

KSTAR

2024

**Environmental, Social and
Governance (ESG) Report**



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About this Report

Summary

This report is the Environmental, Social, and Governance Report (hereinafter referred to as the "ESG Report") published by Shenzhen KSTAR Science and Technology Co., Ltd. It systematically explains the Company's environmental, social, and governance (hereinafter referred to as "ESG") management, as well as its practices and related performance in corporate governance, product and service quality, environmental protection, employee rights and development, supply chain management, social welfare, etc. The report aims to help stakeholders understand the Company's ESG performance more clearly, intuitively, and transparently.

Basis of Preparation

This report is prepared in accordance with the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation) (hereinafter referred to as the "Guidelines"), with reference to the Guidelines on Self-Regulation of Listed Companies of Shenzhen Stock Exchange No. 3 for Preparation of Sustainability Reporting (hereinafter referred to as the "Guidelines on Self-Regulation of Sustainability Reporting"), the Sustainable Development Reporting Standards of the Global Reporting Initiative (GRI Standards), the United Nations Sustainable Development Goals (SDGs), and the International Sustainability Standards Board (IFRS S2).

Scope of this Report

Unless otherwise stated, the scope of disclosures in this report is consistent with the scope of Shenzhen KSTAR Science and Technology Co., Ltd. (hereinafter referred to as "KSTAR," "the Company," or "we")'s 2024 annual report. The abbreviations of subsidiaries whose names appear in the main body of this report are listed as follows:



Name of subsidiary	Abbreviation in this report
Shenzhen KSTAR New Energy Co., Ltd.	
Shenzhen KSTAR Software Technology Co., Ltd.	
Shenzhen KSTAR Integration Co., Ltd.	Collectively referred to as "Guangming Park" with Shenzhen KSTAR Science and Technology Co., Ltd.
Shenzhen KSTAR Electrical System Co., Ltd.	
Shenzhen Yikeda Energy Investment Co., Ltd.	
Shenzhen KSTAR Power Sales Co., Ltd.	
Guangdong KSTAR Industrial Science & Technology Co., Ltd.	"Huizhou Park"
CATL-KSTAR Technology Co., Ltd.	"Xiapu Park"
Jiangxi Changxin Golden Sun Power Co., Ltd.	"Jiangxi Park"
Anhui KSTAR PV Co., Ltd.	Collectively referred to as "Jinzhai Park "
Anhui KSTAR New Energy Technology Co., Ltd.	

This report is an annual report with a time span from January 1, 2024 to December 31, 2024. In order to enhance the comparability and forward-looking of the report, some contents exceed the above period.

Data Source

The financial data cited in this report are derived from the audited Shenzhen KSTAR Science and Technology Co., Ltd. annual report, and other data sources include but are not limited to the original data of the company's actual operation, internal statistical data, public data from third-party organizations. Unless otherwise specified, the monetary amounts involved in the report are measured in RMB.

Access to this Report

This report is published in Simplified Chinese and English. To support environmental protection, this report is published in electronic form, which you can download and read from the company's official website www.kstar.eu. In case of ambiguity in the understanding of the Chinese and English texts, please refer to the Chinese text. If you have any questions or suggestions about the content of the report, please contact us at the email address: marketing-dc@kstar.com.

Chairman's Statement

At a pivotal stage of global economic transformation and ecological governance reform, sustainable development has become a core driver for enterprises to navigate cycles and create long-term value. KSTAR remains committed to its mission of providing highly reliable integrated smart energy solutions to meet customers' high-quality energy needs. We embed ESG principles deeply into our corporate culture, continuously enhancing our governance framework with strict standards to ensure responsibility is integrated into every decision-making process, thereby strengthening the foundation for the company's stability and sustainable development. In 2024, amid a complex and volatile market environment, KSTAR adhered to the ESG philosophy as a guiding compass, drove innovation-led growth, fulfilled social responsibilities, enhanced governance, delivered high-quality products and services, and promoted environmental stewardship in collaboration with stakeholders.



Strengthening Governance and Advancing Sustainable Development

KSTAR consistently promotes the philosophy of sustainable development, refining the ESG management system and strengthening governance foundations. We actively engage with stakeholders to respond to their expectations and reinforce a responsible brand image. Through a clear governance structure and a continuously optimized risk management system, we have built strong resilience against market uncertainties. We uphold strict standards of integrity and compliance, foster a culture of transparency and ethical conduct, and advocate fair and just business practices to protect market order.

Delivering High-Quality Products and Pursuing Service Excellence

KSTAR regards quality as the lifeline of the enterprise. We maintain rigorous control across the entire value chain—from manufacturing to sales to customer service. By promoting digitalization and embedding responsibility throughout the value chain, we continuously drive product and technological innovation, consolidating our market leadership in key sectors such as data centers, photovoltaic energy, energy storage, and EV charging infrastructure. We continue to strengthen the innovation system, enhance intellectual property protection, and actively participate in industry standardization efforts. In 2024, KSTAR was recognized by the Ministry of Industry and Information Technology as a "Little Giant" enterprise for its outstanding specialization and innovation. Additionally, KSTAR has established a "Lean Management + Smart Manufacturing" supply chain system and a green supply chain management platform, encouraging suppliers to pursue green certifications and promoting sustainable practices across the value chain.

Fulfilling Environmental Responsibilities and Supporting the Green Economy

KSTAR actively responds to China's "carbon peaking and carbon neutrality" strategy and has developed carbon reduction targets and action plans leveraging its technological strengths. We continue to focus on green and low-carbon technologies, contributing to the transition towards a green economy and the construction of new power systems. In 2024, KSTAR's independently developed intelligent micro modular technology and high-frequency, high-power UPS technology were selected for the Catalogue of Recommended Energy-Saving and Carbon Reduction Technologies and Equipment (2024 Edition), highlighting their outstanding performance and energy-saving benefits. We also supported biodiversity protection initiatives, including the symbolic adoption of six blue whales and donations for biodiversity research, demonstrating a commitment to ecological conservation.

Promoting Shared Prosperity and Supporting Talent Development

KSTAR upholds a "people-oriented" principle, creating a diverse, inclusive, and equitable workplace. We have established transparent performance evaluation systems, comprehensive compensation and benefits programs, and diverse talent development plans to foster employee growth and innovation. We also align corporate development with community advancement, leveraging our business capabilities to support rural revitalization initiatives and actively fulfilling our corporate social responsibilities.

Moving Forward with Determination

Looking ahead, KSTAR will continue to drive innovation, explore high-efficiency, high-quality development paths, and remain firmly committed to sustainable development.

We will contribute actively to comprehensive societal sustainability.

On behalf of the Board of Directors, I extend the sincere gratitude to our customers, employees, investors, and partners for their trust and support, which empower us to advance steadily on the path of green development.

Liu Chengyu


Chairman of Shenzhen KSTAR Technology Co., Ltd.


24 April 2025


2024 ESG Highlights

Environmental Protection

Investment RMB **5.64** million in environmental protection, with a year-on-year increase of **3.15%**


The GHG emissions per unit of output value in Guangming Park decreased by **41.17%** compared with 2021

Total comprehensive energy consumption **6,613.74** tons of standard coal, with a year-on-year reduction of **9%**

PV power generation is about **5.67** million kWh

Products & Services


R&D investment RMB **275** million

Obtained a total of **372** authorized invention patents and software copyrights

Employee Development


Invested RMB **655,900** in employee training

A total number of **41,050** person-times participated in training

**1,285** Female employees

A total number of **597** minority employees

Social Welfare

Invested RMB **90,000** in social welfare

Annual Events

Market Performance

- Top 5 global UPS suppliers
- Ranked 1st in China's UPS sales market among local brands for 23 consecutive years
- Sales volume of China's UPS in medical and health industry ranked 1st
- Sales volume of China's UPS in educational industry ranked 1st
- Market share of UPS supporting lead-acid batteries ranked 1st in mainland China for 11 consecutive years
- Market sales volume Ranked 1st in single-row micro-module products
- Market sales volume of self-developed charging piles ranked 1st among Chinese charging pile hardware manufacturer
- Top 3 sales volume in China's modular UPS market
- China's top 3 domestic brands in terms of ultra-high power UPS (above 200KVA) sales

Global Layout

- The construction of the 8th intelligent manufacturing base has been launched to further improve the supply chain system and provide customers with better products and services
- Set up 22 offices, subsidiaries/branches overseas; opened a new office in the Netherlands to provide customers with more timely and considerate services

Product Innovation

- Launched a new power frequency machine product Epower-H, strongly empowering the high-quality development of the industry and providing sustainable and efficient energy
- Launched the 150kW string inverter, which is currently the most mainstream photovoltaic string grid-connected inverter product with the largest power range in distributed low-voltage grid connect scenarios
- Launched 50kW/197kWh air-cooled, 125kW/233kWh air-cooled and liquid-cooled, 200kW/372kWh liquid-cooled industrial and commercial energy storage products, supporting multi-machine parallel connection, meeting flexible deployment and configuration needs, and highly adapting to diverse applications of industrial and commercial energy storage scenarios
- Launched a series of 960kW fully liquid-cooled supercharging products and a full series of IP65 high-protection charging products to fully meet the charging needs of different industries and users
- Launched PowerFort integrated power module, becoming the preferred smart energy solution for data centers in government, finance, Internet, communications, energy, transportation and other industries

Sustainability Development

- Wind ESG rating AA, ranked 1st in the industry
- As of the end of 2024, cumulative energy storage shipments are 10GWh +, providing green energy to users in more than 180 countries and regions around the world
- As of the end of 2024, the cumulative shipment of photovoltaic inverters is 60GW +, and the products have been successfully used in special natural environments such as plateaus, Gobi, deserts, and tidal flats

About KSTAR

Company Profile

KSTAR was established in 1993 and listed on the Shenzhen Stock Exchange in December 2010 (Ticker Symbol: KSTAR; Stock Code: 002518). After 30 years of development, KSTAR has become a leading enterprise in China's power electronics and new energy products. Our product portfolio includes data center infrastructure, modular and container data center solutions, photovoltaic (PV) and energy storage system (ESS) solutions. KSTAR's overall scale and research and development strengths are among the top in the industry.

The Company is headquartered in Nanshan, Shenzhen, and operates two R&D centers and seven manufacturing bases. As a leader in China's uninterruptible power supply (UPS) industry and an industry-leading provider of comprehensive solutions in the smart energy field, we have developed and produced data center infrastructure, PV inverters, ESS, and EV chargers with industry-leading technology. Our comprehensive solutions are widely used across various industries.

R&D Centers

Shenzhen R&D Center

Fuzhou R&D Center

Manufacturing Bases

Guangming High-tech Zone KSTAR Industrial Park, Shenzhen

KSTAR High-end New Energy and Energy Storage Industry Base

Zhongkai High-tech Zone KSTAR Industrial Park, Huizhou, Guangdong

CATL-KSTAR Science & Technology Co., Ltd

KSTAR (Vietnam) Co., Ltd.

Fuyuan KSTAR Industrial Park, Guanlan, Shenzhen

Jiangxi Changxin Golden Sun Power Co., Ltd.

Jiangsu KSTAR Energy Technology Co., Ltd

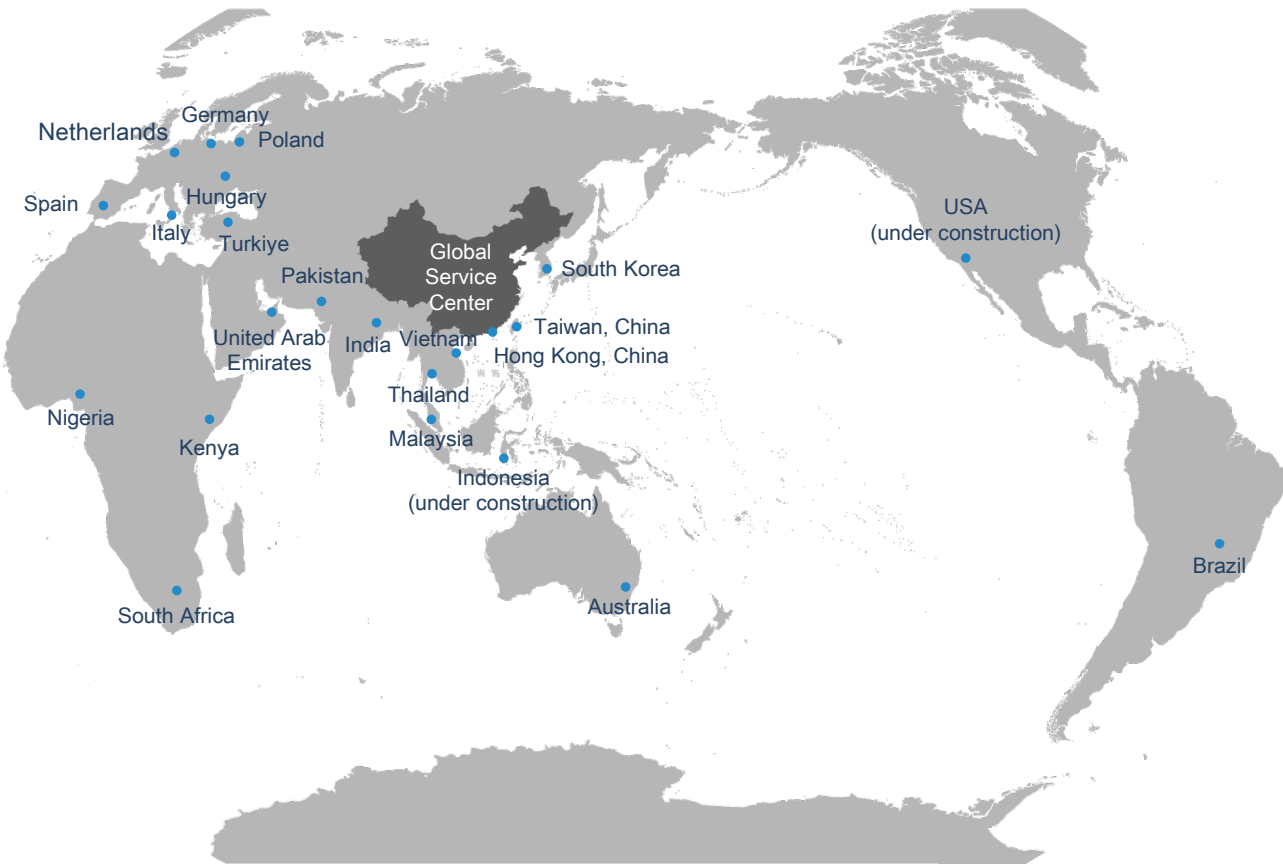
Since its establishment, KSTAR has always adhered to a "market-oriented + technology-driven" philosophy in research and development. We regard technological innovation as the primary driving force for the Company's development and continue to invest in R&D, providing a solid financial foundation for leading technological innovation in the industry. Meanwhile, the Company places great emphasis on talent cultivation and recruitment. Our technology center employs a total of 704 professional R&D engineers, all of whom are industry experts with many years of experience in the R&D of information technology products. This innovative talent pool gives us a significant advantage over our peers in the industry.

To accelerate the launch of high-performance, high-quality cutting-edge products, the Company has established long-term, close strategic partnerships with several universities and research institutes, in addition to our independent development efforts. These institutions, including Jilin University, Fuzhou University, and the Hong Kong Polytechnic University, possess first-class research capabilities in the field of power electronics. We have jointly implemented numerous industry-university-research cooperation projects, effectively accelerating the progress of independent innovation and achieving a significant technological advantage in the industry.

Global Layout

Adhering to the market brand positioning of "generating superior solutions for energy and more", the Company implements the strategy of going global, and seizes opportunities of globalization to accelerate the layout of new energy worldwide. The Company has set up 22 offices/branches overseas and established industry-leading and demand-oriented marketing network platforms, product development platforms and intelligent supply chain management platforms to provide high-quality products and services to more than 180 countries and regions all over the world. We have obtained a number of domestic and international certifications and qualifications (see each section of this report for details), reflecting our strength in product quality, green production and technological innovation.

Illustration of Global Layout



Company Strategy

With 32 years of efforts and endeavors in the power electronics industry, KSTAR has produced first-class and cost-effective products and established excellent lean manufacturing supply chain systems. On this basis, KSTAR is committed to building itself into a globally influential enterprise in the power electronics industry and delivering smart and clean energy solutions. KSTAR has made cleantech innovation a core strategy.

Company Culture



Mission

Meet the needs of diverse industries through innovation and break barriers to uncover new possibilities.



Vision

Generating superior solutions for energy and more.



Position

Become an enterprise with global influence in the smart energy field.



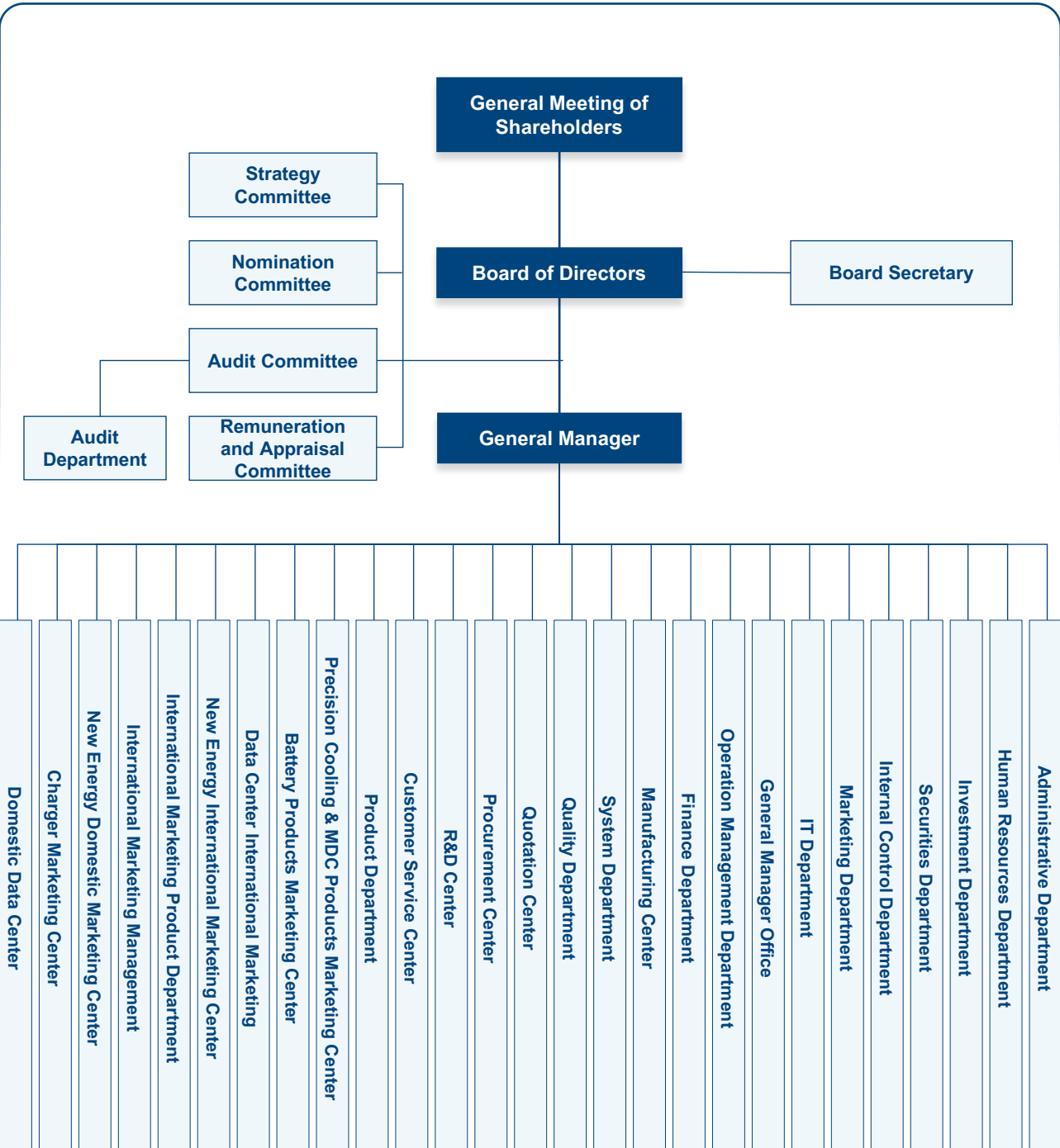
Slogan

Powering the future.



Organizational Structure

KSTAR has established a sound corporate organizational structure. To achieve the Company's strategic objectives, we have made organizational arrangements for the division of labor and collaboration, with clear hierarchies and defined responsibilities, so as to increase the Company's external competitiveness and operational efficiency.



Product Portfolios

KSTAR has a wide range of products covering four major segments: data centers (UPS, Cooling & MDC and batteries), PV inverters, energy storage, and EV chargers. KSTAR has made efforts and endeavors in the data center industry for more than 30 years, providing various products such as UPS, batteries, precision air conditioners and modular data center system integration. Meanwhile, KSTAR also explores the field of new energy, providing products such as residential PV inverters, commercial and industrial (C&I) PV inverters, PV inverters for large-scale ground power stations, residential/industrial and commercial energy storage inverters, and energy storage system integration, as well as AC/DC chargers, and charging modules. Since the establishment, KSTAR has focused on the core needs of customers, and adhered to the technological innovation to create a new productive force, and shape the core competitiveness of products, striving to become a globally influential enterprise in smart energy field.

Data Center Infrastructure

High Frequency UPS



Power Frequency UPS



Micro-unit



Precision Air Conditioning



Sealed Battery



Power Modular UPS



Micro-module



Outdoor Container



Lithium Battery




Data Center Infrastructure Intelligent Monitoring Platform




PV Inverter


Residential PV Inverters




Commercial & Industrial Inverters




Utility Power Plant String Inverter




Centralized Inverter and Combiner Box Products



Inverter and Booster All in One



Intelligent Monitoring Products and Cloud Platforms

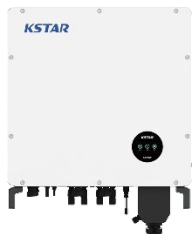


Energy Storage

Residential ESS



Commercial & Industrial ESS



Power Plant Energy
Storage Converter



Residential Storage
Battery



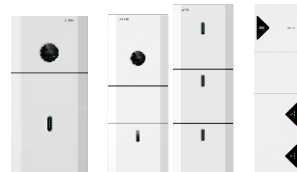
Commercial &
Industrial Energy
Storage Battery
Cabinets



Off-grid Switching
Cabinets and Intelligent
Microgrid Integrated
Cabinets



Residential
Solar Storage
Solutions



Commercial
& Industrial
Energy
Storage
Solutions



Power Plant Energy Storage
Grid Connection Solution



EV Charger

IP65 40kW
Charging Module



High Protection
DC Charger



High Protection
Distributed DC
Charger



Liquid-cooling
Distributed DC
Charger



AC Charger



EV Charger
Operation
Management
Platform



30kW Charging
Modules



40kW Charging
Modules



DC
Integrated
Charger



DC
Distributed
Charger



Awards and Recognitions

2024 Awards and Recognitions (Partial)

**Specialized, Special and Innovative
"Little Giant" Enterprise**

Ministry of Industry and Information
Technology of People's Republic of
China

National Key Software Enterprise

National Development and
Reform Commission

**UPS technology was selected into the "National Recommended Catalog of
Energy-Saving and Carbon-Reducing Technologies and Equipment in the
Industrial and Information Field (2024 Edition)"**

Chinese Institute of Electronics

**2023-2024 New Generation
Information Technology Innovation
Enterprises**

CCID Consulting Company
Limited

ESG Best Brand Value Award

"Energy" Journal

**Intelligent micro-module technology was selected into the "National Recommended
Catalog of Energy-saving and Carbon-Reducing Technologies and Equipment in the
Industrial and Information Field (2024 Edition)"**

Chinese Institute of Electronics

01

Consolidate the Cornerstone of Governance and Anchor Sustainable Development

KSTAR understands that efficient governance is the key cornerstone for the sustainable and stable development of enterprises and the enhancement of core competitiveness. Therefore, we constantly improve the corporate governance system, establish and improve the risk management system, clarify the division of responsibilities between the decision-making level and the management level, and regularly carry out business ethics training, and are committed to deeply integrating risk prevention and control and integrity management concepts into daily management and operation, so as to protect the sustainable development of the Company.

