

# Green Solution Greener Life

让幸福更久远



科达欢迎您



Welcome to KEDA

## KEDA

## 2022 Environmental, Social and Governance (ESG) Report



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# MESSAGE FROM THE CHAIRMAN



the Chairman of KEDA Group

In the past year of 2022, with the joint efforts of all KEDA people, KEDA Group continued to maintain strong momentum of development, resulting in record performance and prospering core businesses. On behalf of KEDA Group and our staff, I'd like to express our heartfelt gratitude to the community for their concern and support!

In the thirty years since its establishment, KEDA Group has gone from a small, unknown workshop to an international public company with revenues of over RMB 10 billion. Starting from the ceramics machinery business, we have now developed three core businesses: ceramics machinery, building materials and lithium-ion battery material and equipment. KEDA Group's achievements today benefit from the market opportunities brought about by China's rapid economic growth. Therefore, while we continue to improve the quality of our operations, we have always been striving to give back to the community and fulfil our social responsibilities.

Determined to green and low-carbon development, we promote the use of environmentally friendly equipment and reduce carbon emissions through clean energy. In response to the national "carbon dioxide peaking and carbon neutrality" strategy and global climate change, we are making efforts to provide high-efficiency, green and energy-saving ceramics machinery. The Joint Innovation and Research Centre for Advanced Zero Carbon Emission Technology jointly founded by one of our subsidiaries DLT successfully launched the world's first green manufacture tiles fired with zero-carbon ammonia fuel, reducing carbon emissions to zero during the tile firing process and opening up a new energy technology path for the ceramics industry and even the whole building materials industry to achieve "carbon dioxide peaking and carbon neutrality". In the same period, DLT developed the world's longest and most productive green manufacture double-deck kiln for sintered slab, which is expected to reduce carbon dioxide emissions by 14.64 tonnes per day, setting a new benchmark for "energy saving and environmental protection" of double-deck sintered stone kilns in the industry. In Africa, we have reduced carbon emissions during the production of ceramics by increasing the use of clean energy such as natural gas and upgrading equipment and technology.

We actively promote the deep reform of our corporate governance mechanism and seek the in-depth integration of ESG with our corporate strategy and business operations. Since compliance is the cornerstone of fulfilling our social responsibility, we have always strictly complied with the requirements of standardised operation. Considering both our strategic development and operational reality, we have continued to improve and perfect our internal control system, adhered to the principle of transparent and open information disclosure, established a sound organisational structure and promoted the modernisation of our corporate governance system. In 2022, we put ESG into administration under the the Board of Directors and its Strategy Management Committee and gradually integrate ESG into strategic operations. At the same time, we attach great importance to shareholder returns and investor relations management, and strive to achieve sustainable development for the Company, its shareholders and employees and other stakeholders through a combination of dividend, repurchase and equity incentive. We actively listen to the demands of all stakeholders and embed the ESG concept in the bloodstream of corporate development, so that KEDA Group can achieve "Green solution Greener Life"!

Upholding the concept that "people disperse if wealth gathers, and people gather if wealth disperses", we have built an open platform to develop more professional talents for the society. I always believe that the history of an enterprise's talent iteration is the history of its development. During the 20 years since the Company went public, we have implemented four equity incentives at the listed company level and built employee stock ownership platforms at the subsidiary level, which have cumulatively covered nearly 1,000 people and attracted many outstanding talents from different fields to join KEDA. In the past few years, as the Company grew, we also saw a shortage of talents at different levels. So in 2022, we launched the number one project Talents Attraction, calling for talents to return to KEDA, and vigorously introducing technical expert talents, international

talents and management talents. At the same time, we have repurchased RMB 500 million of shares, which will be subsequently used for equity-based incentives. We hope to build a long-term incentive mechanism through a constantly rotating incentive scheme, so that our employees can share the fruits of the Company's development and work together to create greater value.

We care for the world and our country and are committed to making society a better place. During the critical period of the COVID-19 pandemic, KEDA Group took on a social responsibility by distributing household and medical supplies to support the community in the fight against the pandemic. At the same time, we also attach importance to supporting education by donating safety school bags to primary schools in China and providing educational support funds to local families in need in Africa, contributing to the development of education. In China, we set up the KEDA Employee Mutual Aid Fund to provide support and warmth to families and individuals in need. In Kenya, we support the rural infrastructure construction and make efforts to improve the living environment for people there, hoping that corporate development and community organisations can live in harmony.

