

# **Wuxi Autowell Technology Co., Ltd.**

## **Action Plan for Improving Quality, Efficiency, and Shareholder Returns in 2024**

We at Wuxi Autowell Technology Co., Ltd.(hereinafter referred to as “the Company”) are keenly aware that to improve quality, deliver more returns to investors, and enhance their sense of gain is integral to the development of a listed company and is also a responsibility it has to investors. In 2024, the Company will uphold the “investor-centered” development concept and take solid measures to improve quality, increase investor returns and sense of gain, boost the confidence of capital market participants, protect the interests of all shareholders, keep the stock price stable, and strengthen our corporate image on the capital market. With full confidence in our prospects and corporate value, we developed the Action Plan for Improving Quality, Efficiency, and Shareholder Returns, which was reviewed and approved at the 50th meeting of the Third Board of Directors on March 25, 2024. Below are the main measures to be taken.

### **I. Emphasize investor returns and distribute cash dividends to share benefits with shareholders**

As of December 31, 2023, the Company had distributed total cash dividends of RMB502 million and implemented two share repurchase programs with a combined amount of RMB219 million. The total amount of cash dividends and share repurchases is RMB721 million, accounting for 57.40 percent of the Company’s total net profit attributable to shareholders of the listed company.

In view of investors’ expectation for returns and its long-term development, the Company plans to distribute a cash dividend of RMB20 for every 10 shares, or a total of approximately RMB448 million (including tax) for 2023, an increase of 82.23 percent over 2022. The company’s profit distribution plan for 2023 is to be submitted to the general meeting of shareholders for review.

In 2024, the Company will continue to deliver shareholder returns proportionate to our business development and performance, and explore new ways to give back to shareholders, thus enhancing their sense of gain. Pursuant to applicable laws and regulations and the profit distribution policy set forth in the Articles of Association, the Company will continue to distribute cash dividends and consider increasing the frequency of payouts as conditions permit. Mr. Ge Zhiyong, the Company’s actual controller, Chairman, and General Manager and Mr. Li Wen, the Company’s actual controller, Director, and Deputy General Manager jointly propose the following: The cash dividend payout ratio in 2024 is planned to be 35 to 40 percent of the net profit attributable to shareholders of the listed company, and this proposal will be reviewed at the Board of Directors meeting. Mr. Ge Zhiyong and Mr. Li

Wen undertake to vote “yes” when the matter is reviewed at relevant meetings. The above proposal shall take effect only after being approved at the Board of Directors meeting and the general meeting of shareholders.

The Company will develop a stock price stabilization plan for 2024, taking into account the situation of the capital market. If necessary, appropriate and timely measures will be taken to boost market confidence and maintain the stock price stability. The Company will work with investors to build a bright future of value sharing and win-win cooperation, so as to share the fruits of growth with investors and help grow their assets.

## **II. Increase R&D investment and foster new productive forces to promote high-quality development**

The Company is committed to providing quality equipment and services for global customers. Through independent R&D, the Company’s product portfolio now serves the four major sectors of the PV industry chain: Ingot, Wafer, Cell, and Module; the ESS Cell Module/PACK Automatic Assembly Line in the fields of lithium-ion battery and energy storage; and Packaging & Testing sectors in the semiconductor industry. In 2023, the Company successfully developed new pieces of equipment suitable for N-type cell, including the 0BB PV Cell Soldering Stringer, the XBC PV Cell Soldering Stringer, the N-type low-oxygen monocrystal growth furnace, and laser enhanced metallization machine. As 12-inch wafers have become the mainstream in the fast-growing semiconductor industry, the company developed the Fully Automatic 12-inch Twin Spindle Dicing Saw and Multifunction Die Bonder, for which validation has been completed at the customer end. The Company received the first order for monocrystal growth furnaces from a famous overseas semiconductor company, marking a breakthrough in the export of such furnaces. These new products precisely testify to the Company’s high efficiency of technology application and forward-looking R&D layout.