SDGs responded to in this chapter

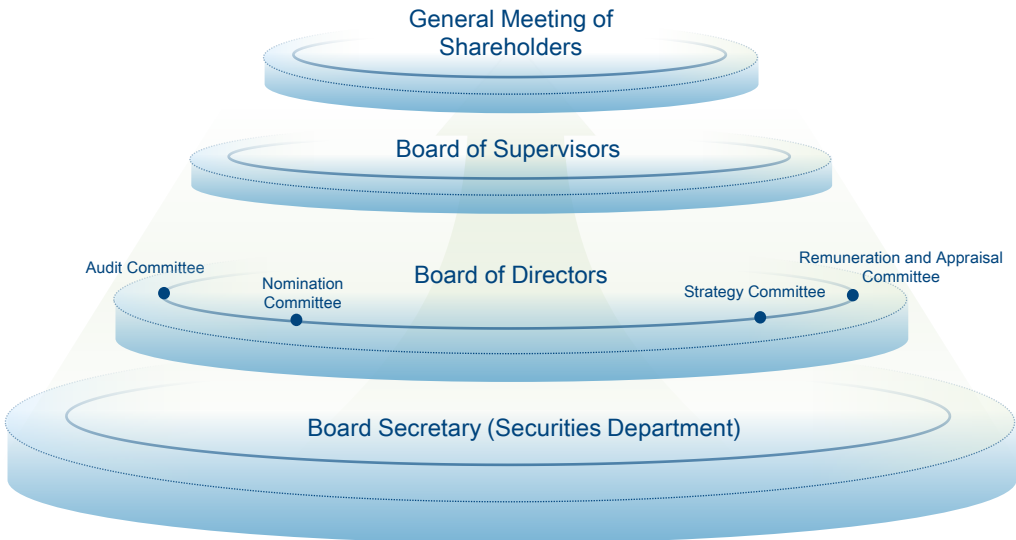


Optimizing Governance Environment

Adhering to the concept of governance empowering development, the Company continues to improve the governance system to ensure that operations are rules-based. The General Meeting of Shareholders, the Board of Directors and the Board of Supervisors have clearly delineated powers and responsibilities, forming a reasonable, robust and effective management structure. At the same time, we actively maintain investor relations through various channels, platforms and approaches in line with the principles of compliance, equality, initiative and good faith.

Governance Structure

KSTAR strictly complies with the requirements of laws, regulations and normative documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, etc., and builds a efficient corporate governance structure composed of the General Meeting of Shareholders, the Board of Directors and the Special Committees, and the Board of Supervisors, forming a scientific and standardized governance system with clear powers and responsibilities, mutual checks and balances and efficient operation. At present, the Company's directors, supervisors and executives can faithfully and diligently perform their duties, effectively improving corporate governance.



Governance Structure of KSTAR

Corporate Governance

The Company has established a management structure of "three meetings and one layer" with the General Meeting of Shareholders as the highest authority, the Board of Directors as the core of business decision-making, the Board of Supervisors as the independent supervisory institution, and the management as the daily operation execution institution. With powers and responsibilities defined clearly and reasonably, they fulfill their own duties and responsibilities to realize effective checks and balances and harmonious operation. In this way, they facilitate the efficient, scientific and standardized operation of the Company's various production and business activities, and realize the balance of rights and interests and sustainable development of shareholders, customers, employees and other stakeholders.

General Meeting of Shareholders	General Meeting of Shareholders, as the highest authority, decides the Company's business policies and investment plans according to law, approves the Company's profit distribution plan and loss compensation plan, and amends the Company's articles of association.
The Board of Directors	The Board of Directors is the decision-making institution of the Company and reports to the General Meeting of Shareholders. Under the Board of Directors, there are the Audit Committee, the Remuneration and Appraisal Committee, the Strategy Committee and the Nomination Committee, all of which are staffed by a majority of independent directors who serve as chairpersons, except for the Strategy Committee. In addition, the Company aims to establish a diverse board and continues to enrich the board with members from diversified backgrounds. At present, there are 7 directors, of which 3 are independent directors, accounting for 43%, and 2 are female directors, accounting for 28%.
The Board of Supervisors	The Board of Supervisors, as the independent supervisory institution, reviews the periodic reports of the Company prepared by the Board of Directors and issues written opinions thereon, reviews the financial data of the Company and supervises the Directors and executives in the performance of their duties for the Company in accordance with the law. The Board of Supervisors consists of 3 supervisors, including 1 employee representative supervisor and 2 female supervisors, accounting for 67%.

For more details on corporate governance, please refer to KSTAR's 2024 Annual Report. The General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the Special Committee of the Board of Directors are responsible for deliberating on major matters related to the development of the Company. In 2024, the Company held 2 General Meetings of Shareholders, 8 Board Meetings, 7 Board of Supervisors Meetings and 13 Committee Meetings.

Investor Relations

We actively communicate and interact with investors, timely publish the Company's dynamic information on the Company's official website and official account, strengthen communication with investors through diversified channels such as Shenzhen Stock Exchange Interactive and other platforms, investor hotline, investor mailbox, on-site survey and performance briefing, and listen carefully to investors' valuable opinions on the Company, so as to further help us improve and improve our management and operation level. In 2024, the Company's information disclosure was rated A in the disclosure assessment organized by the stock exchange and there were no information disclosure incidents.

2024 Communication with Investors	
9 on-site surveys	More than 10 underwriter strategy exchange meetings attended
2 online performance report meetings	Averagely 2 calls per day through investor hotline
90 investor's questions answered	4 regular reports and 104 temporary announcements issued

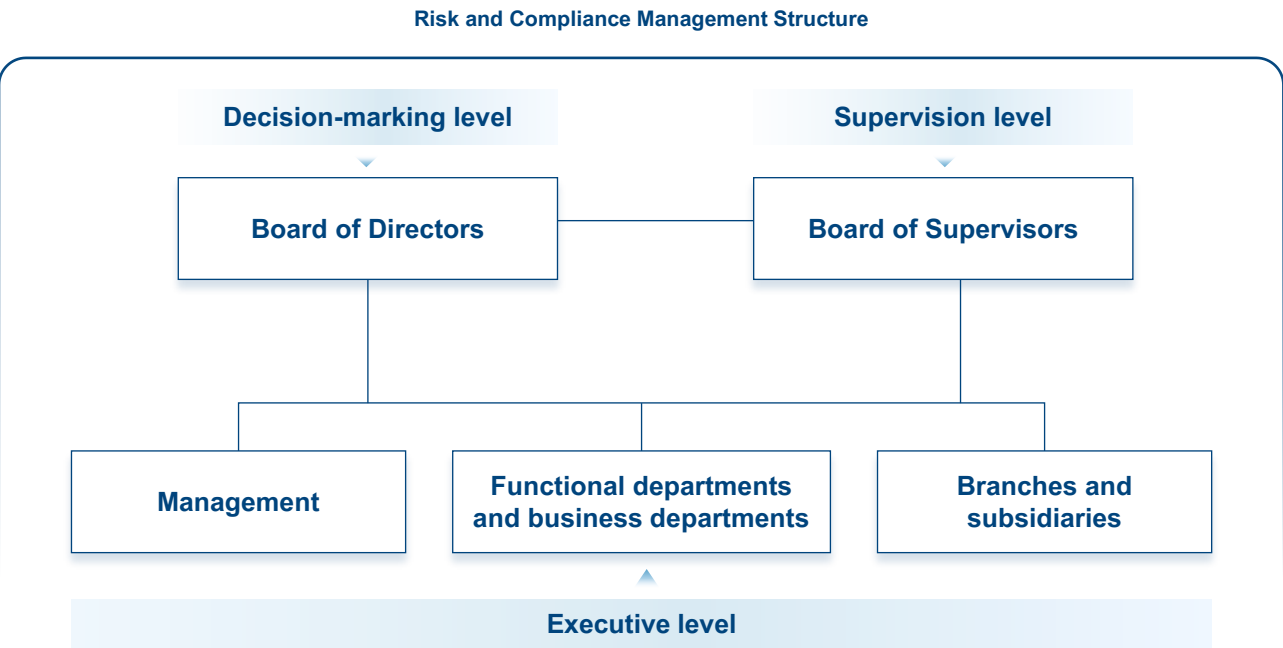
Comprehensive Risk Management

We are well aware that risk management plays an important role in the long-term stable development of the Company. To this end, we have established a comprehensive risk management system to identify and evaluate various risks related to business operations, and formulate effective countermeasures. At the same time, we pay attention to the construction of risk compliance culture and organize relevant training for employees to continuously enhance the awareness of risk management and control of all employees.

Enhancing Risk Control

Risk Control System

We always place risk prevention and control in an important position, continuously optimize the risk and compliance management structure, clarify the division of responsibilities, strengthen the dynamic tracking and precise prevention and control of risk events, and strive to improve the efficiency of risk prevention and management, so as to protect the steady development of the Company.



In order to implement the risk management measures, the Company has clarified the risk management responsibilities of each responsible department and established a smooth communication channel for risk management information to ensure timely, accurate and complete information transmission between departments. At the same time, we require all responsible departments to carry out self-examination and inspection on a regular basis, and make timely improvements to the problems found, so as to comprehensively enhance the Company's risk prevention capabilities.




Risk Management Responsibilities of the Management and Departments

Internal Control Department	Audit Department	The Board of Directors	The Board of Supervisors
Developing risk management policies, conducting internal control assessments, and issuing annual internal control assessment reports.	Regularly monitoring and evaluating whether business units implement risk management as required and the effectiveness of their implementation	Directing the building of risk management systems, etc.	Monitoring the effectiveness of the implementation of risk management policies.

Risk Management and Control

The Company has formulated the Risk Control Management Policy in accordance with the Company Law of the People's Republic of China, the Basic Internal Control Norms for Enterprises, and other laws and regulations to further clarify the process and mechanism of risk management. On this basis, we comprehensively identify and accurately assess various risks related to business operations, covering strategic risk, legal risk, financial risk, climate risk, operational risk and market risk, and formulate effective response strategies based on different risk characteristics to effectively avoid or reduce the negative impact of risks on the Company.

	Strategic risk <ul style="list-style-type: none">Identification: The technical level of the industry and the performance requirements of products are continuously increasing. Facing increasingly intensified market competition, technologies and products iterate faster than ever.Response: Adopting customer-centric strategies and meeting customer needs by developing better products and services.
	Legal risk <ul style="list-style-type: none">Identification: As our global business grows, we are confronted with complex laws in different countries and regions.Response: Making proactive assessments and taking preventive measures to respond to relevant risks.
	Financial risk <ul style="list-style-type: none">Identification: Increasing accounts receivable and disputes over product sales contracts.Response: Speeding up payment collection from customers, enhancing credit assessment on them, and protecting the Company's interests through legal means.

 <div>Climate risk</div>	<ul style="list-style-type: none">• Identification: Based on the situation of business activities, systematically identify and assess the impact of climate risks• Response: Establishing a climate governance mechanism and formulating and implementing targeted response measures
 <div>Market risk</div>	<ul style="list-style-type: none">• Identification: Uncertainty in the market and related external environment impedes the Company from achieving the intended targets.• Response: Keeping track of changes in market trends and developing countermeasures in advance
 <div>Exchange rate fluctuation risk</div>	<ul style="list-style-type: none">• Identification: The increasing proportion of overseas business will expose the Company to greater exchange rate uncertainty.• Response: Where appropriate, hedging foreign exchange, agreeing on a fixed exchange rate in contracts, and negotiating prices.

Building a Compliance Culture

In terms of building a risk compliance culture, we have always adhered to the core concepts of honesty and trustworthiness and compliant operation, established a comprehensive risk management training system, and continuously enhanced employees' awareness of risk management and control through the aggregation of internal and external training resources. For new employees, we carry out induction orientation and position-specific training. The orientation training covers the corporate culture, management rules, policies, safety education, etc., aiming to help new employees quickly integrate into the Company environment and clarify the basic code of conduct. Position-specific training is implemented by each business department, focusing on the knowledge required for the position, skills training, practical training, and promotion of the concept of fair trade and competition, so as to ensure that new employees have the ability and quality to be competent for the position. Meanwhile, the Company requires new employees to complete orientation and position-specific training within six months after their orientation training, so as to achieve a smooth transition from joining the Company to employment, and make the concept of risk control and compliance deeply rooted in the hearts of employees.

Maintaining Business Ethics

We always uphold the principles of integrity and ethics in carrying out business activities, continuously improve the anti-corruption management system, and organize internal and external anti-corruption audits of the Company. At the same time, we have established diversified reporting channels and handled corruption-related incidents openly, fairly and impartially. In addition, we also actively promote the building of a culture of integrity and strive to create a clean and honest working environment.

Strengthening Integrity Building

Business Ethics System

We observe the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery, and formulate and implement a series of internal anti-bribery and anti-corruption related management systems, such as the Administrative Regulations on Business Ethics Policy, the Code of Business Ethics and Integrity, the Administrative Regulations on Fair Trading, Advertising and Competition and the Management System of Anti-Corruption and Whistle-blowing Management Policy¹, so as to clarify the anti-corruption responsibilities of each department and strictly implement anti-corruption and anti-bribery measures. At the same time, we require all employees to commit to and abide by anti-corruption laws and regulations and the Company's management system, and not to engage in any commercial bribery, fraud or other acts regarded as corruption. This year, there were no significant incidents of suspected corruption or commercial bribery in the Company.

We are committed to continuously improving the Company's anti-corruption management system. As the highest decision-making institution, the Board of Directors has the ultimate responsibility for business ethics and anti-corruption matters, and is responsible for supervising the progress of related matters and making key decisions. The specific structure and division of responsibilities of the Company's anti-corruption management system are as follows:

Main Anti-corruption Responsibilities at the Board Level	
<div>The Board of Directors</div> <p>Urging management to foster a company-wide anti-corruption culture and establish a robust internal control system covering corruption and fraud prevention, reports reception, and investigation and punishment</p>	<div>The Audit Committee of the Board of Directors</div> <p>Guiding the Audit Department in anti-corruption and anti-fraud efforts and monitoring the effectiveness of these efforts</p>
Anti-corruption Responsibilities of the Management and Departments	
<div>Management</div> <p>Establishing and improving internal control mechanisms, including anti-corruption and anti fraud mechanisms, providing whistleblowing channels to prevent and detect corruption and fraud incidents, and ensuring ongoing monitoring of corruption and fraud in day-to-day control activities</p>	<div>Audit Department</div> <p>Focusing on monitoring and managing the integrity performance of personnel in key positions and areas; and preventing and addressing integrity issues at source, improving relevant policies, and recording the integrity performance of personnel in key positions and areas</p>
<div>Legal Department</div> <p>Transferring corruption and fraud cases that meet the requirements for filing to judicial authorities</p>	<div>Human Resource Department</div> <p>Addressing issues related to salaries, bonuses and remuneration of staff involved in corruption and fraud</p>

¹ Details of the Anti-Corruption and Whistle-blowing Management Policy are available on the public link:
<https://www.kstar.com.cn/bocupload/2024/08/21/1724227522707rg3t2.pdf>

Business Ethics Audit

KSTAR attaches great importance to business ethics and anti-corruption audit, and regards it as the core content of job audit for all employees. The audit department of the Company carries out comprehensive annual comprehensive internal control audits, economic responsibility audits, special audits and other audits to continuously optimize the Company's risk management and internal control system and further strengthen the Company's risk prevention capabilities. The audit scope covers company culture, team building, business ethics and anti-bribery.

The annual business ethics related audit covers all of the Company's production and management activities or external contacts, which include, but are not limited to, dealings with government agencies, order negotiations with customer representatives, procurement of raw materials, project construction, product sales, and equipment purchase and maintenance. In accordance with the audit plan developed by the Audit Committee, our Audit Department conducts annual audits of compliance with business ethics and related policies in the above business activities. The aim is to assess the effectiveness of our business ethics governance measures. The Audit Department makes correction suggestions for findings identified during the audits and tracks the correction progress to ensure that anti-corruption, anti-bribery and other business ethics policies are effectively implemented.

Whistle-blowing Channels and Whistle-blower Protection

KSTAR has formulated and implemented Anti-Corruption and Whistle-blowing Management Policy, strictly implemented protective measures for whistleblowers, and fully protected the legitimate rights and interests of whistleblowers. We provide multiple whistle-blowing channels, including mailbox and hotline, WeChat platform, internal mailbox, email address, and personal visit, to encourage employees and related parties to report all types of corruption. We strictly keep confidential the identity information and content of whistleblowers in all aspects of whistleblower acceptance, custody and investigation, and retaliation against whistle-blowers is strictly prohibited. Matters reported, if found true, will be escalated to the Audit Committee. Persons reported or complained against will be required to take corrective action and will be punished in accordance with relevant rules. If the persons reported violate laws, we will transfer them to judicial authorities.

Whistle-blowing investigation and handling mechanism

- After receiving a valid whistleblowing matter, the Audit Department will fill out the Whistle-blowing Registration Form, and organize personnel to conduct investigation according to the content of the whistleblowing.
- Investigators must conduct the investigation in a confidential manner and must not disclose the progress of the investigation on any occasion. If the incident handled by the investigator has an interest in himself or his relatives (including but not limited to close relatives and immediate family members), he should take the initiative to withdraw.
- After investigation and verification, the contents of the report or complaint are true, the investigator will report to the audit committee, and the responsible person will be punished after the approval of relevant procedures; After investigation and verification, if the content of the report or complaint is not established, the investigator will make a realistic explanation and clarify the facts.

Whistle-blowing Channels

Whistle blowing hotline: 0755-21389008-8573

Whistle blowing e-mail: SJB@kstar.com.cn

Whistle blowing address : The Audit Department, Guangming High tech Zone KSTAR Industrial Park, Shenzhen, Guangdong

Promoting Anti-corruption Culture

In order to actively prevent corruption, KSTAR continues to strengthen the publicity and training on integrity and anti-corruption. We publicize and implement anti-corruption policies and requirements to all employees (including part-time and contractors) through various forms such as employee handbooks, internal publications and corporate rules and regulations, and effectively communicate with employees to ensure that employees receive training on relevant laws, regulations and professional ethics. In 2024, the total number of directors, management and employees who received anti-commercial bribery and anti-corruption training reached 2,916, accounting for 70.7%.

At the same time, to strengthen integrity training for new employees, we provide them with additional anti-corruption training and training on applicable laws and regulations, integrity, and ethics to guide employees to recognize and practice the integrity culture.



Integrity Training for Employees

Anti-bribery Management of Suppliers

We attach great importance to the anti-commercial bribery management of suppliers, formulate and publicly publish the Supplier Code of Conduct², which requires suppliers to uphold the highest ethical standards when dealing with their personnel, customers and other relevant stakeholders, comply with anti-corruption and anti-commercial bribery laws and regulations, and not to offer bribes, accept bribes or participate in unfair competition in any form, and is committed to promoting the standardization and systematization of anti-bribery management in the supply chain to achieve "sunshine purchase". In addition, we sign a Letter of Commitment for Suppliers to ensure that suppliers are aware of the Company's anti-corruption requirements and establish their own business ethics and anti-corruption policies. If a supplier is found to have violated integrity or laws and regulations, we will seriously investigate the responsibility according to the relevant agreements.






















² Details of the Supplier Code of Conduct are available on the public link:
<https://www.kstar.com.cn/bocupload/2024/08/21/17242276126161qqs82.pdf>

ESG Management

The Company, a committed advocate of sustainability, proactively aligns with the United Nations Sustainable Development Goals (SDGs), and contributes to the balanced development of the economy, environment and society through business operation and value creation. At the same time, we continuously improve the ESG management system and integrate ESG considerations into our strategic decision-making processes and continuously strengthen supervision and management to ensure robust implementation of sustainability initiatives. In addition, we maintain smooth communication with stakeholders, respond promptly to their requests, and keep improving the information disclosure transparency and enhance ESG management capability.

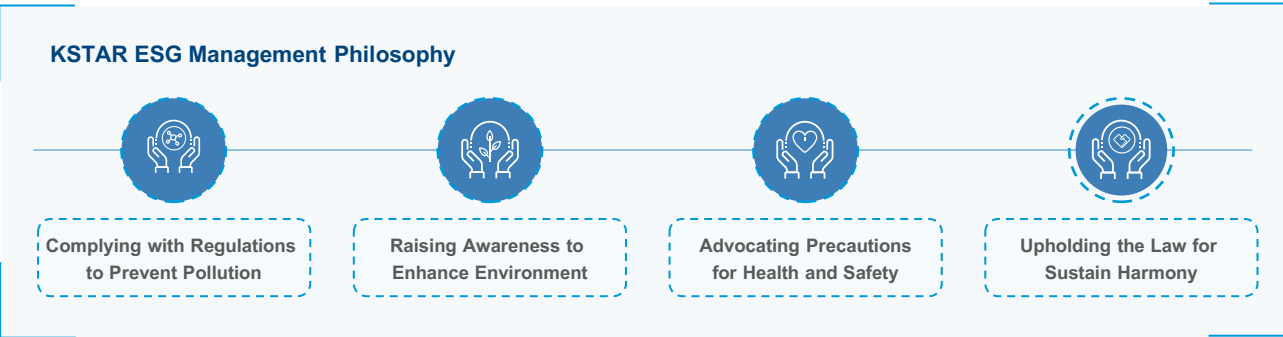
Response to SDGs

In active response to the SDGs, the Company has formulated ESG targets and monitoring indicators applicable to the Company based on the actual business operation. In this way, we deeply incorporate the sustainability concepts into the Company's operation and business, and continuously optimize the direction and path of action.

Chapter	SDGs	Key Actions
Consolidate the Cornerstone of Governance and Anchor Sustainable Development	 	<ul style="list-style-type: none">Encourage all employees to consciously abide by business ethics, and establish an anti-corruption system and reporting channel. We also strive to build an integrity culture and a fair and incorruptible working environment.
Create Excellent Products and Pursue Quality Service	      	<ul style="list-style-type: none">Control the quality of products and services in strict accordance with the policies and systems, encourage innovation and strictly implement the Company's intellectual property rights protection mechanism.Adhere to development driven by technology, innovation, and efficiency, and make significant efforts to deploy green data centers and green new energy, increase investment in research and development to launch new energy products, and achieve iteration and upgrading of products and technology.Improve customer complaint management mechanisms and customer privacy protection measures to continuously improve customer satisfaction.Comprehensively evaluate the performance of suppliers in environmental responsibility, social responsibility and business ethics, give priority to suppliers with excellent ESG management for cooperation, and actively lead the green transformation of the industry.
Fulfilling Environmental Responsibility and Protecting Green Homeland	     	<ul style="list-style-type: none">Implement effective environmental protection measures, comprehensively identify and actively respond to the risks brought by climate change, and increase the development and utilization of renewable energy to improve energy efficiency.Conduct environmental impact assessment and biodiversity conservation projects, and continue to pay attention to the impacts of its own activities on terrestrial and marine biodiversity.
Working Together to Promote Prosperity and Towards a Better Future	     	<ul style="list-style-type: none">Safeguard the legitimate rights and interests of employees, advocate for an equal, diversified and inclusive workplace environment. Continue to improve the training system, optimize remuneration and benefits, and focus on employees' physical and mental health.Actively undertake social responsibility and participate in community building.