The year 2022 is a year to remember. It was the year that KEDA Group successfully issued GDRs and became one of the first Chinese companies to be listed on the SIX Swiss Exchange; and it was also the 30<sup>th</sup> anniversary of KEDA Group's founding and the 20<sup>th</sup> anniversary of its listing on the Shanghai Stock Exchange. Looking back, we are grateful for the support of our country and society, which has allowed KEDA Groupto grow and develop. Looking ahead, there are challenges and hopes. In the next 30 years, we will adhere to the "internationalisation, information-ization, service orientation, youth orientation" strategy, adhere to the concept of sustainable development, and work together with all stakeholders to start a new journey and endeavour to achieve new breakthroughs!

Revenue	NET Profit	Net Profit Attributable to Shareholders of the Listed Company Excl. Non-recurring Profit and Loss	ROE	the Liabilities to Assets Ratio	Total Cash Dividends and Share Buyback Program as % of Net Profit Attributable to Shareholders of the Listed Company
Figures in CNY					
11.157 <sub>BN</sub>	4.251 <sub>BN</sub>	4.213 <sub>BN</sub>	46.73 %	36.97 %	42.44 %



# 01 ABOUT KEDA

## COMPANY INTRODUCTION

Founded in 1992 and listed on the Shanghai Stock Exchange in 2002 (stock code: 600499) and on the SIX Swiss Exchange in 2022 (GDR under the Symbol "KEDA"), KEDA Industrial Group Co., Ltd. is the largest supplier of building ceramics machinery in Asia and the second largest in the world. Starting with ceramics machinery, the Company has achieved the historical goals of "localising ceramics machinery" and "becoming a world leader in the building materials machinery industry", growing into a leader in the ceramics machinery industry in China and the world. After 30 years of development, the Company is now mainly engaged in the production and sale of ceramics machinery, building materials, and lithium-ion battery material and equipment, as well as a strategic investment in the lithium salt business. KEDA products have been sold to more than 60 countries and regions.

Company name: Keda Industrial Group Co., Ltd.

Abbreviation: KEDA Group

Stock code: 600499.SH GDR under the Symbol "KEDA"

Head office: No 1, Huanzhen Xi Road, Guanglong Industrial Zone, Chencun, Shunde, Foshan, Guangdong, China



