

Stock Code: 002518

Stock Abbreviation: Kstar

Announcement No.: 2023-009

Shenzhen Kstar Science & Technology Co., Ltd.

Summary of Annual Report for the Year 2022

I. Important Notes

This summary of annual report comes from the full text of annual report. Investors should refer to the full text of the report published by the media designated by the SFC to fully understand the operation results, financial situation and future development plan of the Company.

All directors have attended the board meeting to review this report.

Notes to non-standard audit opinions

Applicable **Not applicable**

Preliminary plan for profit distribution of shares or plan for the conversion of provident fund into share capital for the reporting period under consideration of the board of directors

Applicable Not applicable

Any provident fund converted into share capital?

Yes **No**

The Company's profit distribution plan for shares approved by the board of directors is as follows: distribute cash bonus of RMB3.5 (including tax) for every 10 shares based on 582,225,094 shares, and distribute 0 bonus share (including tax) to all shareholders. No conversion of provident fund into share capital.

Preliminary plan for preferred shares profit distribution for the current reporting period passed by resolution of the board of directors

Applicable Not applicable

II. Basic information of the Company

1. Company profile

Stock abbreviation	Kstar	Stock code	002518
Stock exchange	Shenzhen Stock Exchange (SZSE)		
Person and information for contact	Board Secretary	Representative for Securities Affairs	
Name	Fan Tao	Zhang Lizhi	
Office address	Room 401 and 402, 4th floor, Block 1, Software Park, Keji Middle 2nd Road, Nanshan District, Shenzhen	Room 401 and 402, 4th floor, Block 1, Software Park, Keji Middle 2nd Road, Nanshan District, Shenzhen	
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2. Brief introduction to major business or products in the reporting period

1) Key infrastructure products of data center

The Company is one of the earliest domestic enterprises to enter the field of data center products and solutions. After development for years, the Company has been one of companies with the complete infrastructure products of data center in the industry. The data center products of the Company tend to be diversified and integrated, including UPS, HVDC power supply, precision air conditioner, communication power supply, precision distribution, storage battery, network server cabinet, power environment monitoring and other equipment and systems. These products are widely used in finance, communication, IDC, internet, government authorities, rail transit, industrial manufacturing, electric power, medical treatment, education and other industries and sectors to guarantee the information security of data centers and maintain their stable, reliable and continuous operations. In light of the demand changes of market segments, the industrial UPS model suitable for industrial environment applications launched by the Company has been well applied in relevant industries. To meet special demands for the building of industrial data centers, the Company has combined the integrated cabinet system, closed cold aisle system, power supply and distribution system, cooling system and monitoring system based on standard and modular data center products, and provided users with one-stop data center solutions through high-integration intelligent design. These solutions include micro data center solution (IDU), small-micro data center solution (IDM), medium-large data center solution (IDR), integrated outdoor cabinet (IOU) and container prefabricated data center (IDB). The Company's data center products and integrated construction solutions can effectively satisfy users' demand for high efficiency, energy conservation, rapid deployment, enhancement of operation and maintenance efficiency.

The Company integrates independent research and development, production and sales, and implements different marketing strategies for different markets by combining "direct sales + channels". In terms of market, while deeply cultivating traditional advantageous industries, it strives to break through emerging markets such as 5G communication power, edge computing, and IDB, and continues to follow up the implementation of "Channeling of More Computing Resources from China's Eastern Areas to Less Developed Western Regions" projects, seek new cooperation directions, focus on the layout of high-end medium and high-power UPS market, and further improve and expand the market share of high-end products. In terms of channels, the Company continues to take channel sales as the initiative for business development, further strengthen the construction of core channels, and promote the synchronous development of subdivided industries and regional markets. During the reporting period, the Company continued to participate in the centralized procurement and execution of equipment related to China Mobile, China Telecom, and China Unicom. The core products were successfully selected and shortlisted by financial clients such as Bank of China (BOC), Industrial and Commercial Bank of China (ICBC), Agricultural Bank of China (ABC), Agricultural Development Bank of China (ADBC), China Everbright Bank (CEB), Minsheng Bank, Huaxia Bank, and China Guangfa Bank (CGB). The Company has successfully delivered and implemented IDC data center projects such as Glory Data, Panxi Big Data, Hua'an Securities, ICBC Head Office, and BOC Head Office. In addition, the Company also participated in the security project of Chengdu 2021 31st Summer Universiade, the project of Nanchang High-tech Zone Intelligent Manufacturing Industrial Park and the weak current intelligent engineering project of the continuation project. Through the high reliability of products, industry-leading technology and the brand effect of Kstar, the Company has achieved continuous deep cultivation and key breakthroughs in various industries and markets. In 2022, the Company's data center business achieved operating income of RMB2,184,212,600, a YoY increase of 1.55%, maintaining a stable growth trend.