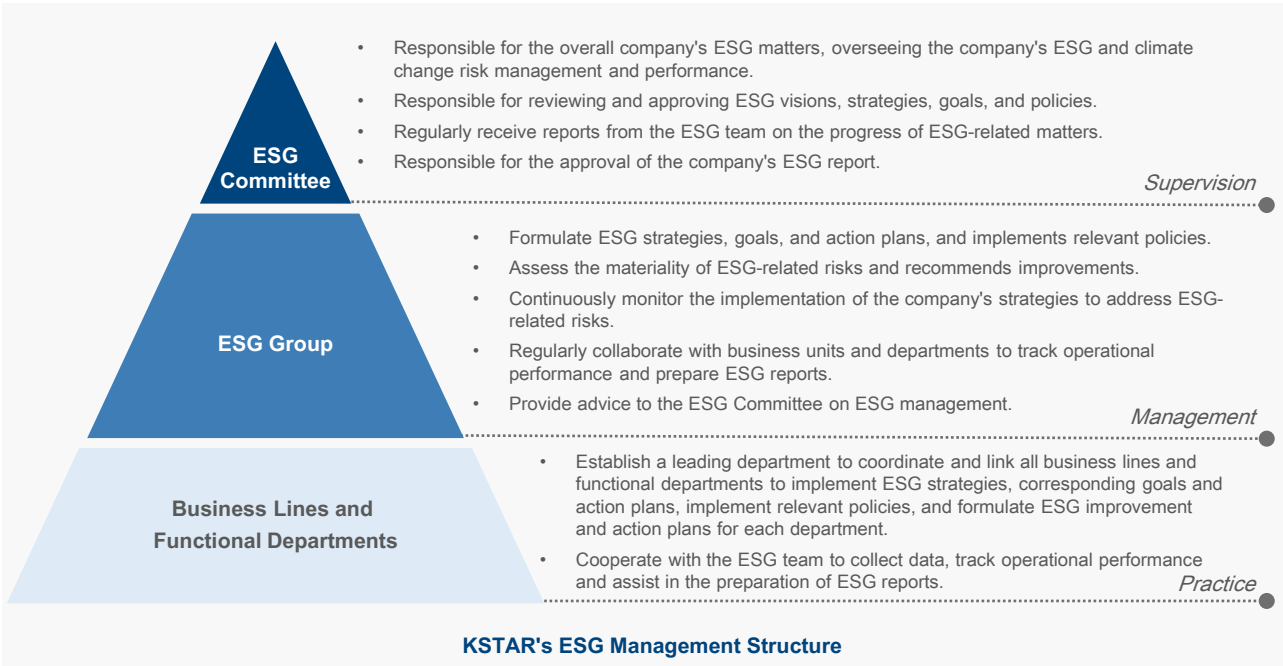
ESG Management System

KSTAR actively implements the national "carbon peak and carbon neutrality" goal, with the vision of "Generating Superior Solutions for Energy and More", and with the mission of "provide highly reliable smart energy solutions to meet the customers' demand for high-quality energy", deeply integrates the concept of sustainable development into the Company's strategic planning, decision-making mechanism, management process and daily operations, and is committed to becoming an enterprise with global influence in the field of smart energy.



KSTAR ESG Management Philosophy

KSTAR has established a three-tier ESG management structure consisting of the ESG Committee, the ESG Working Group, and various business lines and functional departments, and clarified the main responsibilities of each level to form a top-down, collaborative sustainable development management system to ensure the smooth progress of the Company's ESG work.



Communication with Stakeholders

The Company identifies major stakeholders such as shareholders, customers, partners, employees, government agencies, local communities, media and the public, and thoroughly understands the expectations, demands and suggestions of each stakeholder through a regular communication mechanism. On this basis, the Company carries out targeted communication and response, and improves relevant issues in a timely manner, so as to comprehensively improve the performance of sustainable development and realize common development and value creation with all stakeholders.

Stakeholders	Demands and Expectations	Communication and Response
Shareholders/ Investors	<ul style="list-style-type: none">Corporate governanceStable operating performance and profitability of the CompanyReturn on investmentPeriodic information disclosure	<ul style="list-style-type: none">General Meeting of ShareholdersAnnual reports, interim reports and announcements of the CompanyInvestor meeting, performance report meeting, and underwriter strategy exchange meetingOn-site survey, hotline, email, and online feedback platforms
		<ul style="list-style-type: none">Customer satisfaction surveys
Customers	<ul style="list-style-type: none">Brand recognitionBusiness sizeCost performance of productsProduct quality and reliability	<ul style="list-style-type: none">Websites, annual reports, interim reports and announcements of the CompanyCustomer activities, market insights, customer insights, customer service hotline and technical discussion meetingsPlant visits, benchmark case studies, on-site or remote technical training
Partners	<ul style="list-style-type: none">Long-term cooperationFair pricesBusiness integrity and mutual benefits	<ul style="list-style-type: none">Supplier surveyBusiness negotiationSocial responsibility assessment activities
Employees	<ul style="list-style-type: none">Employees' rights and interests, and prevention of child labor and forced laborTraining and developmentHealth and safetyRemuneration and benefits	<ul style="list-style-type: none">Labor union and workers' congressEmployee care and suggestion boxEmployee training and monthly communication meetingsKSTAR SPACEWeChat group for employee activitieSocieties and Associations
Government/ Regulators	<ul style="list-style-type: none">Compliant operations and timely tax paymentJob creation and contribution to the economic developmentEnvironmental protection, energy conservation, and emissions reductionTargeted poverty alleviation and charitable donationLess negative impact on communities	<ul style="list-style-type: none">Websites, social media identification, and regulatory complianceInformation disclosureInvolvement in standard developmentInstitutional visits, daily communication and reports, meetings, forums and exchanges
Local Communities	<ul style="list-style-type: none">Corporate governanceCommunity development and community public welfareEnvironmental protection, and harmonious and civilized atmosphere	<ul style="list-style-type: none">Community servicesPublic welfare activities
Media/public/ Industry Professionals	<ul style="list-style-type: none">Technology R&D and industry development promotion	<ul style="list-style-type: none">Websites, social media, and forum activitiesVisitor reception and interview

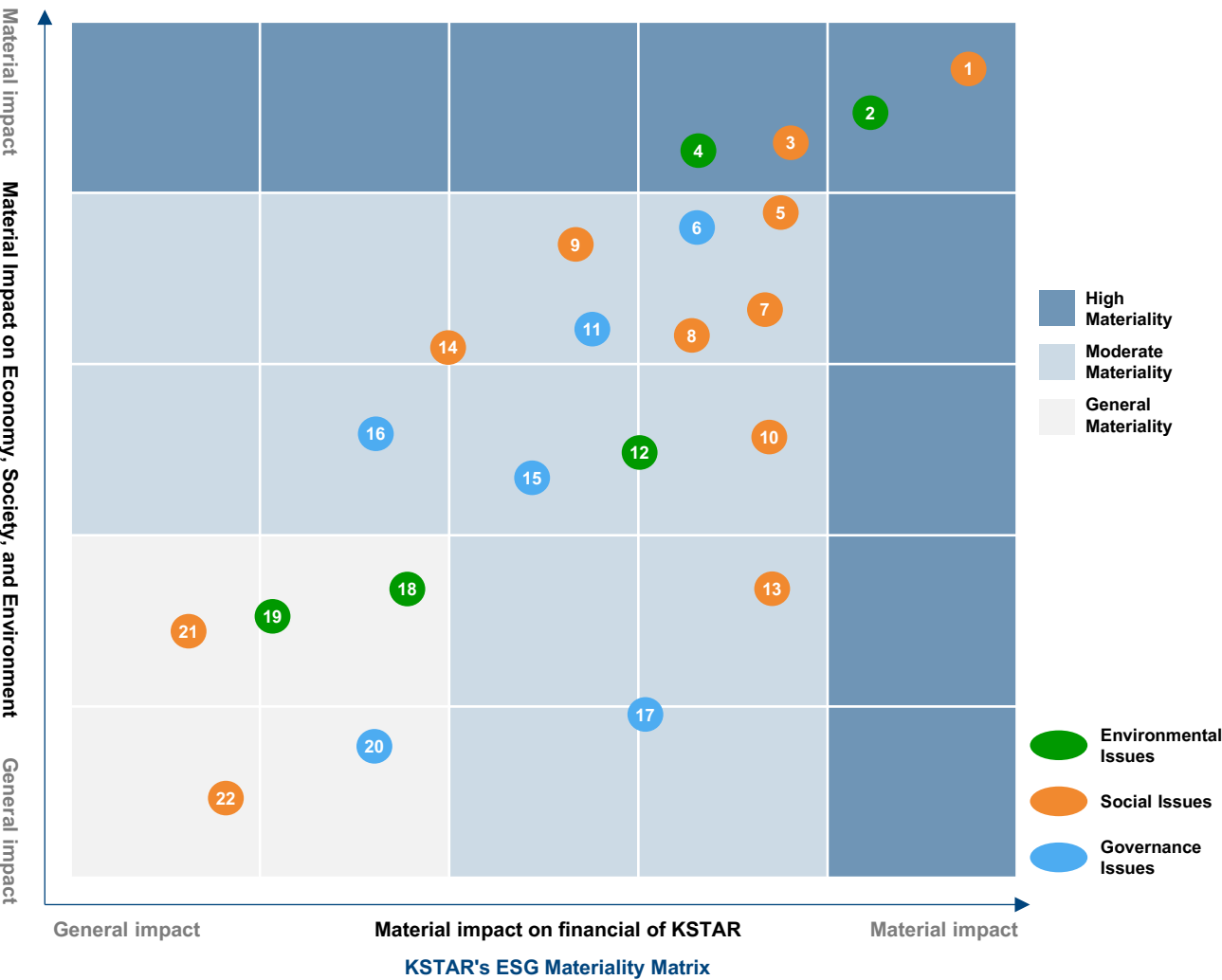
Materiality Assessment

In order to continuously improve the level of ESG management, the Company comprehensively identifies ESG issues that are of financial materiality and impact materiality to the Company (hereinafter referred to as "dual materiality") based on research on ESG reporting standards at home and abroad, industry characteristics, stakeholder concerns and the Company's development strategy. The materiality assessment is carried out in the following steps:

Corporate Activities and Business Operations Background	Analyze the impact of macro policies, industrial policies, regulatory requirements, industry hotspots, upstream and downstream value chains on the Company's sustainable development, and sort out the main affected internal and external stakeholders.
Build a list of issues	On the basis of domestic and overseas sustainable development frameworks and goals (Guidelines, GRI standards, SDGs), and combined with macro policies, regulatory requirements, industry hotspots, business operations and strategic development directions, the Company comprehensively identified the sustainable development-related issues involved in the Company and formed a list of issues.
Materiality assessment of issues	<u>Financial Materiality Assessment</u> Invite shareholders, relevant senior management and department heads to evaluate the "degree of financial impact" and "possibility of impact" of each issue, identify the potential impact of each issue on the Company's financial position, operating results, cash flow, financing methods and costs, etc., and combine the opinions of internal and external experts to form the financial materiality assessment results for all issues.
	<u>Impact Materiality Assessment</u> Through communication channels such as research, inquiry and meetings, stakeholders are solicited to assess the "severity of impact" (impact scale, scope, irreparability) and "possibility of impact" of each issue, and the opinions of internal and external experts are combined to form the impact materiality assessment results for all issues.
Review and confirmation of issues	The results of the dual materiality assessment are reviewed and confirmed by the Board of Directors, and will serve as the basis for the Company's sustainable development information disclosure.

This year, we summarized 22 ESG materiality issues from three major categories of environment, society and governance. Among them, product quality and safety, and addressing climate change are ESG issues that we recognize as financially materiality. For relevant disclosures and response measures, please refer to the chapters "Safe Product Creation" and "Addressing Climate Change". Six issues, including product quality and safety, addressing climate change, green product and clean technology development, and energy management, are considered the most important matters for the company's sustainable development. We have provided a focused disclosure of the management approaches and annual performance results related to these issues in this report.

This year, the KSTAR 's ESG materiality matrix is as follows:



No.	Issues	Category
1	Product quality and safety	Society
2	Addressing climate change	Environment
3	Green product and clean technology development	Society
4	Energy management	Environment
5	Sustainable supply chains	Society
6	Compliance and risk management	Governance
7	Occupational health and safety	Society

No.	Issues	Category
8	Customer services	Society
9	Employee training and development	Society
10	Protection of employee rights and interests	Society
11	Business ethics	Governance
12	Waste and pollutant management	Environment
13	Employee remuneration and benefits	Society
14	Industry cooperation and development	Society
15	Digital transformation	Governance
16	Corporate governance	Governance
17	Information security and privacy protection	Governance
18	Biodiversity protection	Environment
19	Water resource management	Environment
20	Protection of intellectual property rights	Governance
21	Rural revitalization	Society
22	Charity	Society

At the same time, for ESG issues with financial materiality, we conducted in-depth research on the concerns, demands and expectations of stakeholders on relevant issues to fully identify the impacts, risks and opportunities of each issue.

Financial materiality	Impact analysis		Risk and opportunity analysis	
	Impact Description	Scope of influence	Type of risk or opportunity	Description of risk or opportunity
Product quality and safety	Product quality and safety directly affect the interests of customers, end users and other related parties.	Company operations Downstream value chain	Risk and opportunity	Risk: Product quality and safety incidents may lead to the loss of customers and orders, resulting in increased product recall and litigation costs. Opportunity: High-quality products can enhance reputation and help expand business and market size.
Addressing climate change	Climate change has an impact on all links of the value chain by affecting resource supply and changing market demand.	Upstream value chain Company operations Downstream value chain	Risk and opportunity	Risk: With the increasingly stringent carbon emission management policies and regulations and the increasing environmental awareness of customers, the Company may face greater pressure and be forced to accelerate the pace of green transformation, which may pose challenges to the Company's short-term costs and operational efficiency. Opportunity: The diversification and transformation of climate-related energy sources bring a series of opportunities beneficial to economic and environmental development. The creation and development of low-emission products can improve the competitive position of enterprises and increase the market size.

02

Create Excellent Products and Pursue Quality Service

KSTAR takes innovation-driven as its core strategy, upholds the concept of quality first, focuses on the research and development of high-performance environmentally friendly products, accurately meets market demand, and empowers the transformation of green economy. The Company empowers the production end with digitalization and runs responsibility throughout the value chain. By improving the technological innovation system, strengthening intellectual property protection, participating in the formulation of industry standards and providing excellent products and services, the Company creates value for customers. At the same time, the Company has built a "lean management + intelligent manufacturing" supply chain system, cooperated with global partners to share social responsibilities, and created a green and efficient supply chain ecosystem.

SDGs responded to in this chapter

7

AFFORDABLE AND CLEAN ENERGY



9

INDUSTRY, INNOVATION AND INFRASTRUCTURE



11

SUSTAINABLE CITIES AND COMMUNITIES



12

RESPONSIBLE CONSUMPTION AND PRODUCTION



13

CLIMATE ACTION



16

PEACE, JUSTICE AND STRONG INSTITUTIONS



17

PARTNERSHIPS FOR THE GOALS





Innovation-driven Development

KSTAR regards technology and innovation as the core trigger of enterprise development. Guided by market demand and value creation, we keep enhancing our innovation management. We are committed to creating a dynamic R&D environment, establishing a fair innovation incentive mechanism, increasing R&D investment, consolidating the scientific and technological foundation, and providing strong support for the transformation of green economy and the development of new power systems. KSTAR will continue to strive to expand the field of clean technology research and development. In 2024, we invested over RMB 275 million in clean technology R&D. Going forward, we will continue to boost R&D investment in clean technology research and development.

In 2024, the investment in clean technology R&D exceeded RMB **275** million.



Technological Innovation System

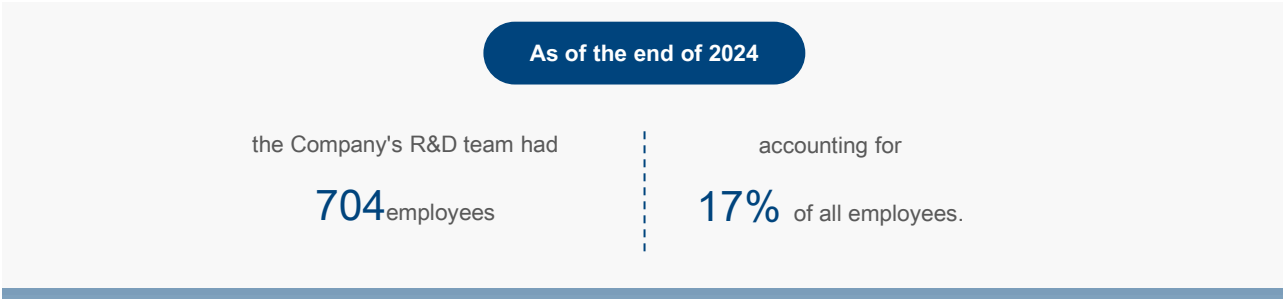
KSTAR places great emphasis on building its technological innovation system. We have formulated a series of innovation management policies and management norms, and continuously refine the R&D management framework, mechanism and process. With the goal of "lead the digital energy sector with first-mover technological advantages", we implement a "market-oriented + technology-driven" R&D strategy. We focus on intelligent manufacturing and a high-efficiency, secure supply chain. We have built an innovation network connecting universities, research institutions, and industry chains. In this way, we strengthened standardization, developed advanced testing platforms, and enhanced intellectual property protection. These efforts ensure ongoing technological innovation.

As of the end of 2024, KSTAR has won a number of national honors in technological innovation, including the honorary titles of "Little Giant" by the Ministry of Industry and Information Technology of China, National Key Software Enterprise, and Shenzhen Green and Low-Carbon Enterprise.

Technological Innovation Honors and Certifications (Partial)



We are well aware of the importance of building innovation platforms, and have set up two R&D centers in Shenzhen and Fuzhou to cultivate R&D talents steadily and cultivate professional R&D teams with rich R&D experience and strong independent innovation capabilities.



At the same time, we have an advanced experimental testing platform, with the laboratory being assessed as a "CNAS Laboratory" and the R&D centers being certified by the "TÜV Rheinland Sighting Experiment".




The Company has established a R&D and innovation system based on the Integrated Product Development (IPD) Management Model, as well as a market-oriented innovation mechanism, to ensure the close connection between R&D projects and market needs. For the purpose of continuously ensuring the forward-looking and market-adaptable nature of the projects, a monitoring system for technological development and market dynamics has been established to support the timely adjustment of R&D direction. On this basis, the Company has formulated a series of management specifications such as the Design and Development Management Procedures, the Management Measures for Employee Career Development and Qualification in KSTAR R&D System, the Outlines for the Implementation of Mentorship in KSTAR R&D System and the Knowledge Management Procedures. In doing so, we have clarified the management requirements for product design and development, so as to effectively control the process of design and development.

In terms of R&D and innovation project management, the Company has formulated policies such as the Project Performance Assessment Management System, the Management Measures for Major Science and Technology Projects and the Design and Development Management Procedures to specify requirements for the whole process of a project from declaration to acceptance. At the same time, the Company classifies the projects into three categories, namely technology pre-research, new product development and derivative development. The different categories of projects are subject to hierarchical management. The Project Management Department carries out routine management of project and tracking of project progress, and the Expert Committee sets up an expert review group to evaluate the initiation, appraisal and acceptance of the project. Besides, by introducing advanced project management tools and methodologies and applying the agile development model, the Company improves the efficiency and quality of project management to ensure that projects can be delivered on time and meet expectations.

The Company actively expands external innovation cooperation, establishes strategic partnerships with universities, scientific research institutions and upstream and downstream partners in the industrial chain, shares resources and technologies, and accelerates the joint research and development process. Through the innovation model of internal and external collaboration, the Company builds a cross-field cooperation network to accelerate technological breakthroughs and product iterations in an open innovation ecosystem.



The Company and Shenzhen University, as a joint reporting unit, cooperated with CAPXON Electronic Technology to apply for key technological research projects in Shenzhen, focusing on the research and development of key technologies for high-voltage, high-stability and long-life aluminum electrolytic capacitors.



Jointly established the Fuzhou R&D Center with Fuzhou University, which mainly focuses on the technical problems of bi-directional charging modules, PV inverters, weak grid-tied technology and electromagnetic compatibility of energy storage converters.

It is also important for us to maintain scientific research integrity and academic ethics at the Company. We take various measures to comprehensively safeguard scientific research integrity, such as organizational supervision, system development and awareness promotion. We manage and trace scientific research results, warn against any integrity violations identified, and hold those with serious cases liable. We implement the integrity spirit of scientific researchers, and communicate proper scientific ethics and morals to R&D personnel. As of the end of 2024, there were no cases of academic misconduct in the Company.



Product Innovation


KSTAR adheres to technology-driven, innovation-driven, and efficiency-driven, and is deeply involved in the fields of green data centers and new energy. Relying on the professional advantages of our high-quality R&D team, we continue to explore the direction of product energy saving, reliability and intelligence, promote the iterative upgrading of product technology, and inject new momentum into the green transformation of the industry. In 2024, we received several innovation honors.



In 2024, KSTAR maintained a deep understanding of market trends and demands. It optimized and innovated products such as Grid-tied PV Inverters, Residential All-in-one ESS and Commercial & Industrial All-in-one ESS, enhancing their performance.

Product Innovation and Upgrade


- The 320kW Grid-tied PV String Inverter adopts a three-phase 800Vac output design and is based on the latest Type I three-level topology architecture to achieve excellent performance with an efficiency of 98.52% and a maximum conversion efficiency of 99.02%
- The Residential All-in-one ESS E12KT integrates PV inverter, energy storage PCS, lithium battery pack, EMS energy management system and power distribution system, supports 200% PV over-allocation, and realizes all-weather green power supply for households
- The Commercial & Industrial All-in-one ESS KAC125DH-BC233DE integrates fire protection, communication, management, and monitoring functions. Under the condition of 90% discharge depth, the average annual throughput reaches 55,000 kWh, effectively enhancing grid voltage quality and stability



Grid-tied PV Inverters



Residential All-in-one ESS





Commercial & Industrial All-in-one ESS

KSTAR Launched New Power Frequency UPS Epower-H Series

In 2024, KSTAR launched the new Power Frequency UPS product Epower-H, which relies on its safety and green advantages to provide continuous and stable power support for critical equipment. The Epower-H Series is safe, reliable, green, efficient, intelligent and flexible.

- Safe and reliable: Dual protection with input reactance and output isolation. Independent air ducts cut heat dissipation loss. EPO dry contacts allow emergency shutdown. A three-proof structure guards against dust, corrosion, and electromagnetic interference.
- Green and efficient: IGBT rectification boosts the input power factor to ≥ 0.99 and the overall efficiency to 95.5%. Higher efficiency and battery utilization. Low harmonics cut line losses and save grid capacity.
- Smart and flexible: Available from 10 kVA to 600 kVA. Equipped with a smart touch screen. Compact and space-saving. Intelligent battery management enables battery discharge time prediction and regular self-inspection, extending battery life.



Power Frequency UPS Epower-H Series

"Moderate Temperature Control and Energy Protection "- ETM for Energy Storage

Guided by the core values of "Moderate Temperature Control and Energy Protection", KSTAR launched the ETM for energy storage in 2024. Its energy efficiency exceeds industry standards by 20% thanks to three innovative technologies: liquid-cooled dual water channels, air-liquid integration, and ultra-large cooling capacity, which tackle key industry challenges.

- Liquid-cooled dual-waterway technology: The self-developed waterway switching module is integrated into the dual-waterway system to improve natural cooling efficiency, achieving up to 21% annual energy savings compared to traditional solutions.
- Patented air-liquid integration design: This technology reduces air-cooling module costs by over 50% and space usage by 60%, offering a more economical and efficient temperature control option for green energy storage.
- Ultra-large cooling solution: Customized piping design ensures pack-level flow is controlled within an 8% deviation, providing strong adaptability for large-scale projects.



Precision Air Conditioner for Energy Storage Thermal Management Solution

KSTAR Launched a Fully Liquid-Cooled Ultrafast Charging Technology and Introduced the IP65 Series Of Charging Piles

The 960 kW liquid-cooled distributed DC charger, consisting of a liquid-cooled rectifier cabinet and a charging terminal, can support up to 24 guns. It enables flexible charging, including ultrafast and fast charging, with a flexible configuration. Real-time monitoring of vehicle data ensures safe charging. Ultrafast charging can provide 1 km of range per second of charging, with a peak efficiency of over 96% and a design life of more than 10 years.

In 2024, KSTAR actively promoted technological innovation and released a full range of IP65 high-protection charging products. These include high-efficiency and high-reliability charging modules, as well as integrated and distributed DC fast charging piles. These products are characterized by high protection, high reliability, and high profitability.



Fully liquid-cooled Ultrafast series



IP65 series

Fully Self-developed Solutions Lead a New Era of Medical Informatization

KSTAR's Full-scenario Micro-module Data Center Solution covers a wide range of medical fields, integrates advanced smart energy technology, and promotes the intelligence, greening and efficiency of medical facilities.

- The IDM Micro-module integrates cabinet, power supply and distribution, cooling, monitoring, and cabling systems. It features high modularity, reliability, and safety, supports rapid deployment, achieving low energy consumption and comprehensive monitoring.
- The YMK3300 High-frequency Modular UPS is renowned for its high efficiency (up to 97.1%) and easy maintenance. Its HECO advanced bypass mode achieves an efficiency of 99%, meeting the medical industry's demands for power system stability and efficiency.
- The IDU Micro Unit is a flexible and intelligent small-scale computer room solution. It incorporates multiple patented technologies and can be flexibly expanded to adapt to changing needs.
- The IDB Prefabricated Container Data Center boasts rapid deployment, modular design, and plug-and-play functionality. It suits the medical industry's emergency response needs by ensuring the instant operation of medical information systems.

