar will seize this opportunity to enhance its governance structure and efficiency. The Company will proactively appoint directors representing employee interests with strong professional qualifications, develop tailored training programs to support their roles, and optimize decision-making processes to foster collaboration among directors. Leveraging this diverse board structure, Willfar will not only meet regulatory requirements but also boost its market competitiveness, creating greater value for shareholders, employees, and society.

## Empowered Independent Directors Driving Governance Excellence



Willfar recognizes the pivotal role of independent directors in corporate governance, establishing a comprehensive framework to support their contributions. In 2024, the Company introduced the <Independent Director Work Policy>, clearly defining their responsibilities, rights, and obligations to ensure effective oversight. Willfar also created dedicated communication channels, assigning professional liaisons to facilitate interactions between independent directors and internal teams, ensuring timely feedback and implementation of their insights. At the strategic level, the company actively involves independent directors in discussions and consultations on internationalization, development of new quality productive forces, and corporate governance.



Independent directors, with their deep expertise, play a critical role in major decision-making processes. Professor Gu Qingyang from the National University of Singapore, a renowned economist, leverages his global perspective and insights into economic trends to guide Willfar's internationalization strategy. Professor Huang Shoudao from Hunan University, with decades of experience in electrical engineering, provides precise technical guidance for the Company's energy IoT business. Professor Yang Yan, an expert in financial management and corporate social responsibility, serves as Chair of the Audit Committee, delivering critical oversight in financial auditing and risk management to ensure fiscal health and compliance.



In 2025, Willfar will further optimize support for independent directors, enhancing collaboration with internal teams through at least four annual communication sessions. This will create a regular platform for information sharing and joint efforts, enabling independent directors to integrate cutting-edge academic insights and innovative thinking into decision-making, injecting fresh vitality into the Company's development.



## Embracing ESG Principles Paving the Path to Sustainability

Willfar is committed to green manufacturing and innovation, aligning with national calls for “New Quality Productive Forces” by deeply integrating ESG (Environmental, Social, and Governance) into its strategy, products, operations, and value chain. Since 2021, the Company has voluntarily published annual social responsibility reports, transparently sharing its ESG achievements with stakeholders. In February 2024, Willfar released its 2023 ESG report in both Chinese and English, demonstrating its commitment to accountability.

In 2024, internally, Willfar advanced green operations through intelligent manufacturing and the development of low-carbon industrial parks, implementing facility and equipment upgrades to reduce energy consumption and increase clean energy usage, earning the title of “National Green Factory.” Externally, the Company promoted green initiatives, supporting national new energy system development and the Belt and Road Initiative, enabling low-carbon management for industrial parks, enterprises, industries, and cities while fulfilling its social responsibilities to create value for markets, industries, nations, and society.



In 2025, Willfar will lead with innovation, enhancing ESG governance across multiple dimensions to build core competitive advantages in sustainability, guiding the Company toward a greener, fairer, and more efficient future.

## Reinforcing Core Leadership Establishing a Path to Compliant and Steady Development

Willfar recognizes that “Core Leadership”—key executives and decision-makers—plays a vital role in driving high-quality development and maximizing shareholder value. In 2024, the Company implemented a series of measures to align the interests of management, the Company, and shareholders, including employee stock ownership plans, dynamic compensation adjustments, and diversified training programs. These initiatives enhance the governance capabilities of directors, supervisors, and senior management, ensuring steady, sustainable growth.



## Employee Stock Ownership Boosting Incentives Driving Mutual Prosperity



In 2024, Willfar launched its first employee stock ownership plan, offering **4 million shares** to **134 core employees**, who fully subscribed with **77.68 million yuan**.



The plan includes a three-year lock-up period, with shares unlocking in three tranches (**40%, 30%, and 30%**), tied to individual performance metrics to balance incentives and accountability.



This initiative strengthens employees' sense of ownership and aligns their interests with those of shareholders and the Company.



In 2025, Willfar will refine its market-oriented compensation and performance evaluation system, further linking management remuneration to overall company performance. By enhancing performance assessments, aligning strategic planning, budgeting, and evaluation, and dynamically adjusting resource allocation based on results, the Company will energize its organization, ensuring management and corporate performance are in sync, driving high-quality development.



## Staying Ahead of Regulatory Dynamics Enhancing Core Leadership Capabilities



Willfar understands the critical role of Core Leadership in governance, providing systematic training and policy updates to elevate compliance awareness and performance.

In 2024, the Company leveraged resources from the CSRC, Shanghai Stock Exchange, Pujiang Lecture Hall, China Listed Companies Association, and Capital Market College, organizing 26 training sessions for controlling shareholders, directors, supervisors, and senior management, covering comprehensive compliance knowledge to ensure alignment with the latest regulations, enhance risk management, and improve governance skills.

For specific areas like ESG, M&A, sentiment management, financial reporting, information disclosure, investor relations roles, and corporate bonds or asset securitization, Willfar arranged targeted training for responsible departments through the Shanghai Stock Exchange, China Listed Companies Association, and Hunan Listed Companies Association, boosting overall compliance and professional expertise.

To keep pace with regulatory updates, Willfar established a quarterly monitoring mechanism for new regulations, compiling and interpreting the latest capital market rules, market trends, and case studies for distribution to Core Leadership.



In 2025, Willfar will maintain its “first to know, first to interpret” approach, establishing an efficient policy interpretation and dissemination system. The Company plans to issue at least four quarterly regulatory updates and host at least two in-person compliance training sessions with accounting firms, law firms



and other professional institutions, tailoring content to Willfar’s needs. These efforts will help management stay ahead of policy trends, navigate market shifts, and meet CSRC requirements for enhanced regulatory enforcement and investor protection.



## **Willfar Information Technology Co., Ltd**

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