生产基地或分公司  
PRODUCTION BASE / BRANCH

业务点  
SERVICE / SALES CENTER

Global Presence of KEDA

# SINCE 1992

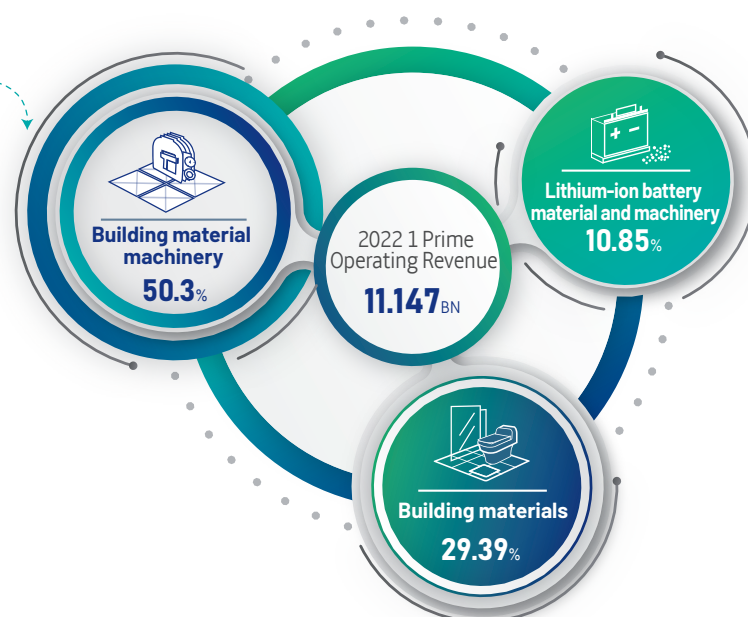
Founded in 1992





## Business Description Chart

- The Company's building materials machinery business mainly focuses on building ceramics machinery and our core product include press, kiln, polishing and squaring machine, etc.. With the service oriented development concept, the Company provides supporting services for the tile production of downstream architectural ceramic manufacturers, such as manufacturing equipment, accessories and consumables, equipment maintenance and transformation, and digital upgrades, and actively explores cross-industry/field applications of mechanical equipment.
- No. 1 in Asia and No. 2 in the world by turnover in the ceramic machinery business
- The only company in Asia that can provide the complete production line for the whole building ceramics plant, providing accessories and consumables, spare parts, equipment maintenance and renovation and intelligent upgrading services for downstream ceramic manufacturers
- The Company's building material machinery business mainly focuses on self-operated lithium-ion battery anode materials. At present, it has two main plants in Fujian and Anhui, and plans Fujian Phase II and Chongqing Phase III projects. After the above projects are put into operation, a total capacity of 150,000 tons of artificial graphite will be formed.
- Strategic full-scale lithium-ion battery material equipment business in 2022, having successfully developed lithium mica roasting kilns and cathode and anode material equipment.
- Made a strategic investment in Lanke Lithium (holding 43.58%), which has a 30,000 tonnes/year lithium carbonate production capacity and is an important force in lithium extraction from salt lakes in China.



- Positioned as an building materials group, practicing the "big building materials" strategy
- A leading ceramics supplier in Africa with an annual production capacity of over 90 million square metres of ceramic tiles, operating 6 ceramic plants with 14 production lines in 5 countries: Kenya, Ghana, Tanzania, Senegal and Zambia
- Expanding horizontally from building ceramics to sanitary ware, household glass and other related diversified fields, and extending regionally from African market to South American and Asian markets as appropriate

## CORPORATE CULTURE



### Corporate motto

Suffering leads to survival, while  
peace and happiness lead to  
death.



### Vision

To be a respectable machinery  
manufacturer



### Mission

Green solution, greener life



### Core values

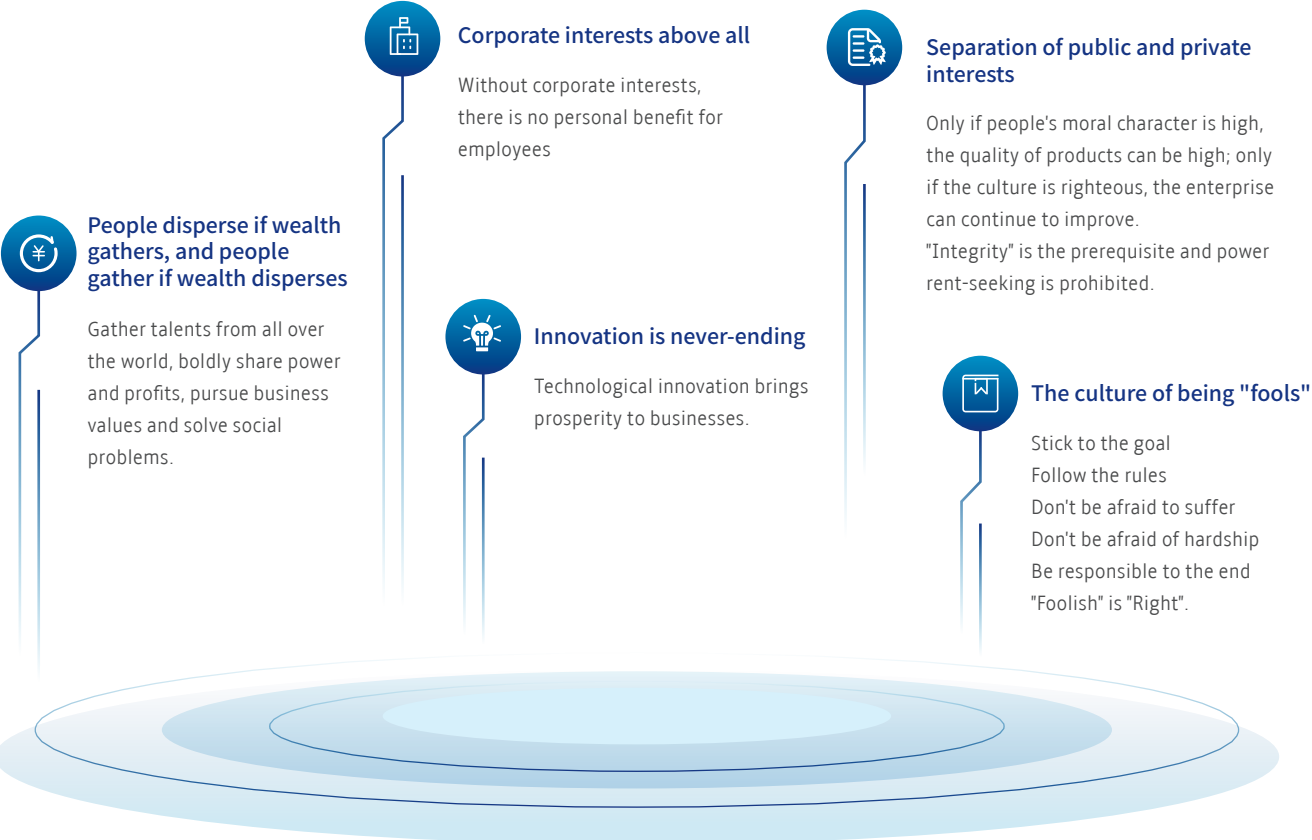
Endless innovation  
Create value for customers  
Honesty and trustworthiness,  
multi-win is the win  
Quality first, quality  
determines success or failure