科士达全场景医疗行业解决方案
为安全，加“保险”

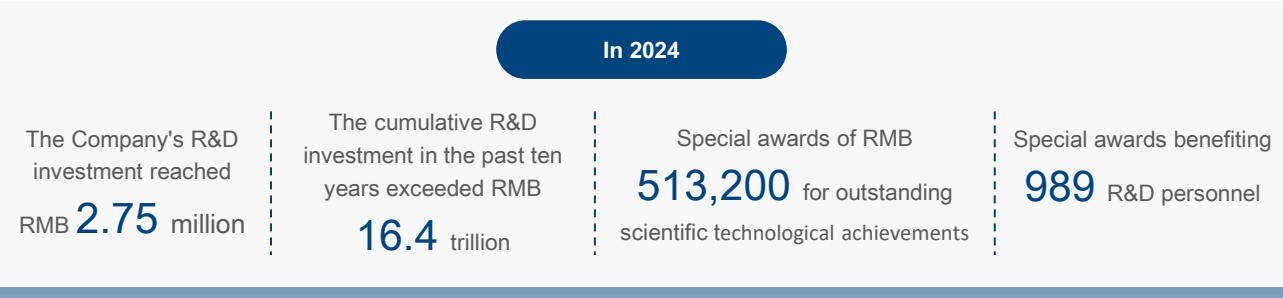


Full-scenario Medical Industry Solution

Innovation Incentive

KSTAR is committed to creating a corporate culture that encourages innovation, and has formulated internal policies such as the Knowledge Management Procedures, the Technology Review Management Procedures and the KSTAR Patent Management System, which stipulate the incentive measures for R&D personnel. Under the regulations, different incentives are provided for technical specification-type knowledge innovations, patent innovations, etc. In addition, for employees with outstanding innovation contributions, the Company rewards them in accordance with the relevant policies of the human resource department. They may enjoy priority for appointment, position or level promotion, annual salary adjustment, etc.

In terms of resource support, we provide sufficient financial support for scientific research and innovation projects, and set up special award funds to commend outstanding scientific and technological achievements, so as to stimulate innovation vitality with substantial incentives.



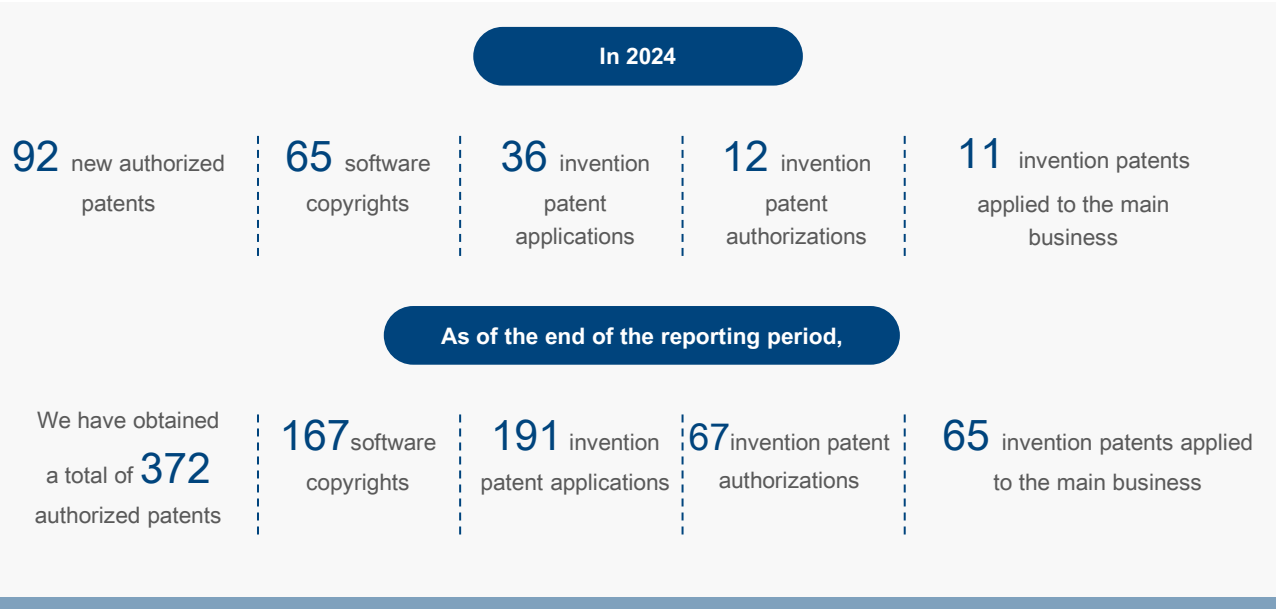
At the same time, we provide continuous learning opportunities for the R&D team, encourage them to actively participate in cutting-edge technology seminars and industry summits, etc., to help them grasp global technology trends in a timely manner, continuously improve their professionalism and innovation capabilities, and ensure that the R&D team always maintains technical acumen and R&D competitiveness.

Protection of Intellectual Property

KSTAR regards intellectual property management as the core guarantee driven by innovation, and builds a systematic intellectual property protection and operation system. In terms of system construction, we strictly abide by laws and regulations such as the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Intellectual Property Management Standards for Enterprises, the Intellectual Property Management Guidelines for Industrial Enterprises, and the Working Measures Relating to External Transfer of Intellectual Property (Trial). We have formulated and implemented internal regulations such as the Knowledge Management Procedures and the Patent Management Working System covering intellectual property application, risk warning, licensing and transfer, and set up a patent management team to coordinate the entire patent process.

In intellectual property management and execution, we adhere to unified management, collaborative division of labor, and standardized orderliness. We have established an internal patent database and use strategic patent layout, technical confidentiality agreements, and liability tracing mechanisms to build legal protection for R&D outcomes. Concurrently, we foster a corporate culture of respecting intellectual property and encouraging innovation through specialized training and compliance promotion. This strengthens risk defense from the awareness level and prevents infringement disputes.

With continuous independent R&D and innovation investment, we have achieved fruitful results in intellectual property rights, providing solid support for the construction of technical barriers and industrial transformation.



Exhibitions Exchange Activities

The Company actively organizes and participates in industry forums and exhibitions. It shares technical experience in new energy and discusses frontier trends and coordinated development with industry partners. In 2024, the Company joined numerous exchange exhibitions and industry activities at home and abroad. By grasping development opportunities and leveraging complementary advantages for win-win cooperation, it aims to build a clean and efficient industrial ecosystem with its partners.

KSTAR Showcased All-Scenario Smart Storage Solution Strength to SNEC ES + International Energy Storage Exhibition

In September 2024, KSTAR unveiled its all-scenario smart storage solution at the SNEC ES + International Energy Storage Exhibition, fully demonstrating its leading advantages in technological innovation, green manufacturing, and global applications. At the exhibition, we displayed a full-scenario smart storage product matrix and solutions covering power supply, grid, and user sides. These provide precise solutions for various scenarios such as large-scale wind and solar base distribution and storage, shared energy storage, commercial and industrial energy storage, and residential energy storage, fully meeting customers' diverse clean energy needs. We took this opportunity for in-depth exchanges with industry experts, partners, and media, discussing future energy storage trends. We also communicated with global customers to provide customized solutions and advance strategic cooperation.



SNEC ES + International Energy Storage Exhibition

KSTAR Debuts at CPSE 2024

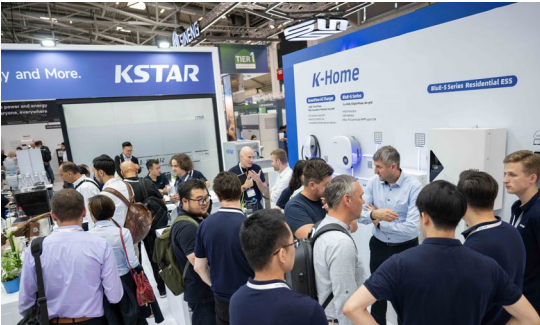
In November 2024, the three-day 2024 CPSE (Shenzhen International Charging Pile and Battery Swapping Station Exhibition) was held at the Shenzhen Convention and Exhibition Center. The exhibition attracted over 800 charging and swapping equipment companies from home and abroad, displaying the latest products and cutting-edge technologies in the field of EV charging and swapping, and became the focus of the industry. KSTAR made its debut with its "All-scenario EV Charging Integrated Solution". The high-protection charging solution, fully liquid-cooled ultrafast charging solution, green and sustainable "photovoltaic-storage-charging-discharging-inspection" ecosystem and KSTAR charging operation platform showcased at the exhibition cover application scenarios such as high-speed service areas, public parking lots, commercial districts, and other charging stations, as well as residential new energy vehicle charging scenarios. KSTAR won the "Ultrafast Charging Technology Innovation Award". The Company fully demonstrated its outstanding strength in scientific research and innovation, and its leading position in the EV charging field. It has received widespread attention and recognition from professional audiences.



2024 CPSE (Shenzhen International Charging Pile and Battery Swapping Station Exhibition)

KSTAR All-scenario Solar-energy Storage-charging Solution Unveiled at Intersolar Europe 2024 in Germany

In June 2024, KSTAR returned to Germany with its all-scenario solar-energy storage-charging products and solutions to promote smart energy adoption across Europe. KSTAR brought its four core solutions K-Home, Green Kommercial Solution, Klean Utility Solution, and EV Charging Solution, attracting numerous visitors for consultations and discussions. Beyond the popular products and solutions, KSTAR's on-site technical services and warm hospitality highlighted its customer-centric philosophy. To enhance the exhibition experience, KSTAR launched a whale-themed activity at its booth to promote its whale adoption initiative and raise ecological awareness, while upgrading brand interaction for an ultimate customer experience.



Intersolar Europe 2024



Safe Product Creation

KSTAR adheres to the concept of "quality-oriented, winning customer trust with high-quality products", establishes a sound quality management system, builds a whole life cycle quality management mechanism, and strictly controls the quality of design, production and service. Moreover, by promoting a quality culture with full participation, we comprehensively improve the quality atmosphere and create products with reliable performance and provide customers with the positive user experience.

In 2024, we carefully evaluated the possible impacts, risks and opportunities arising from product quality and safety issues. In terms of impact, we believe that excellent product quality management can meet customers' expectations and bring positive impact to the Company. However, potential negative impacts also exist. If the product quality and safety management is not perfect, relevant negative events may occur, which may harm the interests of customers and other downstream stakeholders in the value chain. In terms of risks, if negative product quality and safety incidents occur, it may lead to customer loss and damage to brand reputation. On the opportunity side, the Company can accumulate a good brand reputation and promote business expansion by continuously maintaining high-level quality and service.

Quality Management System

KSTAR has established a perfect quality management system and requires all branch companies with certification qualifications to pass quality system certification in time. We have established a quality management structure, and the quality department is responsible for the construction of quality system and product quality assurance to implement product quality responsibilities. We have formulated product quality management policies such as DFMEA³ Management Specification, Photovoltaic Inverter Environment and Reliability Test Specification and Non-conforming Product Control Procedure, and updated the policies based on product quality management system requirements and business requirements to ensure that it is consistent with actual management needs, promote the continuous improvement of product management quality, and consolidate the operation foundation of product management system.

As of the end of the Reporting Period, we have passed the certifications of IATF1694 Automotive Quality Management System , ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, IECQ QC 080000 Hazardous Substances Process Management System, etc., and achieved standardized and efficient operation with a systematic management system.



³ DFMEA (Design Failure Mode and Effects Analysis) means that, at or before the formation of a design concept, and at all stages of product development, if the design changes or other information is available, amendments should be made timely and continuously before the drawing is completed. DFMEA evaluates and analyzes the final product and each of the systems, subsystems and components associated with it.

⁴The proposal for the Integration of Informatization and Industrialization Management System is based on the following working basis and practical experience: The technical application achievements and management innovation experience gained by Chinese enterprises in the course of informatization; the methods and logic refined from the assessment of the integration of informatization and industrialization in more than 10,000 enterprises in accordance with the Assessment Specification on Integration of Informatization and Industrialization for Industrial Enterprises (GB/T 23020); and the work basis and application environment formed in the course of promoting the quality, environment, information technology services, information security, energy, occupational health and safety and other management systems.

Shenzhen KSTAR Science & Technology Co., Ltd System Certification:

Certification Item	Certification Authority	Certification Item	Certification Authority
Quality Management System ISO 9001:2015	SGS	Hazardous Substances Process Management System IECQ QC 080000:2017	SGS
Laboratory Certification ISO/IEC 17025:2017 ISO/IEC 17025: 2017	CNAS	Integration of Informatization and Industrialization Management System ⁴ Certificate AA GBT 23001	CEPREI

Shenzhen KSTAR New Energy Co., Ltd. System Certification:

Certification Item	Certification Authority
Quality Management System ISO 9001:2015	SGS

Huizhou Park System Certification:

Certification Item	Certification Authority
Quality Management System ISO 9001:2015	SGS

Jiangxi Park System Certification:

Certification Item	Certification Authority
Quality Management System ISO 9001:2015	Beijing Dongfang Zongheng Certification Co., Ltd.

Xiapu Park System Certification:

Certification Item	Certification Authority	Certification Item	Certification Authority
Quality Management System ISO 9001:2015	SGS	AEO Certificate	Fuzhou Customs District P.R. China

Overall Quality Management

We attach great importance to quality construction, strictly control product quality throughout product life cycle, optimize product production process through digital technology, implement lean production, ensure the comprehensive and effective operation of quality system, and achieve the goal of improving production efficiency and product quality.

Lifecycle Product Quality Management

We implement lifecycle quality management for our products, identify and avoid quality risks in R&D and design, incoming materials, manufacturing and after-sales services. We implement quality control to ensure the quality of our products. The specific measures are as follows.

R&D and Design

- Consider the problems that may be involved in the production, transportation and use of products at the R&D and design stage, and develop preventive measures and solutions in advance.
- Assess the potential failure mode of products in the usage stage from the dimensions of severity, incidence and difficulty in problem detection in accordance with the DFMEA Management Specifications under specific operating environment conditions and usage conditions. After the potential failure mode is identified, the best improvement method should be determined to improve the process to avoid the occurrence of failure.

Incoming Materials

- Develop and implement the IQC Incoming Material Inspection Specifications, set up indicators for the inspection of incoming materials and key parts, and clarify the inspection items and acceptance criteria for raw materials, to ensure that the product quality can meet customer needs.

Manufacturing

- Perform first article inspection in accordance with the Operation Standards for First Article Inspection, to confirm the correctness of process settings and the conformity of product quality before mass production..
- Formulate the IPQC Inspection Standards to standardize and implement the quality and environmental protection requirements of the production process..
- Ensure that the process and product quality meet the expectations by implementing the Product Monitoring and Measurement Control Procedures.

After-sales Services

- The customer service center quickly responds to customer feedback, and engineers solve problems for customers on site. For details on customer after sales service management, please refer to "2.3.1Customer Service and Satisfaction".

Digitalization Empowers Product Quality

The Company actively promotes digital construction and transformation, and takes a series of measures to improve the overall operation, production efficiency and product quality control level. In 2024, the Company passed the digital pilot enterprise evaluation and was certified to meet the requirements of Q/ISI001-2024 Digital Economy Pilot Enterprise Evaluation Specifications.

KSTAR focuses on the deep integration of digitalization and intelligence by introducing the advanced MES (Manufacturing Execution System) system. The MES system comprehensively covers key production links such as warehousing, production, quality control and equipment management. With its excellent data analysis and intelligent decision support functions, it provides strong support for the company's digital transformation and intelligent upgrading, and significantly improves operational efficiency, product quality and equipment utilization.



Digital Pilot Enterprise Evaluation Certificate

Warehouse Management

- Real-time monitoring and precise traceability
- Automated storage and retrieval
- Inventory optimization

Production Management

- Intelligent scheduling and dispatch
- Transparent production process
- Production traceability

Quality Management

- Online quality inspection
- Quality traceability and analysis
- Standardized quality inspection processes

Equipment Management

- Real-time equipment condition monitoring
- Preventive maintenance
- Equipment efficiency analysis



Digital Factory

We built digital factories, integrated PDM, CRM, ERP, SRM, WMS, MES, and QMS. By doing so, we aim to achieve closed-loop management and real-time monitoring of the entire value chain. With these efforts, the Company managed to lay the groundwork for digital production in key regions such as Guangming, Huizhou, Ningde, Yichun in China and Vietnam.

Barcode Management

We implement barcode management to ensure reliable product quality, control the production process and track the deliverables, as well as to promote refined warehouse management.

Visualization Technology

Backed by the visualization technology, dashboards for digital management of the supply chain have been created to present key manufacturing data and production situations in the workshops. The technology has helped to achieve real-time collection and sharing of production information, and to establish a command system with rapid response. At the same time, some PCBA (Printed Circuit Board Assembly) workshops have adopted 3D digital twin technology for display and warning.

Total Productive Maintenance

We have implemented the TPM (Total Productive Maintenance). A series of measures such as preventive maintenance, equipment cleaning, and employee training were adopted to reduce equipment failures and downtime, ensure standardized operation process to prevent defective products from entering the production lines, and improve production efficiency and product quality. In addition, we have achieved real-time acquisition of process information, ensuring that the production information is traceable throughout the entire production process.

Intelligent Enterprise

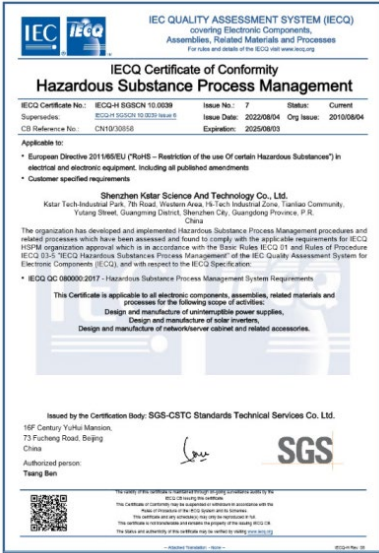
KSTAR is committed to building itself into an intelligent enterprise. The Company keeps optimizing ERP, CRM, and BI system process, and works to remove information barriers in sales, finance, and after-sales services. These efforts have supported the Company in achieving online display of data and integration of business and finance, enhancing the Company's capabilities in resource allocation, risk control, and financial analysis, as well as achieving the goal of going paperless.

In 2024, we made a number of advances in smart manufacturing

- The 8th intelligent manufacturing base – KSTAR High-End New Energy and Energy Storage Industrial Base began construction
- The precision air conditioning workshop in Huizhou and the charging piles at Guanlan Factory started operation.
- The automated pre-processing line at Huizhou Park was launched.
- Construction of automated joint rolling and casting electrode plate production line at Jiangxi Park
- MES/WMS systems were implemented at Guangming Park, Huizhou Park, and Jiangxi Park, while Guangming Park also introduced the SRM system.

Full-process Hazardous Substance Management

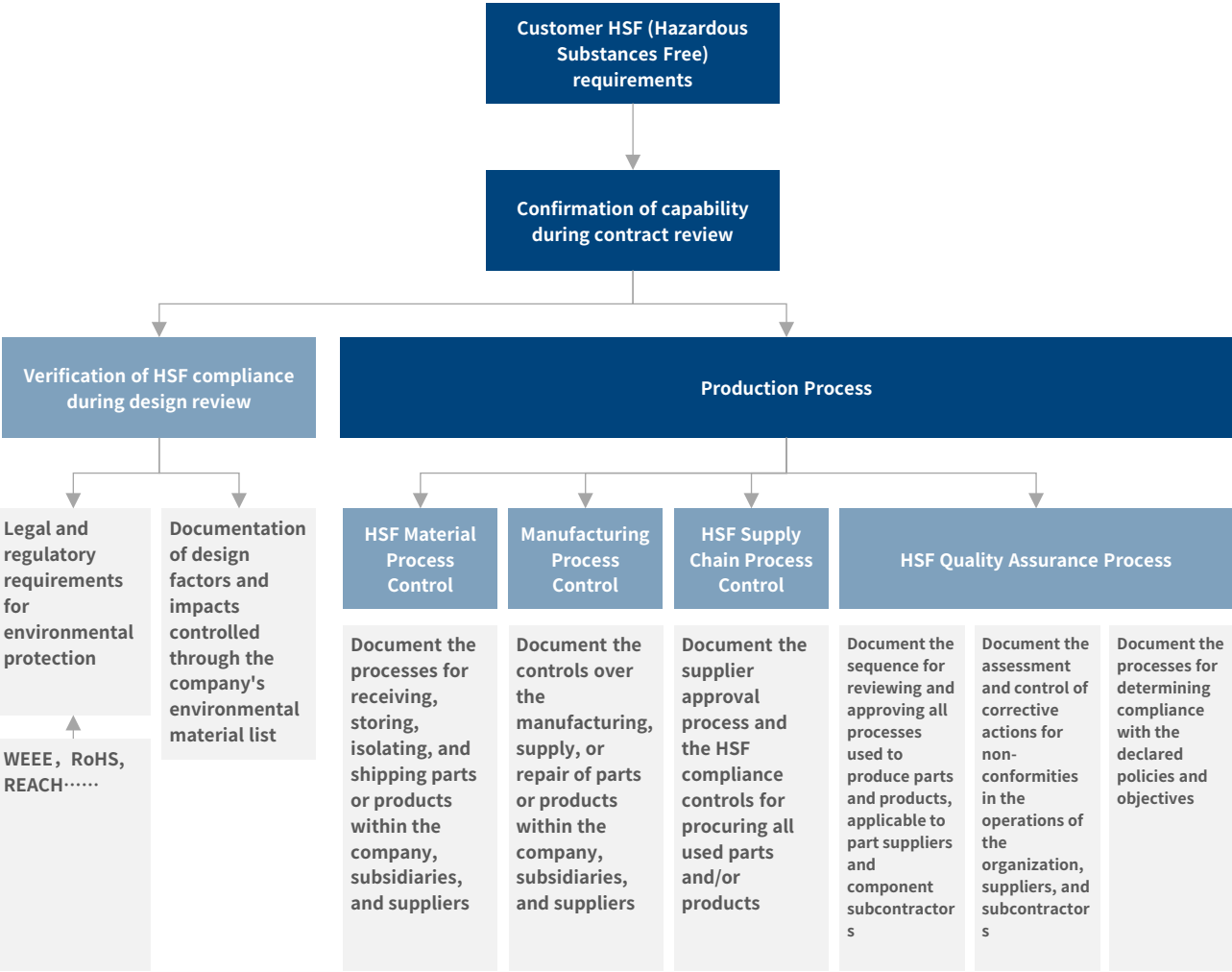
KSTAR strictly complies with the National Measures for the Administration of the Restricted Use of the Hazardous Substances Contained in Electrical and Electronic Products, the European Union's Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). We also keep on updating and revising internal management standards such as the Eco-friendly Substance Assessment Procedures. We clarify the list of banned and restricted substances required by various regulations and directives as well as our customers, provide training and assessments for relevant employees to ensure familiarity with these regulations. We continue to improve the whole process control of environmentally friendly substances and materials in the design, procurement, manufacturing process and product delivery, so as to ensure that all products meet the requirements of hazardous substances management before product shipment and have no harmful impact on health and the environment. The company has passed QC 080000 Hazardous Substance Management System Certification. In 2024, we effectively maintained the IECQ QC080000 Hazardous Substances Process Management System.



QC 080000 Hazardous Substances Management System Certification

Hazardous Substances Control

In order to implement measures to control hazardous substances in products, each department of the Company works together under clear segregation of duties to control hazardous substances and materials in each procedure of the product lifecycle.



Full-process Control of Product Hazardous Substances

Restricted Use of Hazardous Substances

We continuously track the development of domestic and overseas laws and regulations, and align with the latest standards and requirements to identify improvements in the management of restricted substances. During the Reporting Period, we revised the Environmental Protection Materials Control Procedure in line with REACH Regulation's SVHC requirements, Annex 14 and Annex 17. By January 2025, the procedure had specified 247 SVHCs.

Substitution and Reduction of Hazardous Substances in Products

KSTAR regards product HSF (Hazardous Substance Free) as a long-term goal, which is applicable to all formulating hazardous substance reduction plans and actively looking for alternatives to reduce and eliminate the use of hazardous substances. We strive to achieve the goal of replacing and reducing hazardous substances by taking multiple measures:

R&D

- Conduct conformity confirmation assessment on hazardous substances in accordance with regulations or requirements such as the RoHS 2.0 to exclude nonconforming hazardous substance.