In 2024, the Company will attach great importance to technology upgrade and iteration of PV equipment, lithium-ion battery/energy storage equipment, and semiconductor equipment, increase R&D investment in high-end equipment, and continuously strengthen the competitiveness of our products and the leading position of our technology. To this end, we will focus on the following areas of work.

### **1. Improve our capacity for technological innovation and application of advances in technology**

As a high-end equipment manufacturer, the Company continues to invest heavily in R&D amid our rapid business growth. In 2023, the Company spent RMB327,307,700 on R&D, an increase of 38.3 percent over 2022. Over the years, we have made enormous R&D investments to build laboratories for technologies and materials including general purpose technology (GT), computer-aided engineering (CAE) simulation, materials analysis and testing (MAT), and artificial intelligence (AI), continuously pushing the boundaries of technology R&D. The Company and its subsidiaries have secured a rich harvest in the development of new products and technologies and application of advances in core technologies.

In 2024, the Company will continue to increase R&D investment and give full play to the role of existing laboratories to strengthen collaboration between industries, universities, and research institutes. We will continue to steer plenty resources toward new product development, improve our overall R&D strength and layout, and beef up our core competitiveness.

In 2024, the Company will further improve our R&D system and the incentive mechanism for the R&D team. R&D personnel are the pillar to R&D and innovation. The Company will adopt various ways such as equity incentives, competitive compensation, and innovative business co-investment to reward R&D personnel with outstanding contributions in R&D, industrialization of R&D outcomes, and other aspects, so as to share benefits with the R&D team and inspire them to reach their full potential for innovation and keep them motivated for work. In this way, we hope to achieve a win-win outcome for the Company's development and employee gains.

## **2. Step up efforts to expand into global markets, strengthen overseas capacity building and R&D cooperation, and provide quality products and services for global customers**

In 2023, the Company sold to over 40 countries and regions, providing quality products and services for more than 600 production bases around the world. Among them, the ultra-high-speed tandem welding equipment, one of our core products, is a key production apparatus for PV modules. The Company sells the equipment to more than 40 countries and commands a market share of over 60%, becoming a competitive producer and a major exporter of PV equipment.

As our products grow in influence in overseas markets, the Company is moving faster to expand our global presence. In 2023, the Board of Directors approved a proposal on strengthening our overseas capacity. By establishing a wholly-owned subsidiary in Japan and bringing in Japanese technical teams, the Company has continuously expanded the scope of technology R&D, from automation technology to vacuum coating technology and from semiconductor packaging and testing to wafers and silicon wafer grinding and polishing. The Company's R&D resources have been further enriched through technical cooperation in various forms.

In 2024, upholding the customer-centered concept, the Company will actively serve customers at home and abroad, follow up on the progress of customers' overseas facilities, and strengthen overseas marketing efforts and services, thus enhancing the global competitiveness of our products, especially in the fields of PV and lithium-ion battery equipment. At the same time, we will accelerate the construction of overseas production bases and service centers to provide quality and efficient products and services for global customers.

In 2024, we will further promote overseas R&D and technical cooperation, with a focus on strengthening technical cooperation in PV, lithium-ion battery, energy storage, and semiconductor packaging equipment and introducing overseas technical teams. Through technical cooperation, we will enhance the synergy along the equipment manufacturing industry chain, and apply our technology to a broader range of product categories and

increase our market share in the equipment manufacturing segment.

### **III. Accelerate the implementation of proceeds investment projects to achieve expected benefits, with a focus on the core business of high-end equipment manufacturing**

In May 2020, the Company was listed on the Shanghai Stock Exchange Science and Technology Innovation Board, raising a total of RMB574 million. In August 2022, the Company issued shares to pre-determined investors, raising RMB530 million. In August 2023, the Company issued convertible corporate bonds worth RMB1.14 billion to non-specific targets. The company's proceeds investment projects are focused on its core business.

Among them, the production base financed with funds raised in the Company's IPO was put into operation in October 2021. This production base has improved the Company's delivery capacity and product quality, while reducing the operating costs. The Company's production capacity (by equipment value) has increased from less than RMB1 billion to RMB5 billion. The R&D center came into operation in June 2022, greatly improving the Company's R&D strength and efficiency, as well as application of R&D outcomes. The two projects have both yielded expected benefits.