KEDA's Cultural Concepts



CORPORATE HONOURS

During the report period, the Company received awards including, but not limited to, the following:

**Top 100 Global Listed Building Materials Companies 2022**  
China Building Materials Federation

**No.2 in the list of global ceramic equipment and materials enterprises**  
Ceramic Town Weekly, Uniceramics Expo

**2022 Top 500 Companies in Guangdong, 2022 Top 100 Companies in Guangdong's Manufacturing Industry**  
Guangdong Provincial Enterprise Confederation ,Guangdong Provincial Association of Entrepreneurs

**Top 100 Companies in Foshan**  
Foshan Enterprise Confederation

**Iconic Company for Nurturing and Attracting Talents in Foshan**  
Leading Group Office for Talent Work of the Foshan Municipal Party Committee

Rating/Index	Issued by
• Included in SSE 180 Index	Shanghai Stock Exchange
• Listed in the MSCI China All Shares Index	Morgan Stanley Capital International (MSCI)
• Included in MSCI ratings for the first time (BBB)	Morgan Stanley Capital International (MSCI)
• Listed Hurun China 500 Most Valuable Private Companies 2022	Hurun Research Institute



# DEVELOPMENT REPORT 30<sup>TH</sup> ANNIVERSARY, A NEW STARTING POINT FOR A NEW FUTURE

科达制造30周年庆典  
KEDA CEREMONY OF 30TH ANNIVERSARY

由科而达 勇攀高峰  
INNOVATION BOGS FOR NEW PEAK  
科达制造30周年庆典  
KEDA CEREMONY OF 30TH ANNIVERSARY

2022.12.8

Many a little makes a mickle. For thirty years, KEDA Group has been upholding its original intention, having the courage to think and act, and focusing closely on the symbolic meaning of "KEDA", which is "technological innovation brings prosperity to businesses". It has become a leader in high-end manufacturing of building materials, an accompaniment to the development of global urbanisation, and a contributor to the world-class new energy industry. Standing at the new starting point of the fourth decade, KEDA Group will continue to focus on its main businesses, respond to the demands of stakeholders in a responsible manner, take practical actions to assume corporate citizenship, create comprehensive economic, environmental and social value, and make happiness last longer.

1992-2022



# YESTERDAY, STILL FRESH

1992



KEDA Group 30<sup>th</sup> Anniversary Documentary *Come to KEDA*

Thirty years have passed in a flash. The continuous development and growth of KEDA Group is inseparable from the vision of Lu Qin, the founder of KEDA Group. Lu Qin felt the injustice of negotiating with Italy on the introduction of ceramics machines in his early years of work, and was determined to let China make its own building ceramics machinery. In 1992, Lu Qin forked out his savings from being a "Saturday engineer\*" to set up KEDA Group Metal Works. Before the Chinese New Year in 1993, KEDA broke the technical limitations and independently developed the first squaring & chamfering machine in China and developed an affordable product that was only sold at one tenth of the imported price, which greatly unlocked the innovative vitality of the ceramics machinery industry and stimulated the downstream market demand. Benefiting from the demand for building materials under the wave of urbanisation in China, KEDA Group has continued to innovate and has developed China's first calibrating machine, polishing machine, high-tonnage press and other ceramics



Foshan KEDA Metal Works, the former KEDA Group

machine products, successfully achieving a breakthrough in domestic production in a market environment dominated by foreign investors.