Procurement

- Purchase only environmentally compliant materials and components for which we have obtained information on the composition of substances and test reports on hazardous substances from suppliers, and which have been reviewed and approved by the Company.
- Suppliers must provide valid third-party hazardous substance testing reports for cross-validation.

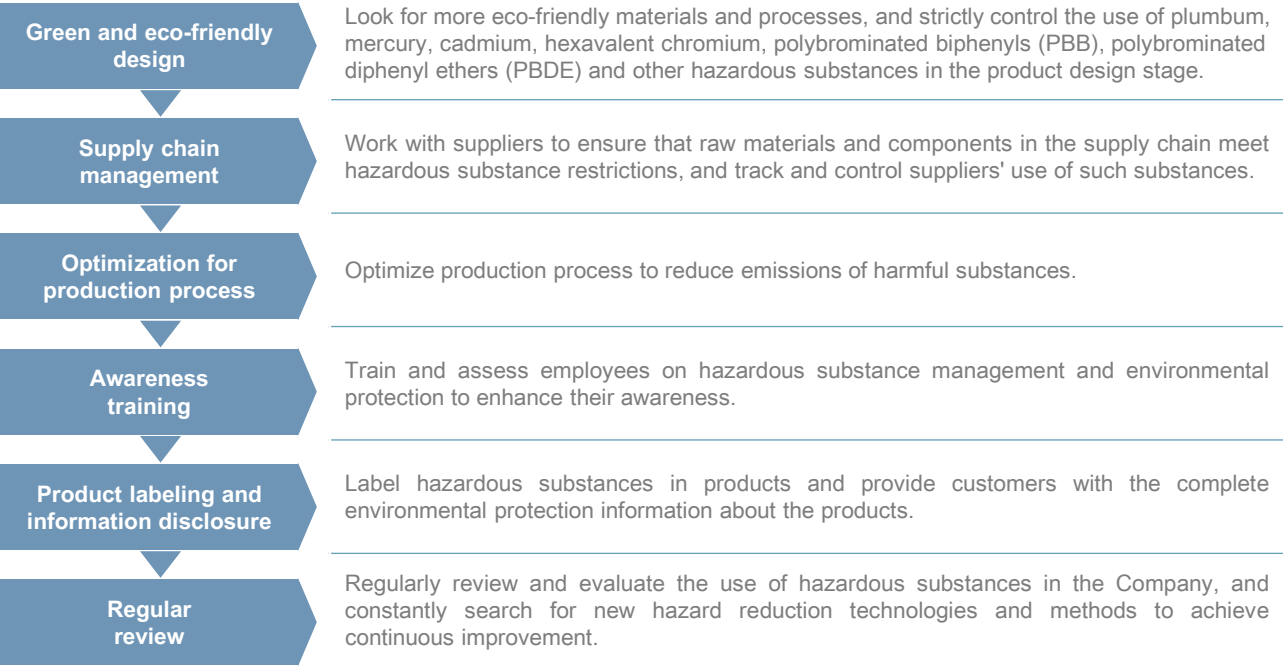
Manufacturing

- Regularly test the materials, auxiliary materials and equipment used in all stages before and during production, to avoid contamination with hazardous substances in the manufacturing process.
- Identify cross-contamination risks in supplementary materials, tooling, and key positions, and regularly train employees in these positions.

Shipping

- Test for hazardous substances on finished products to confirm compliance with the hazardous substance restriction requirements by laws, regulations and customers before shipment.





In the future, we will increase our investment in the research and development of new eco-friendly materials and processes, and propose alternatives to traditional hazardous materials. At the same time, we will consider more about the possibility of recycling and disassembling products for subsequent recycling and reuse, so as to minimize the impact of wastes on the environment and recycle valuable materials. Meanwhile, we will continue to learn from international advanced hazardous substance management technologies and align ourselves with global industry standards. Furthermore, we will utilize the substitution catalog of hazardous raw materials (products) recommended by the state, develop and apply low-toxic and low-hazardous or non-toxic and non-hazardous raw materials to cut down on poisonous and hazardous substances and pollutant emissions in production.

Quality Culture Cultivation

KSTAR is dedicated to strengthening employees' quality awareness by actively promoting product quality training and publicity. Through the construction of quality culture, we pass on the quality concept to every employee. In 2024, we organized 5 quality management training sessions, covering over 400 employees. The training topics included "Quality Management System", "Hazardous Substances Management" and "Non-conforming Product Control". These initiatives aim to enhance employees' product quality management capabilities and embed product quality awareness in every employee's mindset.



Quality Management Training

Achieving Customer Satisfaction

KSTAR adopts a customer-centered approach, fully respecting and understanding users' needs to enhance customer satisfaction. We continuously improve our customer service system, prioritize the protection of customer rights and interests, actively safeguard customer data security and privacy, and improves service quality in multiple dimensions. At the same time, we are committed to carrying out responsible marketing and publicity to establish long-term and trust-based relationships with our customers.

Customer Service and Satisfaction

KSTAR is committed to providing customers with high-quality services and constructing a closed loop integrating pre-sales, during-sales and after-sales services. We set up standardized processes to provide on-site quality services to quickly respond to customers' complaints or suggestions and meet customer needs. At the same time, we regularly conduct customer satisfaction surveys, actively listen to customers' voices and feedback, and optimize product quality and service processes according to customer feedback.

Providing Quality Services

We have established a comprehensive service system and formulated the Customer Service Procedures to ensure service quality with standardized procedures. In addition, we have formulated the Guidelines for Key Client Services to set up a streamlined, secure, and expedited green channel for strategic cooperation customers, and set up expert groups to solve major equipment failures and other complex issues raised by strategic customers. In 2024, the company has obtained the GB/T 27922-2011 "Commodity After-sales Service Evaluation System" standard five-star certification and Information Technology Service Management System Certification.

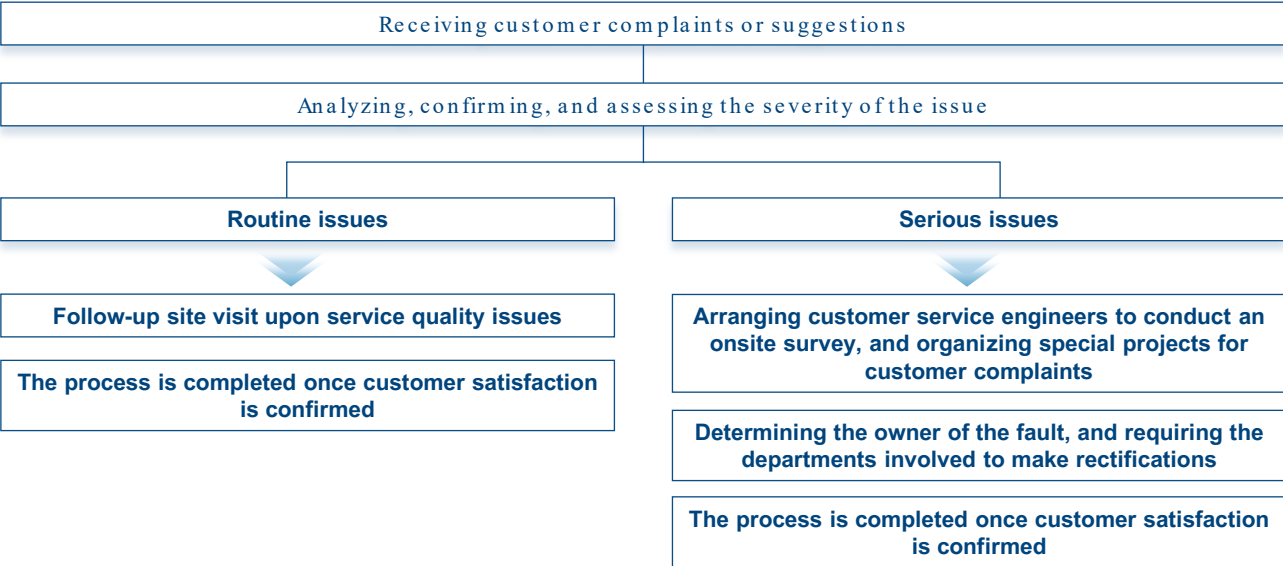


GB/T 27922-2011 "Commodity after-sales service evaluation system" standard five-star certification



Information Technology Service Management System Certification

We have established a three-tier customer service maintenance system, with the customer service center, regional maintenance centers and authorized service stations as the core service departments to quickly respond to customer complaints or suggestions, and cooperate with various responsible departments to actively implement the service responsibilities of each department. We handle customer complaints and suggestions by categorizing them into "routine issues" or "serious issues", and process different types of customer complaints or suggestions in a procedural manner. In order to continuously enhance service quality, we summarize all customer complaint and feedback materials on a quarterly basis and report them to relevant departments, which review, reflect on and improve upon common issues.

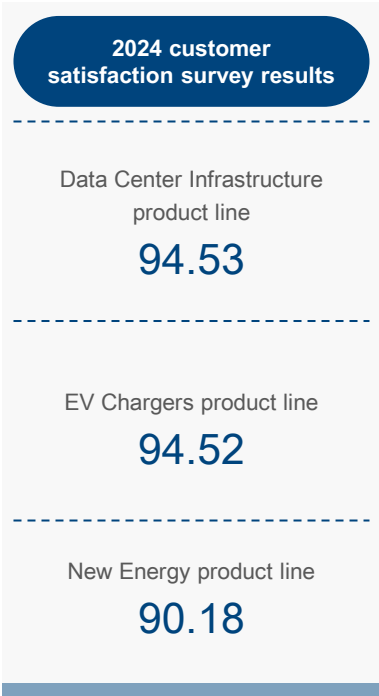


Customer Complaint or Suggestion Handling Process

Enhancing Customer Satisfaction

We are committed to building a multi-channel platform for effective communication and interaction with customers, so as to promptly capture their feedback, fulfil their needs and expectations, and enhance customer satisfaction. We have established the Customer Satisfaction Management Procedure, which clearly assigns responsibilities to specific departments. By feeding back the results of our investigations and analyses to relevant responsible departments and continuously monitoring the progress, we ensure ongoing improvements in customer satisfaction.

We regularly conduct customer satisfaction surveys for key distributors and end-users through various forms including emails and visits. The satisfaction survey covers multiple dimensions such as product functionality, logistics services, and response times to issues. After collecting the survey results, we carefully analyze customer feedback and coordinate with various departments to improve product and service quality, thereby enhancing customer experience. In 2024, our Data Center Infrastructure, EV Chargers, and New Energy product lines carried out customer satisfaction surveys for key distributors and end-users. The survey dimensions included product performance, product environmental protection requirements, product packaging and design, logistics services, etc. We assigned corresponding weights to each indicator. The national satisfaction survey results are above 90.



Information Security and Privacy Protection

We strictly abide by relevant laws and regulations. We have formulated a range of information security management policies including the Policy for Security Configuration Management of Network Equipment, the User Access to Systems and Network Management Procedures, the Information Security Incident Management Procedures and the Information Security Business Continuity Management Procedure. We constantly improve the information security management system to provide customers with a reliable service environment. The Company first obtained the ISO/IEC 27001 Information Security Management System certification in 2023 and successfully completed the annual review of this system in 2024.

To effectively protect customer information, we ensure that the configuration and parameter settings of all major network equipment (including firewalls, switches, load balancing devices, etc.) comply with the Company's Network Equipment Security Configuration Baseline. We also strictly manage the permissions for all employees and related third-party users across various application systems, thereby preventing unauthorized access and mitigating the risk of customer information breaches.

We have established a tiered management mechanism for information security incidents, and prepared contingency plans for different types and levels of information security incidents, enabling the Company to respond rapidly and take effective remedial actions to minimize the negative impact on customers. In addition, we formulate the Annual Emergency Drill Plan every year, organize relevant departments to carry out business interruption and recovery simulation drills based on the emergency drill plan, and publish the Emergency Drill Report to improve the Company's capability to handle information security incidents.

In terms of information security training, we provide training sessions for new employees and regularly conduct relevant training for all staff through both online and offline channels. This helps popularize information security-related knowledge to employees and enhance their awareness of information security and privacy protection.

Responsible Marketing

KSTAR strictly abides by the Advertising Law of the People's Republic of China and relevant laws and regulations of each place of operation, strictly prohibits exaggerated and false advertising to maintain a transparent sales and promotion environment. We strictly review external promotional materials to ensure the the promotional information and product details provided are accurate and trustworthy. We also conduct compliance marketing training for our sales staff to ensure that they understand the relevant requirements of compliance marketing and responsible marketing, and help them improve their business communication services.

In 2024, the Company did not experience any regulatory notifications or investigations for illegal advertising or promotions, nor did it experience any business violations or breaches of marketing and promotional rules.



ISO/IEC 27001: 2022 Information Security Management System Certificate



Building a Responsible Supply Chain

KSTAR fully recognizes the importance of ensuring the stability and sustainability of the supply chain. We actively cooperate with suppliers to establish a harmonious and win-win partnership, driving the sustainable development of our value chain.

Supplier Management

KSTAR carries out supplier management in a systematic manner. We formulate a series of policies and standards, comprehensively control supplier access, evaluation, performance appraisal and other aspects, and continuously strengthen supplier capacity building to empower supplier development.

Supplier Management System

We have formulated the Supplier Development and Management Standards, Procurement Control Procedures, Supplier Performance Appraisal and Grading Management Measures and other policies to standardize procurement management and supplier management. In 2024, the Company obtained the supply chain safety management system certification.



We establish stringent supplier admission criteria, take ISO 9000 and ISO 14000 as the entry thresholds for suppliers, and encourage suppliers to obtain other third-party certifications such as ISO 45001, IATF 16949 and IECQ QC O80000 to promote the system construction of suppliers.

For candidate suppliers, the Company carries out pre-qualification first, including reviewing the documents and specimens they provide. Then a panel consisting of personnel from the procurement department, quality assurance department, audit department, and other relevant departments conducts on-site assessments and reviews on them in accordance with the Supplier On-site Assessment and Review Form. The evaluation encompasses various aspects such as quality assurance and control, social responsibility, EHS management, and business ethics. In addition, to ensure that the management systems of our current suppliers continue to meet our standards, we undertake annual on-site audits of these suppliers.



Furthermore, we conduct performance evaluations on suppliers, implement hierarchical management for them, and identify strategic cooperative suppliers, thereby enhancing the efficiency of our supplier management. Supplier performance is assessed by metrics like quality performance, responsiveness, and delivery performance. Considering suppliers' responsiveness to and implementation of corrective action requirements, they are classified into four tiers: A, B, C, and D. For suppliers identified with any deficiencies, we send them the Improvement Measures for Suppliers, requesting them to provide performance enhancement plans or measures. We then follow up on suppliers' implementation of these performance improvement measures. For underperforming suppliers or those who fail to meet improvement requirements, we terminate the agreement with them.

Supplier Capacity Building

We actively carry out supplier capacity building activities to boost their growth. We regularly conduct supplier quality training, offering systematic instruction, technical support and guidance. This aids suppliers in deeply understanding quality management systems and mastering advanced quality control methods, thereby strengthening their quality awareness and improving supply quality.

We also pay attention to suppliers' ESG improvement. We communicate our supply chain ESG management requirements to suppliers. Through visits to suppliers, and organizing supplier conferences, we exchange and share with them experiences in fulfilling social responsibilities, promoting the sustainable and healthy development of all suppliers. In addition, we build communication platforms to encourage suppliers to share their experiences and learn advanced ESG management approaches and practices to build a sustainable supply chain ecology.

Supply Chain Partner Conference

In March 2024, KSTAR held a Supply Chain Partner Conference under the theme "Digital Intelligence Supply Chain, Quality Creates a Winning Future". Supplier representatives from across the country gathered to explore new-chapter of cooperation between KSTAR and suppliers in the new development context and seek green development together. Afterward, the suppliers collectively visited KSTAR's Guangming Smart Factory to learn about our digital and intelligent transformation experience.



Suppliers Learning Digital Experience

Sustainable Supply Chain

KSTAR is committed to creating an environmentally and socially responsible supply chain. We integrate ESG considerations throughout our supply chain management process to identify ESG risks in the supply chain. We have established the Supplier Code of Conduct, which outlines the basic requirements for suppliers across various domains, including human rights and labor practices, health and safety standards, environmental stewardship, hazardous substance management, business ethics, and the avoidance of conflict minerals etc. At the same time, we require suppliers to sign a Letter of Commitment for Suppliers, pledging their fulfillment of corporate social responsibilities.

Supply Chain ESG Management

When selecting suppliers, we thoroughly assess their performance in environmental responsibility, social responsibility, and business ethics, and incorporate relevant indicators into supplier investigations, on-site assessments and performance appraisals. We conduct annual on-site audits on our suppliers to evaluate their ESG management and performance. The metrics covered include:

Environmental



- Environmental Protection:**

Suppliers must have valid environmental impact assessment (EIA) certificates, environmental permits, and emission control facilities. They must also regularly monitor and manage hazardous gases, noise, hazardous solid waste, and hazardous waste, and keep appropriate records.

Social



- Human rights and labor rights:**

Suppliers must establish policies that prohibit child labor and protect underage workers. They are required to sign legal labor contracts with all employees, schedule working and resting hours reasonably and provide appropriate compensation.

- Anti-discrimination:**

Suppliers shall not engage in discrimination against employees based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religious belief, political affiliation, union membership, marital status, or any other factors.

- Freedom of association and collective bargaining:**

Suppliers have trade unions or other workers' organizations and hold regular events. Suppliers shall respect the rights of employees to freely join, form, or refrain from joining trade unions or other worker organizations.


- Responsible minerals:**

Suppliers must provide documentation for 3TG (tin, tantalum, tungsten and gold), conduct 3TG investigations on their suppliers, and clarify whether their products contain 3TG metals.

- Occupational health and safety:**

Suppliers must conduct regular evaluations to identify and assess occupational disease hazards and safety risks. They should disclose information about occupational hazards (including toxic and harmful gases, noise, and dust), to their employees and relevant stakeholders. Suppliers are also required to provide necessary safety facilities, protective devices, and comprehensive safety training to all employees, as well as offer free personal protective equipment at no cost.

Governance



- Business ethics:**

All suppliers are required to sign a Letter of Commitment. Suppliers must adhere to ethical business standards, establish an integrity and anti-corruption system, and prevent any form of corruption, extortion, embezzlement, bribery, or other unethical acts.

- Information security management:**

Suppliers must establish information security management processes and have the qualifications and technical capabilities that meet information security requirements.

For any deficiencies and issues identified during audits, we require suppliers to submit a rectification plan within a set timeframe after receiving the audit nonconformance report. Suppliers should analyze the root causes and implement effective corrective actions to address the identified deficiencies and issues. We follow up on and verify key aspects of the rectification plan to ensure suppliers meet our requirements after implementing necessary improvements. In the afore mentioned audit items, provisions for human rights, labor rights, labor hours, wage protection, environmental impact, environmental permits, and pollution control are regarded as non-negotiable in ESG management. Suppliers that do not fully comply with these requirements shall be deemed "failed" in the audit.

In 2024

we completed ESG on-site audits for 69 suppliers, focusing on environmental protection and labor rights among other ESG issues, achieving a coverage rate of 100%.


Green Supply Chain


KSTAR actively practices green procurement. We have formulated the Agreement of Environmental Safety Management for General Stakeholders that outlines the requirements and expectations for suppliers' environmental performance throughout the procurement process, aiming to support the building of a green supply chain through joint efforts. We have established a systematic green supply chain management system that clarifies the management requirements for green materials, green products, and green suppliers at the procurement stage.


Our supply chain management system has obtained the Green Supply Chain Certification (five-star rating) in accordance with GB/T 39257-2020 Green Manufacturing - Green Supply Chain Management in Manufacturing Enterprises - Specifications for Assessment. In addition, our supply chain has obtained the Green Packaging Management System Certification for consecutive years in accordance with GB/T 37422-2019 Method and Criteria for Green Packaging Assessment.



Our green requirements for suppliers are as follows:

- 

Implement measures in their production to reduce environmental pollution, strive to minimize or eliminate solid waste, wastewater, and air pollutant emissions, and properly manage and dispose of the three types of waste(wastewater, waste gas, and solid waste).
- 

Reduce resource consumption by decreasing the use of water and energy through improved production processes, material replacement, conservation of natural resources, and by recycling and reusing materials
- 

Adopt energy-saving measures, such as using clean energy to reduce carbon emissions.

Management of Hazardous Substances in Supply Chain

Specifying clear requirements for raw materials to suppliers is crucial to offering high-quality, environmentally friendly products to customers. To enhance the Company's overall management of hazardous substances, we require suppliers to implement comprehensive hazardous substance management to mitigate risks that may arise from non-compliant procurement.

At the supplier admission stage, we enter into an Agreement on the Management of Environmental Contaminants with suppliers and request documentation such as the RoHS Declarations (product ingredients declarations), the REACH-SVHC Declarations (green product ingredients declarations), the Material Safety Data Sheet (MSDS), the Third-party Report on Environmental Contaminants Testing, and the Environmental Compliance Declaration to comprehensively verify the supplier's use of hazardous substances. In 2024, the use of hazardous substances by suppliers was 100% compliant with KSTAR's requirements. We strictly require that materials supplied by our suppliers comply with the latest international standards, including the European Union's RoHS 2.0 Directive (2011/65/EU) and its amendments ((EU) 2015/863), the EU Packaging Directive (94/62/EC, 2004/12/EC) and its amendments (2013/2/EU), the EU REACH Regulation (EC) No. 1970/2006 and its supplement clauses, as well as the new EU Battery Regulation (EU) 2023/1542), to ensure our products meet relevant hazardous substance regulations. In addition, we require suppliers to attach environmental compliance labels, such as RoHS labels, as required by regulations.

Responsible Mineral Management

KSTAR places a high priority on the use of conflict-free minerals. We have issued the Declaration of No Use of Conflict Minerals on our official website and mandate that all of our suppliers sign a Letter of Commitment for Suppliers to ensure compliance with our standards. In 2024, all our suppliers signed the Letter of Commitment for Suppliers. The Letter of Commitment for Suppliers mandates that suppliers develop and implement robust policies to guarantee that the tantalum, tin, tungsten, and gold used in their products do not finance or otherwise support, directly or indirectly, armed groups in the Democratic Republic of Congo or adjacent countries or regions known for severe human rights abuses. Additionally, suppliers are required to perform thorough due diligence on the sources and supply chains of these minerals, in accordance with international standards. We require suppliers to submit CMRT compliance reports in January and July of each year to ensure adherence to our commitment to avoiding the use of conflict minerals. We have implemented the Conflict-Free Minerals Policy that strictly prohibits the procurement and use of conflict minerals, thereby fostering the sustainable and responsible development of the industry chain. We issue the Conflict Minerals Survey Questionnaire to suppliers to understand their practices regarding the avoidance of conflict minerals. This year, the Company had no supplier violating the conflict minerals regulations.



03

Fulfilling Environmental Responsibility and Protecting Green Homeland

While bringing green energy to the world, KSTAR also adheres to green and low-carbon operations and earnestly fulfills its environmental protection responsibilities. We actively identify and address climate-related risks and opportunities, continuously strengthen resource management, improve the environmental compliance management system, and carry out biodiversity conservation projects. At the same time, due to KSTAR's outstanding practices in the green and low-carbon field, we have been awarded the title of "National Green Factory" and have been selected into the "Shenzhen 2024 List of Recognized Green and Low-Carbon Enterprises."

SDGs responded to in this chapter



Addressing Climate Change

We actively respond to the national "carbon peak and carbon neutrality" goal, incorporate climate change issues into strategic planning, and refer to the disclosure framework of the Task Force on Climate-Related Financial Disclosure (TCFD) to improve climate-related management mechanisms of governance, strategy, risk management, and metrics and targets. We also strengthen the identification, assessment and addressing of climate-related risks and opportunities, so as to plan low-carbon development paths and enhance corporate climate resilience.

Governance

KSTAR has established a climate governance mechanism with clear responsibilities to coordinate, integrate, implement, and monitor work related to climate change. At the same time, we regularly conduct internal training sessions and sharing meetings on climate change for the board of directors and management, and invite industry experts and institutions to hold special seminars on climate-related topics. This ensures that the board of directors and management have the appropriate skills and capabilities to supervise and address climate-related risks and opportunities.

