

Stock code: 002518

Stock abbreviation: Kstar

Announcement No.: 2022-007

Shenzhen Kstar Science & Technology Co., Ltd.

Summary of Annual Report for the Year 2021

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.

Notes to non-standard audit opinions

Applicable Not applicable

Preliminary plan for profit distribution of common 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 common shares approved by the board of directors is as follows: distribute cash bonus of RMB2.5 (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		
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	
Tel No.	0755-86168479	0755-86168479	
E-mail	fantao1@kstar.com.cn	zhanglz@kstar.com.cn	

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, communication power supply, precision air conditioning, precision distribution, storage battery,

network server cabinet, power environment monitoring and other equipment and systems. These products are widely used in finance, communication, IDC, 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 + distribution (DSD)". 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 participated in the centralized procurement project of China Mobile, China Unicom and China Telecom, the construction project of basic outlets and data centers of commercial banks, the power guarantee project of the 14th National Games, the Smart City project of Liaoyang, three municipal highway intelligent traffic management and control system projects in Sichuan, the phase I of Shenzhen e-government network upgrading project, etc. 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. During the reporting period, the company's data center business achieved operating income of RMB2,150,919,500, a YoY increase of 12.70%, maintaining a steady growth trend.

2) New energy photovoltaic and energy storage system products

Based on electronic and electrical conversion technology, the Company is one of the earliest companies involved in the photovoltaic industry, and has focused on the deployment of energy storage business in recent years. The current products mainly cover: centralized photovoltaic inverter, series photovoltaic inverter, centralized energy storage inverter, inverter boosting integration system, 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 household energy storage all-in-one machine integrates the advantages of the Company in the fields of power electronics and energy storage. It can be plug-and-play, free of system debugging, solve 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 Australia, Italy and Germany.

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 household energy storage systems, optical storage and charging systems, peak and frequency regulation systems, box-inverter integration, and 1500V inverter products. In terms of channel construction, the company is also actively expanding its team and accelerating the improvement of global channels, in order to seize the opportunity for the development of the new energy industry in the global market.

During the reporting period, the Company participated in a number of agricultural photovoltaic combination projects of Shuifa Shinyes Energy Company, Wenzhou Taihan 550MW fishery-solar hybrid project, Beijing Energy Linhe 200MW photovoltaic power generation project, CGN Qinghai Haixi 100MW photovoltaic power generation project, CGN Gansu Dalianggua optimized dispatching energy storage projects, Guangzhou Xiangyun network technology energy storage project, etc. During the reporting period, the company's new energy photovoltaic energy storage business achieved operating income of RMB3,250,716,00, a YoY increase of 31.14%, and the business is in continuous development.

3) NEV charging pile products

The Company's NEV charging pile products include charging pile modules, integrated DC quick charging piles, split DC quick charging piles, wall-mounted AC charging piles, column 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 focused on customers such as power grid system, bus passenger transport, charging station operators and urban & transportation investment, and obtained continuous orders from customers such as State Grid, China Southern Power Grid, Xiaoju Platform, Potevio New Energy, China Tower, Mintou Electric Power, Changsha Communications Investment, Shenyang Anyun Group and Yingkou Transportation Group. During the reporting period, the market competition of new energy vehicle charging pile series products was fierce, and the company realized an operating income of RMB81,832,400, a YoY decrease of 32.49%. The company will actively adjust its products and competitive strategies, and continue to develop the charging pile business.

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 2021	By the end of 2020	Increase/decrease by the end of this year compared with that by the end of the previous year	By the end of 2019
Total assets	4,950,552,511.38	4,134,227,158.38	19.75%	4,057,086,966.37
Net assets attributable to shareholders of listed companies	3,062,363,704.42	2,805,610,823.90	9.15%	2,618,979,219.47
	2021	2020	Increase/decrease in the current year compared with the previous year	2019
Business revenue	2,805,919,771.70	2,422,548,801.93	15.83%	2,610,172,522.47
Net profit attributable to shareholders of listed companies	373,200,496.33	303,102,677.97	23.13%	320,695,097.88
Net profit attributable to shareholders of listed companies excluding non- recurrent gains and losses	320,123,962.84	258,270,828.77	23.95%	297,273,894.51
Net cash flow from operation activities	450,439,825.35	374,413,058.96	20.31%	983,751,198.60
Basic earnings per share (RMB/share)	0.64	0.52	23.08%	0.55
Diluted earnings per share (RMB/share)	0.64	0.52	23.08%	0.55
Weighted average return on net assets	12.72%	11.26%	1.46%	12.82%