The ongoing proceeds investment projects for high-end intelligent equipment R&D and industrialization (such as LPCVD/boron mine expansion and semiconductor packaging and testing equipment) have received 21.04 percent of the planned investment, including 80 percent of the science and technology reserve fund. Construction of a platform-based smart factory for high-end intelligent equipment has started as scheduled. Another two projects are under construction, including a laboratory for advanced solar cell metallization equipment and the R&D and industrialization project of advanced optical inspection equipment for semiconductor packaging.

In 2024, the Company will speed up the implementation of ongoing proceeds investment projects. The science and technology reserve fund project will be all finished. For the LPCVD/boron mine expansion project, the design, manufacturing, and verification of LPCVD equipment and TOPCon process development will be completed, and new progress will be made in the safety and reliability of mass production. The Company plans to complete prototype testing and validation at the customer end in the second half of 2024, and finish no less than 70% of the entire project by then. The flip chip bonder project is scheduled to enter the detailed design stage in May 2024, and the wire bonder (Au & Cu) project in November 2024. No less than 50 percent of the two projects will be completed. The platform-based smart factory project will proceed as planned, with no less than 50% of the funds being raised.

During the implementation of the proceeds investment projects, the Company will use the raised funds appropriately in strict accordance with the pertinent regulations on the management of raised funds, and ensure that the projects go smoothly as planned. Efforts will be made to enable the projects to deliver expected benefits as soon as possible, so as to enhance the Company's overall profitability.

### **IV. Strengthen receivables and inventory management and improve asset security and turnover ratio**

Accounts receivable and inventory are the Company's important current assets. Since it went public, the Company has seen rapid growth in operating income, with a considerable amount of accounts receivable outstanding. At the end of 2023, the accounts receivable outstanding was about RMB1,823,593,000, an increase of RMB850,574,800 over the previous year, and the growth rate was slightly higher than that of the operating income.

The Company's products are production equipment, whose accounting is under the item "inventory - goods delivered" before acceptance by customers. Goods shipped account for a relatively large part in the Company's inventory. At the end of 2023, the inventory outstanding amounted to approximately RMB7,765,541,100, an increase of RMB3,814,637,100 over the previous year, of which the value of goods delivered was RMB6,266,820,300, an increase of RMB3,411,893,100 over the previous year. The growth rate of goods delivered was slightly higher than that of inventory.

In 2024, the Company will keep a close watch on the collection of receivables, increase efforts to collect receivables, and take timely and appropriate measures based on the credit risk of customers. For small and medium customers with relatively weak anti-risk ability, we will require a higher proportion of payments before goods are delivered. For customers with credit risk, we will put more energy into the collection of receivables and take corresponding action such as litigation and property preservation to guarantee the payment.

In 2024, the Company will further improve the efficiency of equipment installation and commissioning, shorten the ramp-up period, assign dedicated personnel for equipment acceptance after the acceptance criteria are met within the specified period of time, and increase the acceptance ratio of equipment, thus raising the inventory turnover ratio.

#### **V. Optimize the corporate governance structure, see that the "key few" fulfil their responsibility, and push forward high-quality development**

The Company has formed a corporate governance structure according to the listing rules of the SSE Science and Technology Innovation Board, which consists of the shareholders' general committee, the Board of Directors, the Board of Supervisors, and the management. It has put in place a mechanism of coordination and checks and balances among the organ of authority, decision-making organ, supervisory organ, and the management, with well-defined rights and responsibilities and compliant operations. The internal control system has been continuously improved to exercise controls over the rights and obligations of the management and prevent them from abusing its role to infringe on the rights and interests of the Company and minority investors.

As of December 31, 2023, Mr. Ge Zhiyong and Mr. Li Wen, the actual controllers of the Company, together held 100,854,332 shares, accounting for 44.86 percent of the total share capital of the Company. Mr. Ge Zhiyong serves as General Manager of the Company and Mr. Li Wen as Deputy General Manager. The interests of the Company's core management are in alignment with those of shareholders.