 ESG Committee	Responsible for formulating ESG and climate strategies, monitoring risk management and performance with respect to climate change, overseeing implementation progress of climate goals.
 ESG Group	Responsible for formulating climate action targets, identifying and evaluating climate change-related risks and opportunities, and supervising the implementation of climate change-related risks and opportunities response measures.
 Business Lines and Functional Departments	Each business line and functional department assigns responsible persons to form a GHG management team, which is responsible for implementing, reviewing, evaluating and improving various measures for addressing climate change, carrying out and implementing energy conservation and emission reduction work, organizing training on addressing climate change, and regularly reporting on the effectiveness of climate-related work and the achievement of targets.

Climate Governance Mechanism

Strategy

Guided by climate scenario analyses and transition pathway projections from leading authorities such as the United Nations Intergovernmental Panel on Climate Change (IPCC), KSTAR systematically identifies, assesses, and manages climate-related risks and opportunities across activities within its operational boundaries. This analysis considers potential impacts over the short term (1–3 years), medium term (3–5 years), and long term (5–10 years), with a focus on strategic, operational, and financial implications. Drawing on these insights, KSTAR formulates targeted strategies to strengthen climate resilience, enhance adaptive capacity, and support the sustainable growth of our business over time.

Impact and Response Strategies for Climate-related Risks

Type of Risk	Risk Description		Response Strategies	Impact Cycle	Financial Impact
Physical risks	Acute	Typhoon, rainstorm and flood: <ul style="list-style-type: none">Disruption of logistics and transportation results in delay of product deliveryThe supply disruption affects the delivery and production, and increases operating costsThe flooding in the factory results in damage to production equipment, disruption of operations, and increase in maintenance costsThe meteorological department issues meteorological orange and red alerts, the production and operation are suspendedEmployees' safety is at risk, and injuries will lower the productivity	<ul style="list-style-type: none">Plan for multiple modes and times of logistics and transportation in advance according to weather forecastingSecure material reserve stockAdopt protective measures for production equipment in extreme weather, stock emergency supplies and strengthen safety inspectionsConduct regular drills and training on emergency response to extreme weather, to enhance employees' awareness and ability for safety protection	Short term	Neglectable
	Chronic	Long-term high temperature: <ul style="list-style-type: none">The working environment is extremely hot, and employees' outdoor work efficiency is reduced, safety risks are increased, and heat stroke events are prone to occurThe increase in fire risks may lead to deaths and injuries, damage to production facilities and equipment, and more capital expenditures	<ul style="list-style-type: none">Implement peak-shifting operations and provide protective equipment and summer-cooling itemsEquipped with fire facilities, regularly conducted fire awareness training and emergency drills to enhance employees' safety awareness and ability	Long term	Neglectable
Transition risks	Policies and laws	Policies and regulations on carbon emission management are tightened: <ul style="list-style-type: none">Carbon compliance costs increaseThe trend of carbon taxes on international imports and exports is obvious, which may lead to an increase in costs	<ul style="list-style-type: none">Pay attention to the carbon emission policies and regulations of the operating locations, and timely adjust internal management systems and business processes	Medium and long term	Acceptable
	Technologies	Transit to low-carbon emission technologies: <ul style="list-style-type: none">Early obsolescence of equipment with high-energy consumption leads to early scrapping of assets and increase in operating costsCosts on research, development and application of clean energy or innovative low-carbon technologies increase	<ul style="list-style-type: none">Comprehensively evaluate the cost-effectiveness of low-carbon energy-saving technology investment projects from multiple dimensions such as technical feasibility, economic rationality, and environmental impact	Medium and long term	Acceptable
	Market	Customer preferences shift towards low-carbon products: <ul style="list-style-type: none">Customers' awareness of eco-environmental protection has increased, and they are more inclined to choose green, low-carbon and environmentally friendly products. If the environmental protection attributes of products do not reach customer expectations, sales revenue may decrease	<ul style="list-style-type: none">Increased use of renewable, recyclable or low-carbon materials in product design to reduce the carbon footprint of productsIntroduce green manufacturing technology and use green electricity to reduce energy consumption and pollutant emissions in the production process	Medium and long term	Acceptable
	Reputation	The society focuses on the Company's responses to climate change and performance on sustainability: <ul style="list-style-type: none">As stakeholders expect the Company to take more responsibilities for reducing emissions, the Company may suffer the damage of reputation if fails to plan for a low-carbon transformation in advance	<ul style="list-style-type: none">Disclosure of low-carbon transformation practices and initiatives to stakeholders in a timely manner through regular reports, WeChat official account, news and other channels	Long term	Acceptable

Impact and Response Strategies for Climate-related Opportunities

Types of Opportunity	Opportunity Description	Response Strategies	Impact Cycle	Financial Impact
Energy source	A range of opportunities for economic, environmental development from climate-related diversification and transition of energy sources	Add more clean energy such as photovoltaic power generation and wind power to the energy structure to reduce the uncertainty caused by future energy price increases and carbon emission exchanges	Long term	Acceptable
Products and services	Creating and developing new low-emission products and services can improve the competitive position of enterprises and increase the market size	Develop products with low-carbon attributes, increase the proportion of new energy photovoltaic and energy storage system products, and accelerate the development of new energy vehicle charging products	Long term	Influential

Risk Management

The Company regularly reviews and monitors climate-related physical and transition risks, incorporates climate-related risks into the Company's overall risk management system, and clarifies the responsibilities of relevant departments, management requirements and norms of key links. Please refer to "1.2 Comprehensive Risk Management " in this report for details of the specific risk management process. In addition, we conduct special management of climate-related risks in accordance with the process of "risk identification, risk analysis, risk assessment and risk response" to comprehensively improve the overall management capabilities and performance of climate-related risks.

Climate-related Risk Management Process

Risk Identification	Risk Analysis	Risk Assessment	Risk Response
Through analysis and research, we identify the climate-related risks of main business and form a risk list.	Conduct a nature assessment and analysis of the impact level of the identified risks.	Comprehensively assess the costs of addressing climate risks and the losses that may be avoided, and rank risks.	The ESG Committee cooperates with departments to formulate special measures of addressing climate-related risks, and regularly checks the implementation and effectiveness of measures.

Metrics and Targets

KSTAR actively responds to the national goal of "achieving carbon peak before 2030 and achieving carbon neutrality before 2060". Based on business operation characteristics and resource conditions, KSTAR has set an emission reduction target of "Taking 2021 as the base year, by 2025, the greenhouse gas emission intensity per unit of revenue in the Guangming Park will be reduced by 50%." and established a scientific and reasonable greenhouse gas indicator system to continuously monitor the effectiveness of greenhouse gas emission reduction.

Progress on greenhouse gas emission reduction targets

The greenhouse gas emission per unit of revenue of Guangming Park in 2024 has decreased by **48.1%** compared to 2021. By purchasing GEC, it has achieved the target of reducing greenhouse gas emissions intensity per unit of revenue by 50%.

Greenhouse Gas Emissions⁵

Category of greenhouse gas	Indicator	Units	2024
Scope 1: Direct greenhouse gas ⁶	Emissions	tCO ₂ e	6,756.22
	Emission intensity	tCO ₂ e/ RMB ten thousand revenue	0.016
Scope 2: Indirect greenhouse gas ⁷	Emissions	tCO ₂ e	27,525.89
	Emission intensity	tCO ₂ e/ RMB ten thousand revenue	0.066
Total (Scope 1 + Scope 2)	Emissions	tCO ₂ e	34,282.11
	Emission intensity	tCO ₂ e/ RMB ten thousand revenue	0.082

Since 2021, the Company has organized greenhouse gas emission verification for four consecutive years. In accordance with ISO 14064, we entrusted a third-party organization to account for greenhouse gas emissions and removals (Scope 1 and Scope 2) generated by all equipment in Guangming Park. At the same time, we analyze the developments of annual verified data and the reasons, with gaps identified to inform the new control directions and carbon reduction opportunities, and implement them into specific emission reduction paths and targets. In the future, we will continue to expand the verification boundaries of greenhouse gas emissions and gradually penetrate into other subsidiaries.

⁵The Company's environmental data (including greenhouse gas emissions, resource usage, pollutant and waste emissions, etc.) covers the office area of KSTAR headquarters and the operating areas of domestic and foreign subsidiaries. The calculation method of greenhouse gas emissions refers to the Guidelines for Organizing Greenhouse Gas Emissions Calculation and Reporting (Shenzhen Municipal Bureau of Ecology and Environment, March 2024). The greenhouse gases emitted by the Company include carbon dioxide, methane and nitrous oxide, which are presented reported in tons of carbon dioxide equivalent in accordance with the requirements of the Guidelines of Shenzhen Stock Exchange.

⁶Scope 1 refers to the direct greenhouse gas emissions generated by the Company's business operations, mainly generated from the fuel of vehicles, fuel of standby generators, acetylene used for equipment maintenance, methane escape from septic tanks in factories, heptafluoropropane fire extinguishing systems, product production and testing, etc. The data sources are invoices and statements of relevant expenses, and the greenhouse gas emission coefficients used refer to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

⁷Scope 2 refers to the indirect greenhouse gas emissions of input energy in the company's business operations, which are mainly generated from the consumption of purchased electricity. The data sources are invoices and statements of relevant expenses. The greenhouse gas emission coefficients used refer to the Announcement on Releasing Carbon Dioxide Emission Factors of Electricity in 2022 issued by the Ministry of Ecology and Environment.

Resource Management

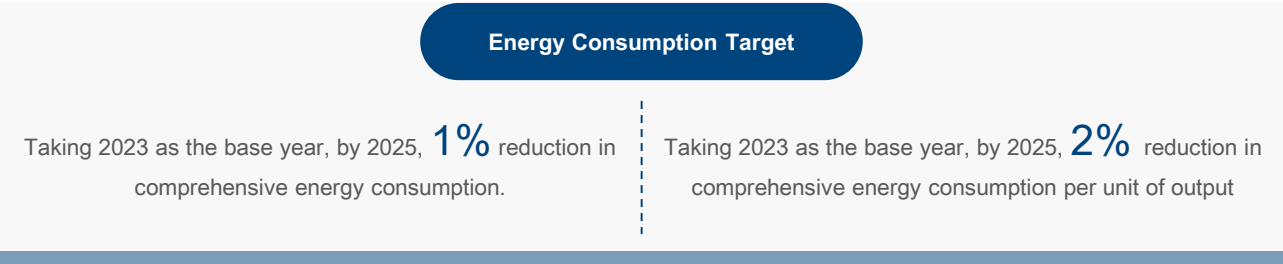
KSTAR always attaches importance to green and sustainability and incorporates environmentally-friendly concepts in the production and operation. KSTAR continuously optimizes the resource use, strengthens the green exploration for each link in the whole lifecycle of products, to contribute to sustainable development.

Energy Management

The Company strictly abides by the Energy Conservation Law of the People's Republic of China, the Energy Management Guidelines for Industrial Enterprises and other relevant national and local laws, regulations and standards, formulates and implements a series of policies, such as the Energy Management Manual, the Energy Review and Control Procedures, the Energy Benchmark and Performance Parameter Control Procedures, the Energy Procurement Control Procedures, and the Water, Electricity and Gas Management Operation Instructions, and sets energy consumption targets to continuously strengthen the supervision and management of non-renewable fuels and purchased electricity. This year, we conducted the annual review of ISO 50001 energy management system certification, and the review results showed that the energy management system continued to operate effectively.



ISO 50001 Energy Management System Certification



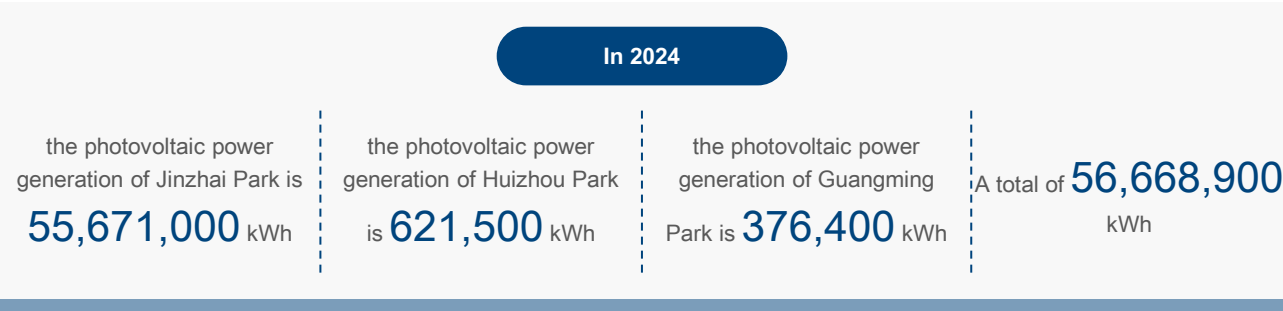
Energy Consumption⁸

Energy consumption Indicators	Units	2024
Total electricity consumption	kWh	51,200,122.33
Total consumption of energies other than electricity	Tonnes of standard coal	321.24
Comprehensive energy consumption	Tonnes of standard coal	6,613.74
Comprehensive energy consumption intensity	Tonnes of standard coal / RMB ten thousand revenue	0.016

⁸The types of energy we consume include fuel consumption of fixed equipment, fuel of official vehicles, purchased electricity, etc. The data is sourced from relevant fuel invoices or reports, and the energy consumption coefficient used refers to the GB/T 2589-2020 General Principles for Comprehensive Energy Consumption Calculation issued by the State Administration for Market Regulation and the National Standardization Administration.

Renewable Energy Utilization

The use of renewable energy is a key path for KSTAR to save energy, reduce emissions and achieve carbon neutrality goals. Therefore, we are always committed to developing green and clean renewable energy. In terms of operations, we have installed solar photovoltaic power generation equipment on the roof of the factory in Guangming Park, the floor and roof of factories in Jinzhai Park and Huizhou Park. In terms of foreign investment, the Anhui Jinzhai Zaochong photovoltaic power plant invested and constructed by us has been connected to the grid for power generation. In the future, we will continue to expand the investment and use scope of green and clean renewable energy, aiming to achieve full coverage of renewable energy in our operating location.



KSTAR Supported Fengning Photovoltaic Project in Chengde, Hebei Province

KSTAR's 225kW string inverter has excellent performance, such as high power output, strong environmental adaptability, intelligent monitoring and operation and maintenance, and helps the operation of the 700MW photovoltaic project in Fengning, Chengde, Hebei Province. The photovoltaic area spans Wanshengyong Township, Grassland Township and Waigoumen Township, covering an area of 26,000 acres, has 232 square arrays, and is equipped with 3,112 KSTAR's 225kW string inverters. After the project is fully put into operation, it is expected that the average annual power generation will reach 1.8 billion kilowatt hours, reducing carbon dioxide emissions by approximately 1.4 million tonnes, effectively promoting the transformation and upgrading of the local energy structure and contributing to green, low-carbon and high-quality development.



Fengning Wind, Solar and Hydrogen Storage Project in Chengde, Hebei Province

Energy Saving and Consumption Reduction Management Measures

In order to further reduce energy consumption and energy costs in production and operation, we have formulated and implemented a series of energy conservation and consumption reduction management measures to systematically improve energy utilization efficiency and reduce unit energy consumption, so as to continuously promote the green and low-carbon development of enterprises and lay a solid foundation for achieving sustainable development goals.

Results Of Energy-Saving Technology Improvement Projects (Partial)



Action and Measures for Energy Saving and Consumption Reduction

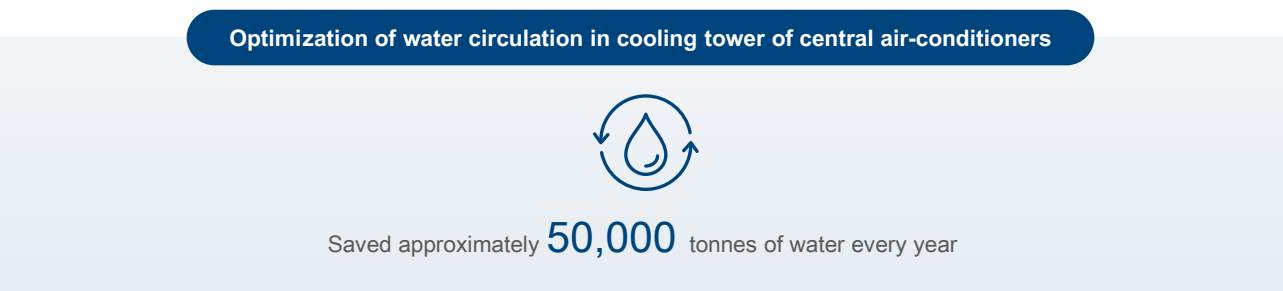
- Give priority to the use of energy-saving, efficient and environmentally friendly construction equipment and tools recommended by the state and industry, such as energy-saving construction equipment with frequency conversion technology.
- Set electricity consumption control indicators for production, living, office and construction equipment, and conduct regular measurement, accounting and comparative analysis to find and deal with abnormal electricity consumption in a timely manner.
- Promote green office and green operation, conduct electricity conservation education for employees, and continuously enhance employees' awareness of energy conservation.
- To replace energy-saving lamps, the office space is required to turn off the lights and air conditioners in time, and control the temperature setting of the air conditioners.
- According to local climate and natural resources, make full use of renewable resources such as solar energy and geothermal energy.



Water Resources Management

KSTAR strictly follows the Opinions of the State Council on Implementing the Strictest Water Resources Management Policy and other laws and regulations, and has formulated and implemented policies such as the Water Conservation Management System and the Water, Electricity and Gas Management Operation Instructions. It strengthens water-saving management during the water abstraction and usage stages, actively promotes water-saving renovations, and implements water-saving management measures to continuously improve water resource efficiency. This year, due to its outstanding practices in water-saving, Guangming Park has been selected into the "Shenzhen 2024 List of Water-saving Industrial Enterprises and Water-saving Parks." In addition, the Company's water sources are all from municipal water supply, and there are no issues with obtaining water sources.

Results of Water-saving Technology Improvement Projects (Partial)



Action and Measures for Water Saving

- Dedicated personnel are responsible for inspecting and repairing water pipe networks, recording water ledgers, and carrying out water-saving analysis.
- 100% water-consuming appliances are replaced with water-saving appliances, and there are pressurization facilities.
- Two sets of water reuse facilities were deployed, namely the rain test reuse facility in the process workshop and the overflow reuse facility in the water tower. The industrial water reuse rate reached 97%.
- Carry out water-saving publicity and water-saving activities to continuously enhance employees' awareness of water-saving.

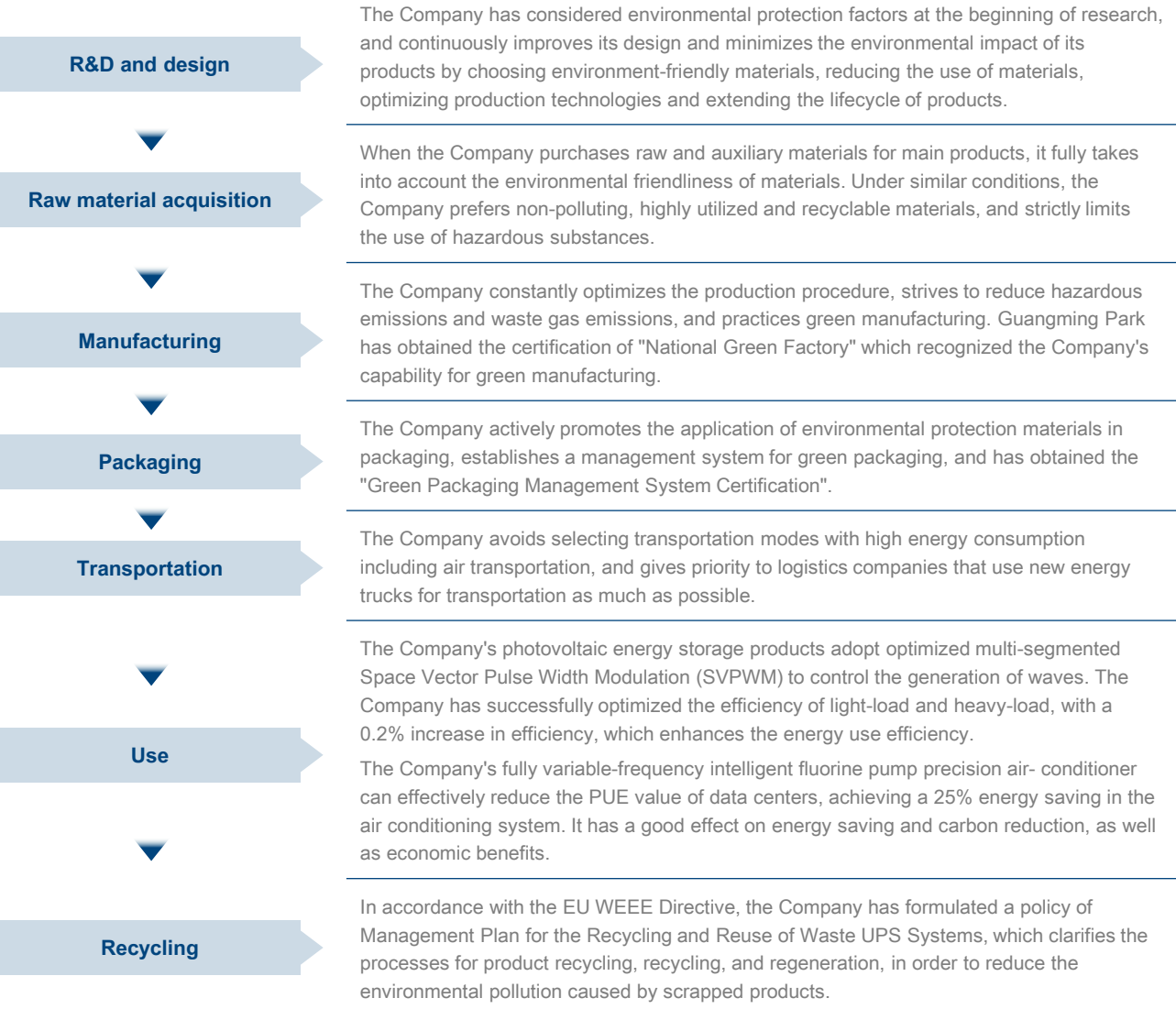
Water Consumption

Water consumption indicators	Units	2024
Water consumed	Tonnes	347,937.07
Water consumption intensity	Tonnes /10,000 yuan revenue	0.84

Green Products

Under the background that global environmental protection has increasingly become a consensus, KSTAR knows that green products are not only an inevitable choice for the future development of the manufacturing industry, but also an important carrier to promote corporate green transformation and fulfillment of social responsibilities. To this end, we fully consider green factors at all stages of the product life cycle, including R&D and design, raw material acquisition, manufacturing, packaging, transportation, use and recycling, aiming to reduce the impact on the environment and improve the efficiency of resource use.

Consideration of Green Factors throughout Product Lifecycle



According to ISO 14067, PAS 2050 and other standards, we carry out product carbon footprint accounting and certification, and evaluate the potential impact of products on climate and environment throughout the lifecycle. At the same time, this year, the Company's self-developed intelligent micro modular technology and high-frequency and high-power uninterruptible power supply technology were successfully selected into the "National Recommended Catalogue of Energy-saving and Carbon-reducing Technologies and Equipment in the Industrial and Information Field (2024)".