(2) Quarterly major accounting data

(Unit: RMB)

	Q1	Q2	Q3	Q4
Business revenue	473,106,450.01	717,155,489.02	657,414,881.76	958,242,950.91
Net profit attributable to shareholders of listed companies	85,780,169.22	93,055,385.22	102,342,120.08	92,022,821.81
Net profit attributable to shareholders of listed companies excluding non-recurrent gains and losses	75,788,106.78	78,630,673.87	75,988,964.51	89,716,217.68
Net cash flow from operation activities	34,253,276.44	71,101,348.55	121,424,394.30	223,660,806.06

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)

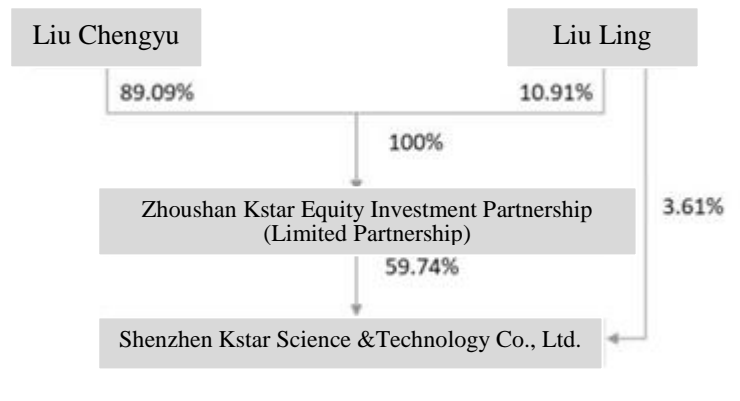
Total number of common shareholders at the end of the reporting period	58,701	Total number of common shareholders at the end of one month before the disclosure of annual report	55,095	Total number of preferred shareholders with restoration of voting rights at the end of the reporting period	0	Total number 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	
Zhoushan Kstar Equity Investment Partnership (Limited Partnership)	Non-state-owned domestic legal person	59.74%	347,933,040				
Liu Ling	Domestic natural person	3.61%	21,007,350	15,755,512			
#Lin Zuohua	Domestic natural person	3.02%	17,577,405				
HKSCC Nominees Limited	Foreign legal person	2.09%	12,188,488				
#Wang Xiaoan	Domestic natural person	1.56%	9,087,614				
CITIC Securities Company Limited	State-owned legal person	1.50%	8,752,666				
#Wang Jun	Domestic natural person	0.46%	2,700,000				
Industrial Bank Co., Ltd. - AXA SPDB ESG Responsible Investment Hybrid Securities Investment Fund	Other	0.34%	1,999,918				
#Lai Hongjiu	Domestic natural person	0.32%	1,875,600				
Bank of China Limited - Guangfa - China Securities Transactional Open Index Securities Investment Fund in Environmental Protection Industry	Other	0.32%	1,846,341				
Statement of affiliation or concerted action of the above-mentioned shareholders	Among the above shareholders, Ms. Liu Ling is the limited partner of Zhoushan Kstar Equity Investment 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 Lin Zuohua holds 17,049,705 shares through a client credit transaction guaranteed securities account of Guangfa Securities Co., Ltd.; Shareholder Wang Xiaoan holds 9,087,614 shares through a client credit transaction guaranteed securities account of CITIC Securities Company Limited, Shareholder Wang Jun holds 2,700,000 shares through a client credit transaction guaranteed securities account of China International Capital Corporation Limited and shareholder Lai Hongjiu holds 1,875,600 shares through a client credit transaction guaranteed securities account of Dongguan Securities Co., Ltd.						

(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