The success of a business requires not only R&D technicians, but also talents in business management, sales, finance and many other areas. In the 1990s, when most entrepreneurs were clinging to their shareholdings, Lu Qin, the founder of KEDA, believed that "people disperse if wealth gathers, and people gather if wealth disperses" He took the initiative to convert all the assets of KEDA into shares and allocated and sold them to the new founding shareholders in varying proportions. He even lent them money to be repaid with future dividends. In 1998, Lu Qin successfully gathered ten founding shareholders and led KEDA Group into the fast lane of development by riding the wave of the reform and opening-up.



Ten Founding Shareholders of KEDA Group

Lu Qin has two visions: "First, to make a high-tonnage press, so that the production line of domestic ceramics machinery is complete and we can compete with foreign companies; second, to make KEDA Group a public company, hand over to the society, so KEDA Group must go public." In 1999, the relevant state departments issued a policy of giving priority to high-tech companies that had passed the "two-high" certification to go public, which opened up a channel for private companies to go public. On 24 June 2002, KEDA Group overcame many hurdles and obtained approval from the China Securities Regulatory Commission to go public.

Since its listing, KEDA Group has adopted the business management concept of "change to respond to changes" and successive realised the mission of "localising ceramics machinery" and "becoming a world leader in the building materials machinery industry". In order to achieve long-term steady development, on the one hand, KEDA Group has strived to raise the ceiling of its business operation, and acquired HLT, which



KEDA Group went public on 10 October 2002

ranked second in the domestic ceramics machinery industry, in 2011 to increase its market share and open up space for development; on the other hand, KEDA Group has accelerated its global reach and continuously ventured into new fields and explored new businesses.

In 2016, with the strategy of "Internationalisation", KEDA Group and Sunda Group hit it off well together and agreed to invest and build a factory in Africa to produce building ceramics. Within a short period of time, a modern plant was established in the barren African land, breaking the status quo of relying on imported tiles and changing the game in the African building ceramics market. In 2017, on the basis of the original line of lithium-ion battery anode materials, KEDA Group seized the opportunity to take a stake in the largest lithium-ion brine extraction project in China - Lanke Lithium Industry, realising the layout of investment in upstream raw material resources for the new energy industry.

\*A general reference to technicians who were invited by neighbouring ceramics companies at the time to use their holidays to provide technical services.



## KEDA Milestones

1992-2002	Ceramics machinery		Building materials	Lithium-ion battery material and equipment
<p><b>Localising ceramics machinery and entering the capital market</b></p> <p><b>1995-1999</b></p> <p>Gradually completed the research and development of the core equipment of the ceramics machinery, and succeeded in localising the whole line of the ceramics machinery.</p>	<p><b>Striving to be the world's powerhouse in the building material equipment industry</b></p> <p><b>2008</b></p> <p>Implemented the initial private placement scheme to facilitate the production expansion and technological reform of the ceramics machinery, and successfully developed new wall material forming equipment.</p> <p><b>2018</b></p> <p>Opened its first overseas subsidiary (India) and acquired Welko, an Italian high-precision manufacturing company, promoting the entry of core products into the European and American markets.</p>		<p><b>Accompanying urbanisation in Africa</b></p> <p><b>2016</b></p> <p>With the strategy of “Internationalisation”, extended our building ceramics business to downstream industries in Africa, successively investing in Kenya, Ghana, Tanzania, Senegal and Zambia to meet the demand for building ceramics in sub-Saharan Africa.</p>	<p><b>Helping China's new energy win in the future</b></p> <p><b>2015</b></p> <p>Started rolling out the anode materials business with graphitisation and other anode materials business</p> <p><b>2017</b></p> <p>Purchased 43.58% equity interest in Lanke Lithium Industry and fully supported the construction of Lanke Lithium Industry's 20,000 tonnes/year battery-grade lithium-ion carbonate project.</p>
<p><b>2002</b></p> <p>On 10 October 2002, KEDA was successfully listed on the Shanghai Stock Exchange, becoming the first listed company in China's ceramics machinery industry.</p>	<p><b>2011</b></p> <p>Acquired 100% equity interest in HLT, the second largest ceramics machinery company in China, integrated supply chain to expand overseas sales channels, and leaped to the first in Asia and second in the world in ceramics machinery business.</p> <p><b>2012</b></p> <p>Acquired 100% equity interest in SureMaker, and improved the product structure of wall material machinery, gradually forming the diversified layout of the building material machinery business.</p>	<p><b>2019</b></p> <ul style="list-style-type: none"> <li>• HLT put Intelligent press HT36000 for super-large-size slab into production, pioneering the production of oversized tiles of over 3 metres with domestic equipment.</li> <li>• Entered the high-end mainstream market by partnering with Mohawk, the world's leading ceramics company.</li> <li>• KODAK Europe officially opened, signing its first contract with the Saxa Gres ceramics group in Italy.</li> </ul> <p><b>2021</b></p> <p>The MASPE thick tile production line in Italy put into production, becoming the first roller kiln project of Chinese ceramics machinery brand in Europe.</p>	<p><b>2020</b></p> <p>Accredited by IFC, a financial institution of the World Bank, awarded a long-term low-interest loan of US\$165 million.</p> <p><b>2022</b></p> <p>Positioned as an building materials group, practicing the "Big Building Materials" strategy. Expanding horizontally from building ceramics to sanitary ware, household glass and other related diversified fields, and extending regionally from African market to Middle East, South American and Asian markets as appropriate.</p>	<p><b>2021</b></p> <p>Focused on Fujian Keda New Energy to promote the construction of anode material plants and continue to build an integrated industrial chain layout of "calcined coke - graphitisation - artificial graphite - silicon/carbon anode".</p> <p><b>2022</b></p> <ul style="list-style-type: none"> <li>• Fully rolled out the production capacity of anode materials, completed the Fujian Phase I project, forming a total of 40,000 tonnes/year graphitisation and 20,000 tonnes/year artificial graphite anode material capacity together with the Anhui base, and started the preparation of the 50,000 tonnes Fujian Phase II and 50,000 tonnes Chongqing Phase III project.</li> <li>• Began the adaptability applications of core equipment in lithium-ion battery industry: <ul style="list-style-type: none"> <li>• Lithium concentrate: entered the tunnel kiln market.</li> <li>• Cathode material equipment: focused on promoting the market application of new sintering kilns for lithium-ion battery material and output system solutions for unmanned cathode material plants.</li> <li>• Anode material equipment: developed independently the core systems such as agglomeration kiln, carbon coating carbonization rotary kiln, graphitisation system, automatic crucible loading system, pneumatic conveying system, and the complete line of anode material system.</li> </ul> </li> </ul>