We are continuously improving the energy efficiency of our products through technological optimization to reduce energy consumption. So far this year, several of our products have exceeded energy efficiency standards. The details are as follows:

Product Type	Standard	Standard requirements	Measured data of product
UPS YMK3300-600	CQC3108-2011 Energy Conservation Certification Criteria for UPS	Power efficiency ≥ 92% (In ECO mode, power efficiency ≥ 97%)	Dual conversion efficiency is 97.1% (In ECO mode, power efficiency is 99.32%)
Energy storage converter	GB/T 34120-2023 Technical Requirements for Energy Storage Converters in Electrochemical Energy Storage Systems	The maximum charging efficiency and maximum discharge efficiency of Class A1, Class A2 and Class B1 energy storage converters should be not less than 96%	KAC125DH charging efficiency: 97.8%, discharging efficiency: 98%
Precision air conditioner MT100UA, KCD150HNA; MT100DA, KCD150HNA	GB 19576-2019 Minimum Allowable Values of Energy Efficiency and Energy Efficiency Grades for Unitary Air Conditioners GB/T 19413-2010 Unitary Air-Conditioners for Computer and Data Processing Room	The measured Annual Energy Efficiency Ratio (AEER) should not be less than the Grade 2 index specified in the energy efficiency standard and should be ≥ 95% of the labelled value.	The measured value is 4.65 (required index: 3.99), which meets the energy efficiency standard for Grade 2.
160kW integrated charger	NB/T 33008.1-2018 Specification for Inspection and Test of Electric Vehicle Charging Equipment Part 1: Off Board Charger	The efficiency should be ≥ 88% when 20% ≤ P0/PN ≤ 50%; The efficiency should be ≥ 93% when 50% ≤ P0/PN ≤ 100%. At the rated output voltage, the standby power consumption of the charger should not be greater than N * 50W.	The efficiency should be ≥ 95.45% when 20% ≤ P0/PN ≤ 50%; The efficiency should be ≥ 95.42% when 50% ≤ P0/PN ≤ 100%. The standby power consumption of the charger is 14.1 W at the rated output voltage
Grid-tied PV inverter	CGC-R46055: 2018A Implementation Rules for Certification of Solar Photovoltaic Products	Rated A+ when the grid-connected solar PV inverter achieves 98.5% or greater power efficiency without an isolation transformer	G320KTHC: 98.52% G110KT1: 98.53% GSM3125D: 98.56%

Environmental Compliance Management

KSTAR has implemented the environmental protection management policy of "complying with environmental regulations, preventing environmental pollution, enhancing environmental awareness, and improving environmental quality." In its daily production and business operations, KSTAR strictly adheres to laws, regulations, and industry standards such as the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, the Guangdong Provincial Local Standard for Atmospheric Emission Limits DB44/27—2001, the Guangdong Provincial Standard for Water Pollutant Emission Limits DB44/26-2001, and the Industrial Enterprise Boundary Environmental Noise Emission Standard (GB12348-2008) Category 3 Standard. The company has formulated and publicly disclosed the Environmental, Occupational Health, and Safety Management Policy⁹, clarifying the environmental management responsibilities of the management and various departments. It has also standardized the identification, assessment, and improvement mechanisms for environmental risk factors, implemented environmental management policies and measures, and is committed to continuously enhancing the effectiveness of the company's environmental management system.

Meanwhile, Guangming Park, Huizhou Park, Jiangxi Park and Xiapu Park have obtained ISO 14001 environmental management system certification for many consecutive years, and regularly audit the environmental management indicators of each operation area according to the requirements of ISO 14001 and relevant laws, regulations and standards.



ISO 14001 Environmental Management System Certification of KSTAR

⁹For details of the Environmental, Occupational Health and Safety Management Policy, please refer to the public link: <https://www.kstar.com.cn/bocupload/2024/08/21/17242273890459xm7ly.pdf>

In 2024

The Company invested a total of RMB
5,638,300 in environmental protection.
An increase of **45.24%** from 2023.

Conducted 8 environmental management trainings,
with over **600** employees participating, and the
cumulative training time exceeded **1,000** hours.

In order to further improve environmental performance and reduce the negative impact of operations on the environment, we have established relevant indicators and targets for environmental management, regularly monitor the discharge of pollutants, and conduct risk analysis and evaluation of environmental emergencies in the pollution-producing links in the production process, so as to continuously reduce toxic emissions and wastes generated in operations and production activities. At the same time, we link the relevant indicators and targets of environmental management with the annual performance appraisal of the corresponding responsible persons, and hold accountable the responsible entities involved in environmental accidents. This year, KSTAR did not have any material defects in environmental monitoring plans and risk management measures, and did not violate environmental laws and regulations or be punished by regulatory authorities.

Category	Index	Target value	Compliance in 2024
Wastewater Management	Domestic wastewater discharge compliance rate	100%	Compliance
	Legal treatment rate of waste engine oil and oily wastewater discharge during operation of air compressor	100%	Compliance
Waste Gas Management	Emission compliance rate of production waste gas such as wave soldering/reflow soldering/PCBA solidification smoke	100%	Compliance
	Generator exhaust emission compliance rate	100%	Compliance
	Canteen fume emission compliance rate	100%	Compliance
Noise Management	Generator/air compressor starting noise compliance rate	100%	Compliance
Waste Management	Legal treatment rate of food waste discharge such as leftovers	100%	Compliance
	Legal treatment rate of hazardous waste	100%	Compliance
Chemicals Management	Number of chemical spill incidents	0	Compliance

In addition, the Company implements an annual environmental internal audit, which aims to carefully review and identify potential risks in environmental management, and promptly take effective actions and measures to eliminate these risks. At the same time, in order to ensure the continuous optimization of environmental protection measures, the Company invites a third-party certification and audit agency to conduct strict audit and evaluation on the wastewater, waste gas and waste treatment processes of the factory every year.

Wastewater Management

The Company strictly complies with laws and regulations such as the Water Pollution Prevention and Control Law of People's Republic of China and the Water Pollutant Discharge Limits, and formulates and implements policies such as the Wastewater Discharge Control and Management Rules to standardize the wastewater treatment and recycling process. At the same time, we stipulate that each production unit should regularly monitor the wastewater treatment and obtain the Environmental Monitoring Report to ensure that the wastewater discharge fully meets the compliance requirements.

The wastewater generated during the Company's operation is mainly domestic sewage. The main pollution factors of domestic sewage are pH value, suspended solids, chemical oxygen demand, five-day biochemical oxygen demand, animal and vegetable oils, etc., which are discharged into the municipal sewage pipe network after being treated by three-level septic tanks. At the same time, Huizhou Park is equipped with comprehensive wastewater treatment facilities, which adopt coagulation sedimentation, inclined tube sedimentation and mechanical filtration process to treat wastewater generated by oil and rust removal. The wastewater is discharged or reused after reaching the standard of treatment.

Domestic Wastewater Discharge

Wastewater indicators	Units	2024
Domestic wastewater	Tonnes	243,609.20

Waste Gas Management

The Company strictly complies with the laws and regulations such as the Air Pollutant Emission Limits and Catering Fume Emission Standards, and formulates and implements policies and systems such as the Waste Gas Emission Control Management System in order to strengthen the control, monitoring and management of waste gases and to ensure that the waste gases are emitted in a compliant manner.

The Company's waste gas mainly consists of industrial waste gas and cooking fume from the canteen. Industrial waste gas is generated from workshop and generator operations, which contains non-methane hydrocarbons, particulate matter, NOx, SOx, tin and its compounds, and other major pollutants. We conduct air emissions treatment improvement programs across all operations of the Group to reduce toxic emissions and waste gas. These programs include:



- Gas-collecting hood device:** collecting waste gas from workshops and generators;
- Water and alkali liquor spray towers:** decreasing the concentration of dust and particulate matter in waste gas;
- Activated carbon filtration facility:** equipped in the workshop, which can effectively remove humus, synthetic organics and low molecular weight organic matter in the organic waste gas, enabling the up-to-standard discharge in the upper air for the industrial waste gas;
- Cooking fume electrostatic system:** using the cooking fume extraction electrostatic system to process the cooking fume in the canteen and ensure that emission standards are met;
- Equipment management:** dedicated persons are in place to regularly review and maintain the equipment, to ensure that all facilities function properly and meet environmental standards.

Waste Gas Emissions


Waste gas indicators	Units	2024
Volatile organic compounds (VOC)	kg	257.61
Particulate matter	kg	1878.33
NOx	kg	254.16
SOx	kg	29.80
Tin and its compounds	kg	0.11
Heavy metals and heavy metal compounds	kg	100.00

In addition, the Company also standardizes the management of waste gas emission outlets. For regulated waste gas emissions, the Company records detailed information such as the height, inner diameter, emissions, name of main pollutants, and replacement time of activated carbon of the emission outlets. For unregulated waste gas emissions, the Company adopts measures such as dedusting, absorbing, and isolating, so as to effectively control and manage waste gas emissions, and reduce the impact on the atmospheric environment. In this year, the Company ensured that waste gas emissions complied with environmental protection regulations and no emissions exceeded the standards through daily monitoring.


Noise Management

The Company strictly abides by relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Emission Standards for Industrial Enterprises Noise at Boundary, and formulates and implements the Noise Pollution Control and Management Rules to ensure that the noise generated meets the national environmental noise emission standards. This year, the Company did not receive any complaints about noise pollution.


The Company's noise sources are mainly production noise, such as noise generated by automatic soldering machines, terminal machines, balers, air compressors, motors and other equipment. We adopted the following measures to effectively control major noise sources of production, generators and air compressors, manage noise from the operation and at boundary, and further reduce the impact of noise on employees and neighboring residents:




Give priority to power equipment and mechanical equipment with low noise to control noise from the source




Scientifically manage noise sources and equip noise isolation facilities in critical areas to stop the spread of noise




In compliance with regulations on industrial equipment installation, adopt vibration reduction and noise isolation devices, select aluminum alloy structures with good performance on noise isolation for workshop's doors and windows, so as to efficiently reduce the mechanical noise




Install all production equipment in closed buildings and effectively isolate the noise



Enhance the repair and daily maintenance of production equipment, so as to ensure its proper operation and reduce the additional noise produced by old equipment



Control and adjust the working hours of workers on site in strict accordance with related laws



Require workers on site must wear protective gears such as earplugs

This year, we also engaged a professional qualified organization to test the noise at boundary, confirming that the Company's noise at boundary complied with environmental protection requirements. It manifested the effectiveness of KSTAR's efforts in noise management.

Waste Management

The Company strictly abides by the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other relevant laws and regulations, formulates and implements policies such as the Waste Management Operation Instructions and the the Solid Waste Control and Management Rules to standardize the environmental waste discharge management requirements.

In daily operation, the Company adheres to principles of "Reduction, resource utilization, and harmless processing" to classify wastes:

Waste category	Main types	Handling initiatives
Non-hazardous waste	Recyclable: waste paper boxes, waste paper, scrap metal parts, etc	It is temporarily stored in the general solid waste temporary storage place. After storing to a certain amount, it will be recycled and reused by a qualified renewable resource recycling agency.
	Unrecyclable: office waste, kitchen waste, etc.	After collection in classified bags, it will be handed over to the sanitation department for timely clearing and transportation.
Hazardous waste	Waste fluorescent tubes, waste empty containers, waste office supplies, waste PCB boards (including electronic components), waste rags/gloves/wiping paper, waste activated carbon, waste engine oil, waste nickel-cadmium batteries, etc.	Place it in the hazardous waste transfer warehouse for temporary storage separately. After storage to a certain amount, it will be centrally disposed of by an institution with hazardous waste treatment qualifications.

Waste Discharge

Waste indicators	Units	2024
Non-hazardous waste (recyclable)	Tonnes	550.79
Non-hazardous waste (unrecyclable)	Tonnes	507.01
Intensity of non-hazardous waste (recyclable and unrecyclable)	Tonnes/ RMB ten thousand revenue	0.0025
Hazardous waste ¹⁰	Tonnes	278.30
Hazardous waste intensity	Tonnes/ RMB ten thousand revenue	0.0007

In addition, the Company strictly abides by regulations on solid waste management, regularly registers the waste volume on the “Guangdong Solid Waste Management Information Platform”, and makes the declaration at the end of the year. Meanwhile, we have put effective pollution prevention and control equipment into operation, and ensured that waste emissions meet the standards through daily monitoring. This year, the Company was not subject to major administrative penalties or criminal liabilities due to excessive emissions.

¹⁰ Hazardous waste includes hazardous chemical waste, hazardous electronic waste, hazardous solid waste, hazardous liquid waste, etc.

Chemicals Management

The Company strictly abides by relevant laws and regulations such as the Regulations of the People's Republic of China on the Administration of the Controlled Chemicals, Regulations on the Safety Management of Hazardous Chemicals, Interim Provisions on the Supervision and Management of Major Hazard Sources of Dangerous Chemicals and Catalogue of Hazardous Chemicals, and formulates the Regulations on Chemicals Management and Regulations on Emergency Response to Leakage of Hazardous Chemicals, to ensure that the lifecycle management of chemicals, from purchasing to disposal of waste, complies with safety standards. To protect the safety of people and the environment, the Company strictly controls the selection and storage of chemicals with high toxins and serious occupational health and safety hazards.

Whole-process Management of Chemicals

Purchase and storage

- Material Safety Data Sheet (MSDS) is required for chemical purchasing. The warehouse manager should fill in the material request form according to production needs and inventory, and purchase the chemicals upon the approval of the supervisor.
- Chemicals storage sites should clearly indicate the maximum storage capacity and emergency response measures.

Requisition

- Chemicals received upon requisition are centrally placed in a designated storage area and issued to the corresponding employees for use as needed. The department using chemicals should not stockpile excessive chemicals.
- Register the entry and exit of hazardous chemicals.

Transport

- In the transport process, hazardous chemicals that are prone to burn, explode or cause other hazards due to collision or contact should be handled gently and prevented from being hit, dragged or dumped.
- For hazardous chemicals that are prone to burn, explode or produce toxic gases when exposed to heat or moisture, take measures to insulate against heat and moisture during shipment.

Use

- Chemical users must be trained properly.
- Safety protection measures and appliances must be provided when using hazardous chemicals. Hazardous chemical containers must be inspected thoroughly before and after use to eliminate hidden dangers.

Disposal of hazardous waste chemicals

- Wastes contaminated with chemicals should be strictly classified and disposed of according to the Waste Management Operating Guidelines.
- The General Affairs Department should regularly transfer hazardous wastes to qualified recyclers for disposal and keep the transfer records.

The Company has set up separate chemical warehouses, which are far away from production workshops and managed by specific persons. Warehouses are equipped with automatic monitoring, surveillance, ventilation, temperature regulation, explosionproof and other safety facilities, as well as facilities for preventing fire, poison, neutralization, moisture, lightning, static electricity, corrosion and leakage. Dedicated persons are in place to conduct regular inspections and maintenance to ensure the normal operation of the equipment, so as to prevent the environmental pollution caused by the leakage of chemicals. The Company uses professional explosion-proof cabinets for temporary storage of chemicals used in workshops, which ensures the safety of temporarily stored chemicals. This year, there was no chemical leakage.

In addition, with the Emergency Plan for Hazardous Chemicals formulated and implemented, the Company provides emergency rescue personnel and equipment, and regularly conducts special training on hazardous chemicals for employees and emergency drill on chemical leakage, to improve response capability of hazardous chemical incidents.



Special Training on Hazardous Chemicals

This year, the Company conducted special training on hazardous chemicals for 37 hazardous chemicals management personnel in the manufacturing center. The training adopts a three-dimensional model of "theoretical teaching + on-site simulation + practical assessment", covering hazardous chemicals management policies, MSDS chemical characteristic analysis, leakage emergency response and protective equipment operation. After the training, all employees passed the assessment, with an average score of 92.7 points. The inspection rate of potential safety hazards in the workshop increased by 40%, and the correct use rate of employee protective equipment reached 100%, effectively reflecting the effectiveness of the training.



Biodiversity Conservation

KSTAR continues to pay attention to the impact of its own activities on biodiversity, and complies with relevant laws, regulations and policies such as the Opinions on Further Strengthening Biodiversity Protection of the General Office of the State Council, the Law of the People's Republic of China on Prevention and Control of Soil Pollution and the Regulations on Groundwater Management, conducts environmental impact assessment during the site selection and construction stages of the factory, and regularly reports pollutant discharge to local regulatory authorities to assess the ecological impact, so as to reduce the environmental footprint during business operations.

At the same time, we actively participated in biodiversity conservation projects, through the symbolic adoption of 6 blue whales (BluePulse, BlueWave, BlueKernel, BlueGlow, BluE-G and BluE-S), in order to donate and support the BDRI (Bottlenose Dolphin Research Institute) team to systematically carry out surveys and studies on the population, habitat status and migration routes of blue whales in the Atlantic Ocean. These studies provide an important basis for formulating scientific and reasonable habitat protection measures for blue whales, and help to better understand the ecological needs and threats faced by blue whales. As the top predator in marine ecosystems, the existence of blue whales is crucial to maintaining marine ecological balance. Therefore, protecting blue whales helps to control the number of plankton in their food chain, thus indirectly maintaining the stability and integrity of marine ecosystems.



Blue Whale Adoption Certificate

04

Working Together to Promote Prosperity and Towards a Better Future

KSTAR has always adhered to the harmonious development concept of "people-oriented and benefit-sharing", helping to enhance employee value and the company's human capital, and realizing walking side by side with employees, creating value together, and sharing results. We create an equal and inclusive workplace environment by protecting employees' rights and interests and implementing democratic management. We optimize the Company's talent structure through recruitment of outstanding talents, remuneration and performance incentives, and talent training system. We create a healthy and positive workplace atmosphere through production safety and employee health management. Through diversified employee care activities, we gather the strength of employees and build a better future together.

SDGs responded to in this chapter



Guarantee of Employees' Rights and Interests

KSTAR always adheres to the concept of "respecting individual values and building an inclusive development platform", builds a diverse, inclusive and harmonious workplace environment. We advocate employee democratic management, and allow employees to participate in the decision-making and management of the enterprise, so as to jointly promote the sustainable development of the enterprise.

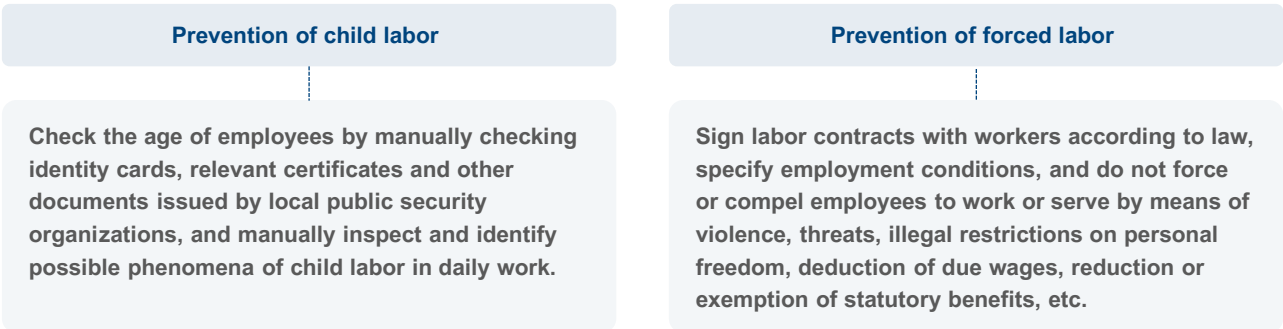
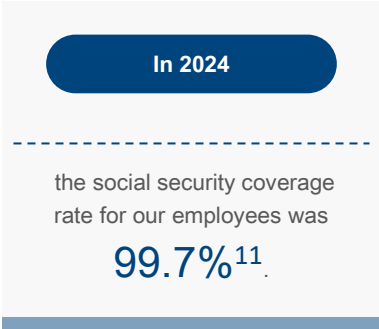
Diversity, Inclusion and Equality

The Company actively creates an equal and inclusive workplace environment, complies with the seven core conventions of the International Labor Organization that have been approved by China. The Company formulates and implements the Code of Conduct in the Workplace, the Management System of Employee Recruitment and Employment, the Management Regulations on the Prohibition of Discrimination, the Management Regulations on the Protection of Female Employees, the Management Regulations on the Prohibition of Harassment and other institutional norms, recognizes the basic right of citizens to freedom of association, and safeguards the legitimate rights and interests of employees. The Company has set up a Social Responsibility Management Committee and a Labor Human Rights Committee under it. The Social Responsibility Management Committee is responsible for formulating labor-related strategic plans and goals, and the Labor Human Rights Committee is responsible for implementing labor management strategies and policies. In addition, the Company has a dedicated labor human rights section under the social responsibility tab on its official website, which aims to openly and transparently display the specific measures and achievements of labor human rights protection, including employee training, group meetings and team building activities.

We oppose and prohibit any discrimination and harassment related to skin color, sex, nationality, religious belief, pregnancy, health status, age and other circumstances in recruitment, promotion and salary, establish a "dual-channel" reporting system¹², and actively carry out anti-discrimination and harassment publicity, and are committed to ensuring that female, ethnic minorities and other groups enjoy equal and fair employment opportunities.

In addition, the Company strictly prohibits the use of child labor and resolutely opposes forced labor, formulates and implements the Regulations on the Prohibition of Child Labor and the Protection of Minor Employees, the Regulations on the Prohibition of Forced Labor and other regulations, and formulates relevant procedures and control measures in the recruitment and employment of employees to avoid the occurrence of child labor and forced labor incidents. In 2024, the Company did not have any cases of misusing child labor or forced labor.

¹¹ Some employees are retired and rehired personnel, and social security cannot be purchased for them.
¹² "Dual-channel" reporting system: Employees can report discrimination and harassment through online anonymous platforms or offline HR director's through train.



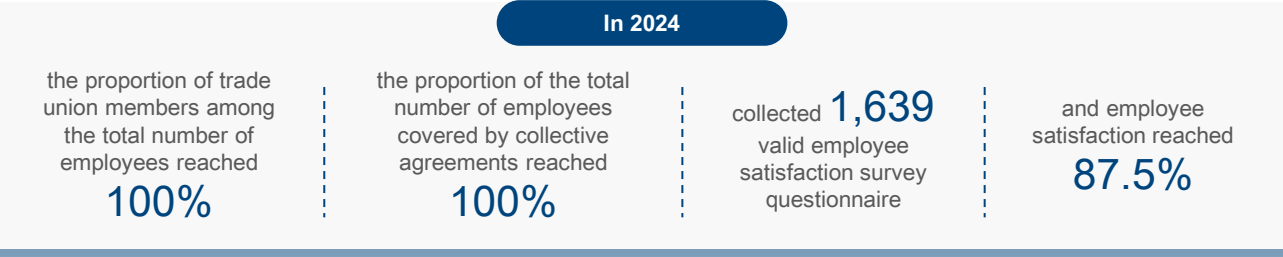
Democratic Management

The Company is in strict compliance with laws and regulations such as the Labor Law of the People's Republic of China, the Trade Union Law of the People's Republic of China, and the Provisions of Collective Contracts. The Company has established trade union organizations, labor dispute handling committees of trade unions, and employee representative meetings, and formulated and implemented institutional norms such as the Administrative Measures for Trade Unions and the Management System of Employee Suggestion Box to strengthen democratic management and protect employees' right to know, participate and supervise.

We regularly hold employee representative meetings every year, conduct collective bargaining, jointly negotiate and confirm the contents of various collective contracts and amendments to rules and regulations related to the vital interests of employees, collect opinions from employees extensively, and effectively protect their legitimate rights and interests. During the Year, we completed the signing of collective agreements with our employees on "salary", "occupational safety and health", "special protection for female employees", "anti-discrimination and anti-forced labor" and "employee training".

We advocate a diversified communication atmosphere for employees, attach importance to employees' participation, and listen to employees' voices. In addition to the employee representative meeting, we also provide employees with a variety of convenient feedback channels, including telephone, WeChat, online forum, e-mail, letter and general manager's suggestion box. Employees' opinions and suggestions will be timely fed back to the management and dealt with carefully to ensure that relevant issues can be effectively solved.

In addition, the Company regularly conducts employee satisfaction surveys every year, conducting comprehensive assessments from nine dimensions, including salary and benefits, system and process, corporate culture, office environment, training and development, trust, cooperation and communication, and work content, and continuously optimizes the survey dimensions and scoring mechanism. Based on the survey results, we will formulate and implement targeted rectification measures to continuously improve employee cohesion and satisfaction.



Talent Attraction and Development

KSTAR firmly believes that talent is the core driving force for the development of enterprises. Therefore, we actively implement the strategy of "enterprise development, talent first" to strengthen the enterprise, and build a sound talent attraction, incentive and development mechanism. This mechanism covers the optimization of talent structure, salary incentives and welfare guarantees, training and development opportunities, etc., aiming to provide employees with a dynamic and opportunity working environment, so that employees can contribute to the Company and achieve personal growth and improvement.

Talent Structure

We strictly abide by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other laws and regulations, and formulate and implement the Employee Recruitment and Employment Management System and other regulations to standardize the recruitment process and the work behavior of recruiters.

The Company employs diversified recruitment approaches, including internal and external recruitment. Internal recruitment provides employees with promotion opportunities and career development pathways, while external recruitment includes social recruitment and campus recruitment. During the recruitment process, the Company strictly follows the principles of "fairness, impartiality, openness and transparency", and prohibits discriminatory expressions, clear standards, open interviews and merit-based admissions in recruitment information.