2) New energy PV and energy storage system products

Based on electronic and electrical conversion technology, the Company is one of the earliest companies involved in the PV industry, and has focused on the deployment of energy storage business in recent years. The current products mainly cover: centralized PV inverter, string PV inverter, intelligent combiner box, monitoring and residential inverter, modular energy storage converter, industrial and commercial energy storage system, residential energy storage system, integrated PV inverter substation, energy management and monitoring platform of second-generation energy storage system, peak and frequency modulation system, large-scale container type energy storage integration system, optical storage and charging system and etc. The solution of residential energy storage all-in-one machine integrates the advantages of the Company in the fields of power electronics and energy storage. It is easy to debug and install, reduces system costs, provides system reliability, solves the pain spot of high cost of overseas installation products and services, and supports the virtual power plant (VPP) mode. It has obtained the certification of target market countries such as the UK, Germany, Italy, France, the Netherlands, Belgium, Spain, Australia, etc. The product certification of more target regions and countries is gradually improving.

In business development, based on products, increase investment in technology research and development, and conduct more active exploration and research in terms of higher system efficiency, lower system cost, high safety and reliability, optical storage integration, and active support for power grids. In addition, it has launched more competitive products and solutions in market segments such as industrial and commercial energy storage system, residential energy storage systems, optical storage and charging systems, peak and frequency regulation systems, box-inverter integration, and 1500V high-power inverter products. In terms of channel construction, the company is also actively expanding its team and accelerating the improvement of global channels, establishing overseas branches and offices, in order to seize the opportunity for the development of the new energy industry in the global market. During the reporting period, the Company achieved significant results in large-scale PV power stations, industrial and commercial/residential distributed PV and energy storage in China, and conducted project cooperation with key clients such as State Grid, China National Nuclear Corporation (CNNC), CHN Energy, Sinopec, and CHNT. The residential storage system products are positioned in the mid- to high-end segmented market, and have made breakthrough progress in overseas market competition during the reporting period. The Company has deeply cooperated with overseas customers such as power installers, residential PV and energy storage operators, and quickly occupied the market. The Company leverages its product technology and manufacturing advantages to collaborate with many leading cross-border enterprises in ODM and provide residential storage solutions. In 2022, the Company's new energy PV energy storage business achieved operating income of RMB1,836,857,900, a YoY increase of 465.06%, and the business is in high growth.

3) NEV charging pile products

The Company's NEV charging pile products include charging modules, integrated DC quick charging piles, split DC quick charging piles, wall-mounted DC fast charging piles, AC charging piles and monitoring systems. These products feature a series of advantages, including modular design, high intelligence, high utilization rate, strong protection, high security and superb adaptability. Combined with intelligent charging systems, power distribution systems, energy storage systems, monitoring systems, security systems and operation and maintenance systems to form integrated solutions, these products are able to meet the needs of various application scenarios and enable customized solution services according to customers' application needs.

During the reporting period, the Company continued to develop its business in traditional energy, urban investment and transportation, charging operators and vehicle enterprises, and participated in projects of Sinopec, China Tower, China Potevio, Southern Power Grid, State Grid, Wuxi Municipal Government, Changsha Communications Investment, Xuzhou Communications Holding Group, Xupu City Investment Comprehensive Development, Yingkou Transportation, Shenyang Anyun Bus, Xinyang Public Transportation and Changan Automobile. In 2022, the market competition of NEV charging pile series products was fierce, and the Company realized an operating income of RMB109,002,000, a YoY increase of 33.20%.

3. Major accounting data and financial indicators

(1) Major accounting data and financial indicators in the past three years

Is it necessary for the Company need to retrospectively adjust or restate previous annual accounting data?

Yes No

(Unit: RMB)

	By the end of 2022	By the end of 2021	Increase/decrease by the end of this year compared with that by the end of the previous year	By the end of 2020
Total assets	6,220,214,112.67	4,950,552,511.38	25.65%	4,134,227,158.38
Net assets attributable to shareholders of listed companies	3,546,676,257.62	3,062,363,704.42	15.81%	2,805,610,823.90
	2022	2021	Increase/decrease in the current year compared with the previous year	2020
Business revenue	4,400,689,542.45	2,805,919,771.70	56.84%	2,422,548,801.93
Net profit attributable to	656,477,344.96	373,200,496.33	75.90%	303,102,677.97

shareholders of listed companies				
Net profit attributable to shareholders of listed companies excluding non-recurrent gains and losses	608,448,644.69	320,123,962.84	90.07%	258,270,828.77
Net cash flow from operation activities	859,128,295.15	450,439,825.35	90.73%	374,413,058.96
Basic earnings per share (RMB/share)	1.13	0.64	76.56%	0.52
Diluted earnings per share (RMB/share)	1.13	0.64	76.56%	0.52
Weighted average return on net assets	19.94%	12.72%	7.22%	11.26%

(2) Quarterly major accounting data

(Unit: RMB)

	Q1	Q2	Q3	Q4
Business revenue	560,573,772.52	960,490,690.14	1,218,462,432.77	1,661,162,647.02
Net profit attributable to shareholders of listed companies	54,275,463.91	163,674,001.45	228,670,309.78	209,857,569.82
Net profit attributable to shareholders of listed companies excluding non-recurrent gains and losses	43,690,642.58	155,041,713.65	209,765,122.47	199,951,165.99
Net cash flow from operation activities	-188,015,700.02	142,545,088.97	440,120,374.33	464,478,531.87

Any significant difference between the above financial indicators or total amount and the financial indicators in the quarterly and semi-annual reports disclosed by the Company?