# TODAY, STRIDE FORWARD

Corporate culture is the cornerstone of the strategic development of an enterprise. Started with ceramics machinery, KEDA Group has walked a long way. And along the way, the corporate culture gene injected by the founder Lu Qin has permeated every aspect of its business operation, brought together a group of like-minded KEDA people, strongly supported the development strategy of the Company, helped it to achieve the historical goals of "localising ceramics machinery" and "becoming a world leader in the building materials machinery industry" and will continue to lead KEDA Group to climb higher peaks.

In 2022, in the face of an ever-changing market environment and emerging risks and challenges, KEDA Group's unique corporate culture played a prominent leading role in strategic control, becoming the internal driving force of the Company's development and driving the Company forward against the odds in the midst of treacherous times. KEDA Group always upheld the core business philosophy of "innovation is never-ending". At home, it increased investment in R&D and innovation, expanded manufacturing advantages and explored cross-field application of core machinery; at abroad, it accelerated its pace of global business development to promote localised operation of building materials machinery and building materials. It also leveraged on the rapid development of the new energy line to unleash the production capacity of the lithium-ion battery material and equipment business and solidly promote the high-quality development of the Company.

Following the "Made in China" 2025 national strategy, KEDA Group has been riding on the momentum and growing stronger. On 28 July 2022, KEDA Group officially became one of the first Chinese companies to issue Global Depositary Receipts (GDRs) and be listed on the SIX Swiss Exchange after the expansion of the Shanghai-London Stock Connect scheme. This has provided a reference model for Chinese manufacturing companies "going global" and "bringing in" overseas capital, polishing the global "business card" of Made in China.



KEDA Group listing GDRs on SIX Swiss Exchange, becoming one of the first Chinese companies listed on SIX

KEDA Group Listed on SIX Swiss Exchange

## Technology Brings Prosperity

### Reach for the Top - KEDA Milestones in 2022

#### 01 Seizing overseas development opportunities and achieving breakthroughs in globalization

- In 2022, the urbanization of overseas developing countries accelerated. The sales region of Indonesia, Malaysia and Thailand, Middle East and North African market recorded a growth.
- In the Indonesian market, KEDA undertook the construction of ceramic equipment or production lines for enterprises including MULIA Group in Indonesia, one of the largest domestic tile enterprises in Indonesia, and Blescon Group in Indonesia, which entered the ceramic industry from another industry, and RKI Group in Indonesia.
- In the Algeria market in North Africa, the Company captured the customers' demand for transforming from Italian equipment to Chinese equipment and won the first order for the production line of white body and glazed bricks.
- In the Zambia market in Central and South Africa, in addition to the demand from the production line of the Company's joint venture ceramic plant, the Group also achieved the cooperation for orders with the most comprehensive supply and the highest degree of automation for the full production line with Chinese specification of KEDA in Africa.