Campus Job Fair

In order to introduce high-quality talents, KSTAR actively cooperates with domestic higher educational institutions, holds campus recruitment activities, and cooperates to promote talent training. In 2024, the Company actively carried out cooperation and campus recruitment activities with Wuhan University, Huazhong University of Science and Technology, Xi'an Jiaotong University, Xidian University, Fuzhou University and other higher educational institutions. The Company conducted more than 10 online and offline presentations and job fairs in Wuhan, Xi'an, Chengdu, Fuzhou and other cities, and more than 40 fresh graduates were recruited.



Through steady development, the Company has achieved scale expansion. As of December 31, 2024, the Company had a total of 4,124 employees, which are broken down by gender, age, geographical region and employment type as shown in the table below. During the Year, the Company's total employee turnover rate was 34%. In addition, there were no major layoffs or collective strikes of employees since the establishment of the Company, demonstrating employees' recognition of the Company's management and confidence in future development.

Employment	2024
Total	4,124
By Gender	
Male	2,839
Female	1,285
By Age	
Under 30 years old	1,210
30-50 years old	2,672
Over 50 years old	242
By employment type	
Full-time	4,124
Outsourcing Labor	0
Part-time job	0

In addition, the Company continues to improve the organizational development strategy, optimize the talent recruitment process, strengthen training and development, and improve the salary and performance management system. The Company promotes the process optimization of the human resources system to build a respected corporate image and successfully shapes an employer brand with industry influence, laying a solid foundation for the Company's sustainable development. In the past three years, we have received the following employer awards:



Remuneration Incentives and Benefits

The Company formulates and implements a series of rules and regulations such as the "Remuneration Management System", "Employee Performance Management Regulations", "Expatriate Welfare Measures" and "Training Implementation Measures" according to the policies of the regions where it operates, so as to provide employees with competitive, fair and legal remuneration incentives and perfect welfare packages, so as to give full play to the incentive effect of remuneration.

We formulate differentiated quantitative KPI assessment and qualitative evaluation for different positions, and establish an incentive allocation mechanism oriented to target results. The results of performance evaluation will be used as the basis for annual bonus distribution, salary adjustment, equity incentive, promotion opportunities and development training for all employees. Meanwhile, the Company, based on its business performance, sets aside a certain proportion of funds from its profits every year for the distribution of employee benefits. Through various methods such as salary adjustment, year-end bonus payment, and investment in employee skills training funds, the Company shares the development results with all employees to encourage employees to continuously improve their capabilities and create value contributions. As of December 31, 2024, the Company has implemented a total of 3 restricted stock incentive plans, covering the company's middle and senior management, core management personnel, core technical personnel, etc. The motivated employees accounted for approximately 13% of the company's total number of employees.

The Company provides diversified benefits for employees in different systems. In the R&D system, the Company selects outstanding R&D employees every quarter and distributes gifts and bonuses. In the supply chain system, the Company selects outstanding five-star teams and employees every month. For those who are in business travel or stationed abroad, the Company offers them overseas subsidies, food and accommodation subsidies, plateau subsidies, high temperature subsidies, etc.

In 2024

the Company set up 11 categories of awards, including Excellent Team Award, Excellent Employee Award, Technology Pioneer Award, etc. The awards cover R&D, supporting, production, sales, functions and other positions.

the Company awarded a total of 223 awards to different teams and individuals, with a bonus amount of RMB 446,000.



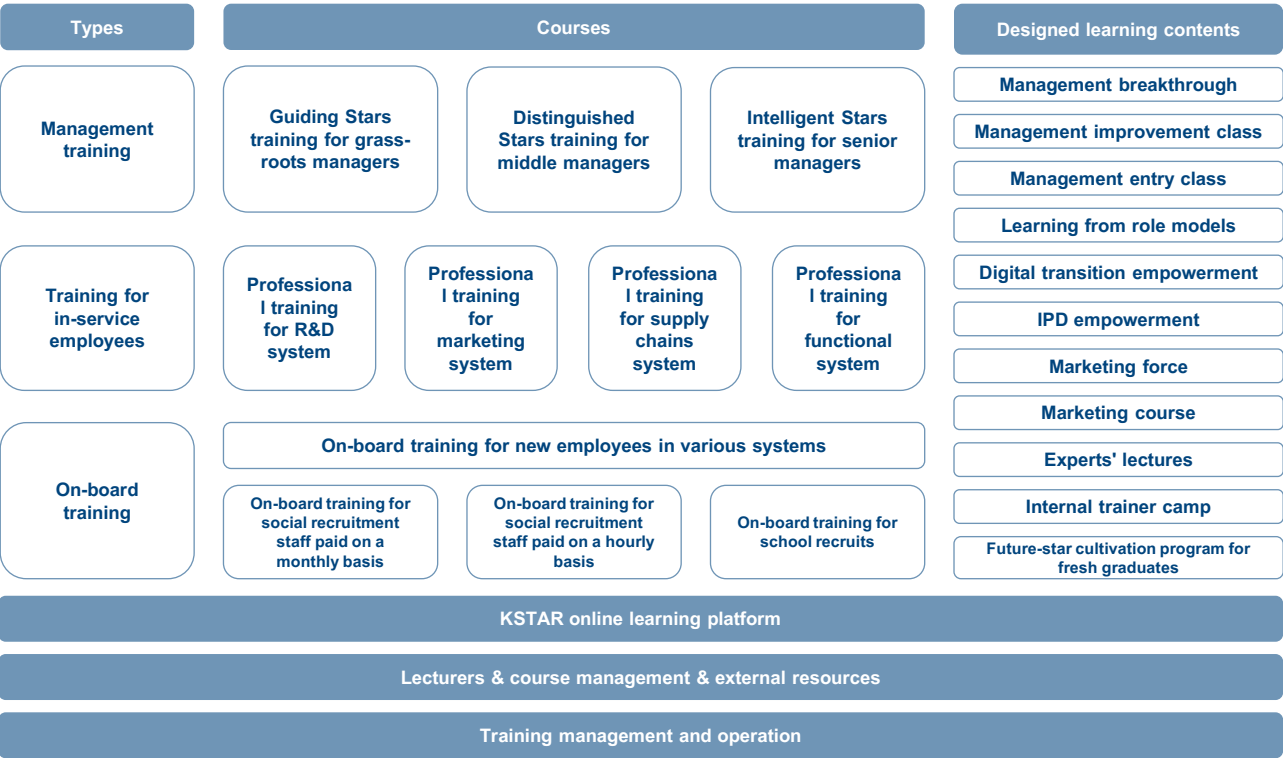
Award ceremony

In addition, on the basis of strictly implementing the national statutory benefits, the Company also provides employees with diversified care benefits and special benefits. The specific benefits are shown in the table below:

Types of benefits	Benefit content	Coverage
Basic benefits	Social insurances and housing fund, performance benefits, statutory holidays	All employees
Caring welfare	Holiday benefits, physical examination, employee accident injury group insurance, group personal insurance, female employee benefits, employee dormitory, employee food subsidy, team building, business trip or overseas benefits, plateau area subsidy, high temperature subsidy, annual leave, maternity leave, accompanying leave, parental leave, marriage leave, funeral leave, sick leave, work-related injury leave and other paid leave	All employees
Special benefits	Commercial insurance, flexible working hours	Employees in special positions

Training and Development

Based on the corporate culture of "personal victory and teamwork go hand in hand", the Company formulates and implements rules and regulations such as Human Resources Management Procedures and Training Implementation Measures, and establishes a sound human resources development system and learning organization according to business categories and operation stages. According to the needs of employees at different levels, KSTAR has established a three-level training structure of management training, on-the-job employee training and new employee training to fully meet the strategic planning and personal growth needs of employees. At the same time, we have also established a leadership training system for all employees, covering the basic, middle and senior levels of the Company.



Training System of KSTAR

During the Year, the Company upgraded the functions of the "KSTAR Online Academy" platform to further increase convenience and practicality, so as to facilitate refined operation and enhance employees' learning experience. At present, the platform has uploaded more than 800 courses, covering products and solutions, professional skills and general knowledge and skills.



In addition, we continuously enrich the training content and form, continue to focus on employee development, carry out various trainings such as leadership and professional ability, and support employees to obtain international project manager (PMP) certificates and special operation certificates (electrician/welder/refrigeration), with a cumulative investment of RMB 155,000.



Quality Management System Training



Marketing Training

Safety and Health Protection

KSTAR takes safeguarding the life safety and health of employees as its primary task, practices the management policy of "advocating prevention, health and safety, compliance with laws and regulations, and continuous harmony". The Company constantly optimizes the occupational health and safety management system, and implements safety responsibilities at all levels from management to grassroots teams to ensure the effective implementation of various safety measures. In 2024, our work-related injury insurance and work safety liability insurance covered 100% of our employees, with an investment amount of RMB 1,220,307.88.

Safety Production

Safety Management

The Company always adheres to the concept of "safety first, prevention first, comprehensive management", strictly follows the Safety Production Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Fire Protection Law of the People's Republic of China and other laws and regulations, formulates and implements the Compilation of Safety and Environmental Management Rules and Regulations, the Environmental, Occupational Health and Safety Management Policy¹³ and other policies and systems to clarify safety management requirements and mechanisms.

At the same time, Guangming Park, Xiapu Park, etc. have passed the ISO 45001 occupational health and safety management system certification for many consecutive years. They conduct regular audits on the occupational health and safety management indicators in each operation area according to the requirements of ISO 45001 occupational health and safety management system and relevant laws, regulations and standards.



ISO45001 Occupational health and safety management system certification

¹³ Detailed information for the Environmental, Occupational Health and Safety Management Policy please refer to public link: <https://www.kstar.com.cn/bocupload/2024/08/21/17242273890459xm7ly.pdf>

The Company has established a Work Safety Management Committee, with the general manager as the director of the committee and the heads of each first-level department as members. The Work Safety Management Committee is responsible for studying and making decisions on major issues in the Company's safety production work (including production, infrastructure construction, transportation, etc.), coordinating and solving major issues in the safety production work, and holding regular company-level safety production committee meetings. Through the Work Safety Management Committee, the Company has established a long-term and effective working mechanism with employee health and safety as the center, full participation and safety supervision, so as to effectively protect the life and health of employees and the safety of the Company's property during the production and operation process.

At the same time, the Company entrusts third-party service agencies to carry out safety assessment, fire protection assessment, occupational health assessment, safety equipment testing and emergency plan review. According to the assessment results, the Company quickly takes rectification measures to improve the safety and stability of operations in response to the discovered weak links in safety and health. During the Year, the Company did not have any general and above safety production accidents such as fire, explosion, electric shock, mechanical injury, fall, poisoning, occupational disease, work-related fatality, etc. The incidence of occupational diseases and the number of work-related fatalities were 0, the number of work-related injuries was 9, and the total number of working days lost due to work-related injuries was 51.3.

Safety Education

The Company attaches great importance to employees' safety production education and training, and formulates and implements policies and systems such as the "Safety Culture Construction Management System" and "Employee Safety Education and Training Management System". At the same time, the Work Safety Management Committee regularly organizes safety education and training for employees in various departments, including safety training for new employees, occupational disease prevention and control knowledge training, chemical safety knowledge training, professional training for special types of work and special equipment professional training, such as forklift electrician, hazardous substance process management system implementation requirements, occupational health and safety management system implementation requirements training, etc., so as to improve employees' safety awareness and operation skills and ensure operation safety. During the Year, the Company conducted a total of 4 sessions of production safety education and training, covering 430 people including new employees, leadership and safety and occupational health management personnel.



Safety production education and training site

Safety Emergency Management

The Company follows policies and industry standards such as the Measures for the Management of Emergency Plans for Production Safety Accidents and the Guidelines for the Preparation of Emergency Plans for Production Safety Accidents in Production and Business Units (GB/T 29639-2020), and formulates and implements the Emergency Plans for Production Safety Accidents to clarify the safety emergency management mechanism. At the same time, the Work Safety Management Committee formulates corresponding emergency plans for various types of emergencies such as fire protection, chemical leakage, first aid, heatstroke, poisoning, etc., and regularly organizes emergency drills every year to improve employees' emergency response capabilities. During the Year, the Company organized a total of 6 emergency safety drills, including sudden fire, leakage of hazardous chemicals, on-site disposal of electric shock, etc.



Fire Drill Site

Occupational Health

Occupational Health Management

The Company strictly abides by the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other laws and regulations, formulates and implements the Management System for the Prevention and Control of Occupational Diseases to prevent, control and eliminate hidden dangers of occupational diseases and protect employees' occupational health. In compliance with national regulations, the Company has set up an occupational health management team under the Work Safety Management Committee. The occupational health management team is mainly responsible for regular inspection of occupational hazards in workshops, regular identification and evaluation of occupational hazards, and occupational hazard training for employees.

For employees engaged in positions with hazardous factors, the Company implements pre-job and on-job occupational safety and health training programs, and issues the Notice of Occupational Hazards for Workers to employees to ensure that employees fully understand the possible hazards in the workplace and correctly operate occupational disease protection equipment. At the same time, we regularly conduct occupational health examinations for employees in relevant positions in accordance with the requirements of laws and regulations, and arrange job transfer for employees with relevant occupational contraindications. In addition, the Company posted "Workplace Occupational Hazard Notification Boards" at relevant positions to clearly identify potential occupational hazards and their preventive measures, and provided employees with personal protective equipment (PPE) free of charge to protect their health.


During the Year, we organized a total of 3 training sessions on occupational health and safety management, including training on chemical safety management and use protection knowledge, safety training on electrical operation positions, and occupational health and safety management system training, covering safety management personnel and employees in key special positions, with over 300 employees participating in the training.





Occupational Health and Safety Management Training Site


Positive Working Environment

In order to create a healthier and more comfortable working environment, the Company has taken multiple measures and is committed to bringing a more comfortable, healthy and good working environment to employees.

- 

Continuously carry out labor protection monitoring and identification of occupational hazards;
- 

Renovate and update old equipment and facilities, introduce new technologies and equipment to optimize the working conditions and reduce potential risks to health;
- 

Provide clean and tidy dining hall and dormitory for employees;
- 

Build a new yoga room and weekly invite yoga teachers to teach in addition to the original library, gym and professional facilities, and establish the KSTAR basketball team.

Care for Physical and Mental Health

In order to ensure the physical and mental health of employees, we regularly carry out emotional management training, psychological stress relief activities, etc., and help employees effectively relieve psychological stress in work, life and interpersonal relationships through psychological counseling and relief measures. At the same time, we regularly organize occupational health examinations and establish a comprehensive physical examination file management system to monitor and evaluate the physical health of employees in real time.



A series of Activities for Employees to Reduce Stress

During the Year, we carried out a series of stress-relieving activities for employees, such as reading and traditional ceramic art, which not only helped employees effectively relieve stress, but also enhanced their sense of belonging to the Company.



Reading Activities



Traditional Ceramic Art Activities

Employee Care

The Company is committed to building a caring and warm working environment. We pay attention to the special needs of female employees and provide them with all-round support and care. We also attach importance to communication and exchange among employees, and enhance mutual understanding and trust by organizing various activities. In addition, the Company also provides a series of employee care and welfare measures to ensure that every employee can feel the warmth and care of the Company.

Care for Female Employees

The Company attaches great importance to the protection of the special rights and interests of female employees, strictly abides by the Law of the People's Republic of China on the Protection of Women's Rights and Interests, the Labor Law of the People's Republic of China and other relevant laws and regulations, and formulates and implements internal management systems such as the Regulations on the Protection and Management of Female Employees to effectively protect the rights and interests of female employees.

- Grant female employees holidays such as marriage and childbearing, maternity leave and breastfeeding in accordance with legal standards;
- Prohibit pregnant female employees from engaging in jobs that are harmful to their health or unsuitable for pregnant female workers, and set up maternal and child rooms and one-hour lactation leave every day for lactating employees to protect and care for newborn mothers;
- The Company distributes gifts to all female employees on March 8th International Women's Day, and carries out exclusive activities for female employees from time to time.

Care for Employees

In order to enrich employees' amateur cultural life and improve their life quality, the Company's labor union and human resources department actively plan and organize various cultural and sports activities, including badminton friendly competitions, skills development and outdoor team building activities, etc., and are committed to creating pleasant leisure time for employees and strengthening communication and team cohesion among employees.



Badminton Competition



Future Star Skills Development Activities



Outdoor Team Building Activities

During traditional festivals or company anniversaries, we hold a variety of activities, such as Spring Festival Gala, Anniversary Celebration Gala, Mid-Autumn Festival Garden Party, etc., to enhance friendship among employees and create a harmonious, inclusive and mutually supportive working atmosphere.



Charity Writing Spring Festival Couplets Activities



Women's Day Activities

In addition, in order to support employees to motivate and devote themselves to their jobs, we provide logistical support services around housing, transportation and other daily needs for employees to meet their living demand.

Accommodation	Commuting	Meals	Daily amenities
<ul style="list-style-type: none">Free accommodation of over 15 square meters with essential furnitureFree accommodation of over 15 square meters with essential furniture	<ul style="list-style-type: none">Commuter shuttleOversight andAmenities such asbuses and business Huizhou to Nanshan	<ul style="list-style-type: none">Oversight and evaluation of the standardized operation of the cafeteriaRegular satisfaction surveys on cafeteria services	<ul style="list-style-type: none">Amenities such as free parking spaces, a gym, a library, and an integrated badminton and table tennis court

Main Content of Logistics Services

Public Welfare

With the vision of "Generating superior solutions for energy and more", KSTAR has always insisted on promoting various social welfare undertakings, closely integrating corporate development with local community development, promoting the prosperity and development of the community and improving people's livelihood, and actively assuming the social responsibility of corporate citizens.

During the Year, KSTAR actively participated in rural revitalization, supported public welfare undertakings, fulfilled corporate citizen responsibilities, and continuously enhanced the Company's social influence and reputation.

In 2024

the Company invested RMB 90,000 in social welfare

Support the Energy Transformation of Italian Refugee Camps and Fulfill Social Responsibilities

In a refugee camp in Lamezia Terme, Italy, KSTAR successfully solved the problem of unstable local energy supply caused by aging infrastructure and growing power demand through the BluePulse 50kW/100kWh energy storage system. Our solutions include replacing old inverters and optimizing the performance of photovoltaic modules so that they can seamlessly connect with energy storage systems to store excess sun during the day and ensure power supply at night. The energy storage system reduces local dependence on diesel generators, reducing operating costs and environmental impacts. After the implementation of the project, the stability of power supply in the refugee camp has been significantly improved, the power outage problem has been solved, and the quality of life of residents has been greatly improved.



Facilitating the Energy Transition of Italian Refugee Camp

Voluntary Tree Planting Activity

In order to actively respond to the development concept of "Lucid waters and lush mountains are invaluable assets", on March 12, 2024, CATL-KSTAR organized employees to carry out voluntary tree planting activities in the green belt area of Xiapu Economic Development Zone. 32 employees actively participated and worked together to complete planting, watering and maintenance, adding new greenery to the development zone. This activity injected green kinetic energy into the improvement of the city's carbon sink capacity, and further enhanced employees' environmental awareness and social responsibility.



Tree Planting Activities

The Company actively responds to the national rural revitalization strategy, protects local natural resources in a sustainable way, and actively carries out public welfare activities to help farmers.

Warm-hearted Assisting to Farmers and Contributing to Rural Revitalization

In order to thoroughly implement the rural revitalization strategy and fulfill corporate responsibility, in January 2024, Xiapu Park organized 160 employees to go to Xibian Village, Chongru Township, Xiapu County, where counterpart assistance was provided, to carry out the special action to assist farmers. Through various measures such as consumption assistance and industrial empowerment, it aims to help local farmers increase their income and become prosperous.



Special Actions of Assisting Farmers

As a highly innovative power electronic equipment enterprise in the world, the Company takes advanced technology and full life cycle solutions as an important starting point for promoting clean energy, comprehensively considers the resource endowment and industrial advantages of project sites, and actively expands "photovoltaic+" multi-scenario application models such as agricultural and photovoltaic complementation, fishery and photovoltaic complementation, forest and photovoltaic complementation, and water and photovoltaic complementation, so as to promote the green development of rural economy. With the help of business advantages, we continuously increase employment opportunities for local villagers, provide a strong guarantee for the steady growth of household income, and help rural revitalization with practical actions.

Supporting Hubei Xuanen Rooftop Photovoltaic Project to Empower Rural Revitalization and Green Development

In response to the national "carbon peaking and carbon neutrality" goal, KSTAR actively participated in the "county-wide promotion" pilot project of rooftop distributed photovoltaics in Xuanen County, Hubei Province, and promoted rural revitalization and green transformation through efficient solutions and technical support. Xuan County is located in the national second-class lighting resource area, which has natural development advantages. KSTAR provides high-efficiency inverters and integrated solutions for projects, accurately matching complex roof conditions, realizing "spontaneous self-use and surplus electricity grid-connected", reducing electricity costs, and creating "sunshine income" at the same time. The equipment supports remote monitoring and intelligent operation and maintenance, significantly reducing maintenance costs and ensuring long-term stable income.

After the project is connected to the grid at full capacity, it is expected that the annual power generation will reach 46,000 MWh, save approximately 14,000 tons of standard coal every year, and reduce carbon dioxide emissions by approximately 36,600 tons. KSTAR activates idle community resources through technological innovation, promotes the layout of clean energy, and provides strong support for Xuan'en County to optimize its energy structure and achieve green transformation.



Hubei Xuanen Rooftop Photovoltaic Project

"Photovoltaic Farm" Green Economy Embarks on a New Path of Rural Revitalization

The "Photovoltaic Farm" in Luonan County, Shangluo City, Shaanxi Province covers an area of 2,800 mu. It is a demonstration project for comprehensive utilization of photovoltaic agriculture + sightseeing and tourism in this region, and is also the current photovoltaic power station project in southern Shaanxi. The project uses photovoltaic power generation on the board, planting Chinese herbal medicines, vegetables, fruits and other cash crops under the board, creating a planting demonstration area, and promoting three-dimensional comprehensive utilization of land by building tourist platforms, thus realizing photovoltaic development, modern agriculture, The organic combination of sightseeing, etc.

After the project is put into operation, the annual collective economic income of each of the four local villages will be increased by RMB 800,000 by transferring and leading land, working and participating in cash crop planting, driving more than 1,500 people in the surrounding areas to find jobs, and increasing the annual per capita income by more than RMB 3,000.



Luonan 100MW Agricultural and Photovoltaic Complementary Project

Appendix: Report Content Benchmarking Index Table

Disclosure Requirements		Corresponding chapters of this report
Environment	Addressing Climate Change	Addressing Climate Change
	Pollutant Emissions	Environmental Compliance Management
	Waste Disposal	Environmental Compliance Management
	Ecosystem and Biodiversity Conservation	Biodiversity Conservation
	Environmental Compliance Management	Environmental Compliance Management
	Energy Utilization	Resource Management
	Utilization of Water Resources	Resource Management
	Circular Economy	Resource Management
Society	Rural Revitalization	Public Welfare
	Social Contribution	Public Welfare
	Innovation-driven	Innovation-driven Development
	Ethics of Science and Technology	Our business does not directly involve scientific research, technology opening and other activities in sensitive fields of science and technology ethics such as life sciences and artificial intelligence, so this topic is not applicable to KSTAR for the time being.
	Supply Chain Security	Building a Responsible Supply Chain

Disclosure Requirements		Corresponding chapters of this report
Society	Equal Treatment of Small and Medium-sized Enterprises	As of December 31, 2024, the balance of our accounts payable (including notes payable) did not exceed 30 billion yuan or accounted for more than 50% of total assets, so this issue is not applicable to KSTAR for the time being.
	Product and Service Safety and Quality	Safe Product Creation Achieving Customer Satisfaction
	Data Security and Customer Privacy Protection	Achieving Customer Satisfaction
	Employment	Guarantee of Employees' Rights and Interests Talent Attraction and Development Safety and Health Protection Employee Care
Sustainability-related Governance	Due Diligence	We have set up different departments to investigate ourselves, subsidiaries and business partners respectively regarding on their environmental compliance, employee rights, anti-corruption, etc., so the contents of this topic will be included in other topics, such as sustainable supply chain, business ethics and anti-corruption.
Other	Stakeholder Communication	ESG Management
	Anti-commercial Bribery and Anti-corruption	Maintaining Business Ethics
	Anti-unfair Competition	Maintaining Business Ethics
	Self-disclosure Issue	/



Shenzhen KSTAR Science and Technology Co., Ltd.

Telephone No : 400-700-9662 Stock Code : 002518

Corporate headquarters address : 4/F, No.1 BLDG. Software Park, Keji C. Rd. 2nd, Hi-Tech industrial
Zone, Shenzhen 518057, P.r. China