In 2024, the Company will further improve its governance structure and see to it that shareholders can fully exercise their rights and the Board of Directors and special committees, the Board of Supervisors, independent directors, and the management can work in due

negligence. The Company will provide necessary conditions for independent directors to perform their duties, including but not limited to independent office spaces and working conditions, necessary information for independent directors to learn about the Company's situation, and necessary spaces and information for the meetings of independent directors.

In 2024, the Company will further refine the executive compensation scheme, which consists of basic compensation and performance-based compensation, with the latter higher than the former. Performance-based compensation is highly linked to the Company's operating performance, so executive compensation is contingent on the Company's operating conditions. We will further strengthen the benefit sharing mechanism between the management and shareholders and enhance the sense of responsibility and performance of duties of the "key few" so as to promote the steady and long-term development of the Company.

In 2024, training for the "key few" will be strengthened to help improve their ability to perform their duties. The Company will organize the "key few" to participate in statutory training organized by regulatory authorities. The Company will organize the "key few" to study the training resources on the Shanghai Stock Exchange Academy and the training platform of the China Association for Public Companies. The Company will urge all the "key few" to participate in training, and ensure that they attend at least four training sessions in the year.

## **VI. Improve disclosure quality and engage with investors in various ways**

Since it went public, the Company has attached great importance to information disclosure and fulfilled its information disclosure obligations in strict accordance with in the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange and the Company's Management System for Matters Concerning Information Disclosure. The Company releases periodic reports, major contracts, and holding announcements in a true, accurate, complete, and timely manner to keep investors informed of the Company's important information. The Company received an "A" rating for its disclosure performance during the evaluation of information disclosure work of listed companies conducted by the Shanghai Stock Exchange from 2022 to 2023. The Company won the 2022–2023 Tianma Award for Investor Relations of Chinese Listed Companies and the Outstanding Board Secretary Award for Chinese Listed Companies.

In 2023, the Company placed great emphasis on investor relations management. All senior executives including the Chairman and General Manager participated in the six periodic report briefings and communicated with investors. The Company invited investors to attend product launch events and visit production bases and product exhibitions, so that investors could learn about the Company's operating conditions by themselves. The Company presents its operations, R&D, products, and other information to investors through its official website, WeChat Official Account, WeChat Channels, and other methods, so that investors can get a better understanding of the Company.

In 2024, the Company will continue to disclose information in strict accordance with applicable laws and regulations. On this basis, we will further improve the readability and

effectiveness of the content disclosed and give a better interpretation on periodic reports in more intuitive forms such as image, animated short, and video. We will strengthen the management of inside information and ensure that investors have equal access to information. At the same time, we will release the Environmental, Social and Governance (ESG) report in Chinese and English to inform global investors of the Company's financial and operating conditions, maintain close relations with international investors, and demonstrate the Company's commitments to and efforts in fulfilling sustainability and social responsibility.

In 2024, we will hold at least four Investor Open House events to engage with investors face to face. The company will hold no less than six online meetings with investors through such platforms as the SSE Roadshow Center and Comein Finance. All senior executives including the Chairman and General Manager will attend performance briefings and communicate with investors on the Company's operating conditions and development plans. We will organize no less than 50 investor communication events including conference calls or offline events. In addition, we will take the initiative to solicit opinions and suggestions from investors regarding information disclosure, investor communication, and other matters on an ad hoc basis, give formal replies to investors' feedback, and take measures to improve the quality and transparency of information disclosure.

## **VII. Other matters**

We will evaluate the specific measures set forth in the Action Plan Improving Quality, Efficiency, and Shareholder Returns on an ongoing basis, and fulfill our disclosure obligations in a timely manner. We will continue to focus on core businesses and strain to enhance our core competitiveness, profitability, and risk management capabilities. By delivering good performance and sound corporate governance, we will fulfill our responsibilities and obligations as a listed company and give back to investors. We will make great efforts to build up the Company's image and help promote the steady and healthy development of the capital market.

This document contains forward-looking statements such as Company's plans and development strategies that do not constitute any substantive commitment of the Company to investors. Such statements involve risks and uncertainties, and investors are advised to exercise caution.