#### 02 Foundation stone laid for multiple ceramics machinery projects, building an intelligent manufacturing production base

- The hardware investment was increased in the ceramics machinery segment, and the technical reform was deepened at the Head Office. HLT Phase III, Shaoguan Keda Machinery Manufacturing, Sanshui KEDA (Foshan Keda Equipment) laid the foundation stone in the report period and are expected to be completed and put into use in 2023. This will further enhance the core competitiveness of the Company, cementing its position in the industry and the world.

#### 03 Digital transformation in full swing

- With the Human Resources Management System (EHR) launched on 30 March 2022, followed by a series of informatisation projects such as financial informatisation, Electrical Software Application System (EPLAN), Manufacturing Execution System (MES) and Product Lifecycle Management System (PLM) upgrade, the curtain was raised on KEDA's informatisation 2.0 era.

#### 04 Steady progress seen in the "big building materials" strategy in Africa

- The first phase of the Company's Kenya Kisumu ceramics project and the fourth phase of Ghana building ceramics production project were completed and commissioned. By the end of 2022, KEDA Group has a total construction ceramic production capacity of 120 million square metres.
- New ceramic projects were added one after another in Senegal, Ghana, Zambia and Cameroon, and successively launched Sanitary Ware Phase I in Ghana and Kisumu, Kenya, and Glass Phase I in Tanzania, promoting the formation of strategic layout for "Big Building Materials" in Africa.



#### 05 Lanke Lithium Industry's 20,000 tonnes/year battery-grade lithium-ion carbonate project fully operational

- On 15 July 2022, Lanke Lithium Industry celebrated the completion of 20,000 tonnes/year battery-grade lithium carbonate project. The main content of the products reaches the battery grade.

#### 06 KEDA Group listed GDRs on SIX Swiss Exchange and became one of the first Chinese companies listed on SIX

- On 28 July 2022 at 21:00 (15:00 Swiss time), KEDA Group rang the listing gong/bell at both Foshan and SIX Swiss Exchange. At this point, KEDA Group officially became one of the first Chinese companies to issue Global Depositary Receipts (GDRs) and be listed on the SIX Swiss Exchange after the expansion of the Shanghai-London Stock Connect scheme. This marks that a new chapter in the globalisation process of KEDA Group begins and Made in China goes global.

#### 07 "Talents Attraction" established as "The number one project" of KEDA Group

- At the Semi-annual Chairman's Office Meeting held on 13 August 2022, Mr. Bian Cheng, the Chairman of KEDA Group, released a strong signal of Talents Attraction to the public. He clearly pointed out that the next step for KEDA Group is to focus on building the core competitiveness, which relies on talents. Therefore, "Talents Attraction" is the Company's current "number one project".

#### 08 Anhui KEDA Industrial planned spin-off listing

- On 27 September 2022 the Company disclosed an indicative announcement of the planned spin-off listing of its holding subsidiary Anhui KEDA Industrial. The spin-off will be beneficial to the professional operation of KEDA Group and Anhui KEDA Industrial and the development of their respective advantages, which will be conducive to enhancing the overall profitability of Anhui KEDA Industrial in the future and maximising the value of shareholders of all parties, especially the small and medium shareholders.

#### 09 KEDA Institute of Lithium-ion Battery Equipment established

- On 2 November 2022, the Opening and Seminar of the KEDA Institute of Lithium-ion Battery Machinery was successfully held in Anhui Base, which marked that Keda has officially rolled out the lithium-ion battery equipment as the one of the important business.

#### 10 KEDA Group held its 30<sup>th</sup> anniversary ceremony Technology Brings Prosperity: Reach for the Top

- On 8 December 2022, it was the 30<sup>th</sup> anniversary of KEDA Group. The Company held its 30<sup>th</sup> anniversary ceremony Technology Brings Prosperity: Reach for the Top in Foshan. The old and new shareholders, directors, management, staff representatives, customers, suppliers and partners of KEDA Group, and government officers, industry associations and media gathered to witness the birthday party of the 30-year-old KEDA Group.