Yes No

4. Share capital and shareholders**(1) Number of common shareholders and preferred shareholders with restoration of voting rights and statement of shareholder ownership of top 10 shareholders**

(Unit: share)

Total number of common shareholders at the end of the reporting period	29,945	Total number of common shareholders at the end of one month before the disclosure of annual report	74,707	Total number of preferred shareholders with restoration of voting rights at the end of the reporting period	0	Total number of preferred shareholders with restoration of voting rights at the end of one month before the disclosure of annual report	0
Shareholder ownership of top 10 shareholders							
Name of shareholders	Nature of shareholders	Ratio of shares held	Number of shares held	Number of shares with limited selling conditions	Pledged or frozen		
					Share status	Number	
Ningbo Kstar Venture Capital Partnership (Limited Partnership)	Non-state-owned domestic legal person	57.74%	336,284,260.00				
HKSCC Nominees	Foreign legal	3.95%	22,922,200.00				

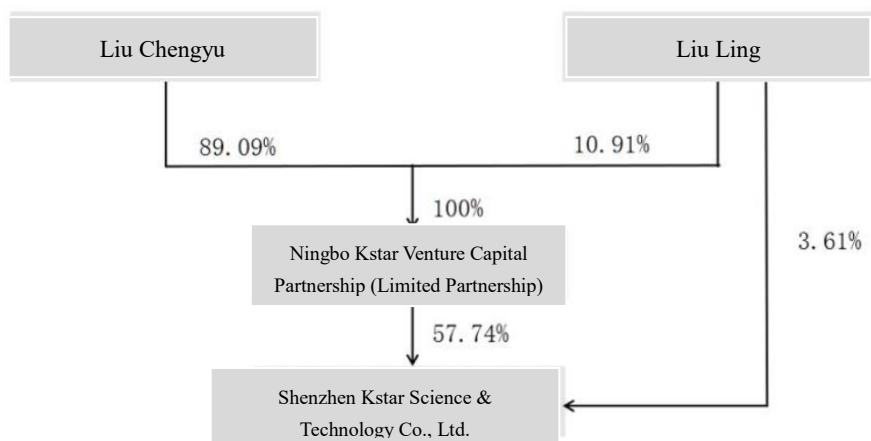
Limited	person					
Liu Ling	Domestic natural person	3.61%	21,007,350.00	15,755,512.00		
Industrial and Commercial Bank of China Limited - CUAM Flexible Allocation Hybrid Securities Investment Fund	Other	1.46%	8,521,993.00			
#Wang Xiaolan	Domestic natural person	1.05%	6,113,914.00			
CITIC Securities Company Limited	State-owned legal person	0.97%	5,649,787.00			
Bank of China Limited - Manulife Teda Transformation Opportunity Equity Securities Investment Fund	Other	0.86%	4,994,622.00			
China Merchants Bank Co., Ltd. - Oriental Alpha Advantage Industry Hybrid Initiated Securities Investment Fund	Other	0.72%	4,212,800.00			
Bank of Communications Co., Ltd. - Southern Growth Pioneer Hybrid Securities Investment Fund	Other	0.65%	3,764,500.00			
Bank of China Limited – Huatai-PineBridge CSI Photovoltaic Industry Transactional Open Index Securities Investment Fund	Other	0.38%	2,213,565.00			
Statement of affiliation or concerted action of the above-mentioned shareholders	Among the above shareholders, Ms. Liu Ling is the limited partner of Ningbo Kstar Venture Capital Partnership (Limited Partnership) and an actual controller, director, senior manager of the Company, having a husband-wife relationship with Mr. Liu Chengyu who is also an actual controller of the Company.					
Statement of shareholders involved in margin trading (if any)	Shareholder Wang Xiaolan holds 6,113,914 shares through a client credit transaction guaranteed securities account of CITIC Securities Company Limited.					

(2) Total number of preferred shareholders and statement of shareholder ownership of top 10 preferred shareholders

Applicable **Not applicable**

No preferred shareholder ownership during the reporting period.

(3) Disclosure of property rights and control relations between the Company and actual controllers by block diagram



5. Bonds existing on the approval date of the annual report

Applicable Not applicable

III. Important matters

Not applicable