#### 11 Historic breakthrough - the world's first ceramic tile fired with zero-carbon fuel

- In the afternoon of 23 December 2022, Foshan Xianhu Laboratory announced that the Joint Innovation and Research Centre for Advanced Zero Carbon Emission Technology jointly founded by Foshan DLT Technology Co., Ltd. (a subsidiary of KEDA Group), Foshan Xianhu Laboratory and Foshan OCEANO Ceramics Co., Ltd., launched the world's first green ceramic tile fired with pure ammonia, a zero-carbon fuel, marking a historic step forward in China's building ceramics industry to help achieve the "carbon dioxide peaking and carbon neutrality" goal.



▲ KEDA Group 30<sup>th</sup> Anniversary Documentary Technology Brings Prosperity



▲ KEDA Group 30<sup>th</sup> Anniversary Documentary Go Global



TOMORROW, KEEP GOING

At the age of thirty, KEDA Group will focus on the themes of "Deepening reform, and comprehensively improving competitiveness" and "Insisting on innovation, and pushing forward further", and be committed to the "Globalisation, Servitisation, Informatisation and Rejuvenation" strategy. We will be value-oriented to meet the needs of our shareholders, customers, employees, suppliers and other stakeholders, continuously increase investment in technological innovation, attract outstanding talents to support innovation-driven development, and take more steady steps towards high-quality sustainable development.

## Strategies for the Development of KEDA Group's Three Main Businesses

Ten-Billion Ceramic Machinery

Based on high-end manufacturing to build a global building ceramic production service provider

- With the strategic vision of "being the world's No.1 brand in the ceramics industry" and the strategic goal of "ranked NO.1 in the market share and becoming the first choice of mainstream customers and leading in technology", the Company will strive to achieve the world's No.1 position by achieving three strategic goals within eight to ten years and become the leader in high-end ceramic machinery manufacturing with "technology-driven, cost-leading and supply chain globalisation".
- Since 2023, the Company will strive to achieve the "Ten-billion Goal" of the ceramic machinery business within five years. While maintaining the strong competitiveness of ceramic equipment, the Company will extend to non-ceramic industry, transforming positioning from a supplier of building ceramic machinery to a supplier of all-round products and services mainly for ceramics plants.

Ten-Billion Building Materials

Based on No.1 building ceramics in Africa, extending the sales region of South American

- Strategic objectives, business portfolio and strategic initiatives: shifting from business-driven to strategic-driven, based on the huge consumption demand for infrastructure and durable goods in the African market.
- Achieving one hundred billion revenue within five years:Through the expansion of related building materials in the African market, the business structure of building ceramics, sanitary ware and building glass has been formed. Meanwhile, the Company is conducting market research from Africa to Middle East, Asia and South America to actively demonstrate the development potential of building materials business in other overseas regions. In the future, the Company will also look for opportunities to establish retail outlets, explore the feasibility and long-term layout of production of all categories of home improvement materials and one-stop home furnishing centres, and realise the expansion of category assets and the extension of the value chain through various methods such as self-construction and M&A.

Ten-Billion New Energy

Focusing on Lithium-ion battery materials and developing Lithium-ion battery equipment to build a leading comprehensive new energy enterprise

- While focusing on the construction of anode material production capacity for key customers, the Company will also focus on the coordinated development of advantageous machinery business in the future, and build a business structure of anode materials and lithium-ion battery equipment within five years.
- In terms of lithium-ion battery materials business, the Company has formed an industrial layout of the integration of "graphitisation - artificial graphite - new anode materials" and the technical reserves of new negative electrode materials and form a total of 150,000 tonnes of artificial graphite production capacity in China. At the same time, the Company actively pays attention to the overseas market, and will start the overseas production capacity construction of 50,000 tonnes of anode materials in cooperation with overseas resources at the right time, and gradually grow into a relatively influential lithium-ion battery anode material supplier in China.
- The lithium-ion battery equipment business will be positioned as a strategic new engine and catalyst for green transformation for Keda. In terms of strategy, we will reserve for the cultivation of new industrial formats, which can achieve synergy with the traditional main business in terms of technology and resources, and at the same time provide technological empowerment for the Company's green and low-carbon transformation and the application of lithium-ion battery materials.
- In terms of strategic investment businesses such as lithium salts, the Company will work with Lanke Lithium Industry, out controlling shareholder, to support and promote the comprehensive reform of Lanke Lithium Industry. Based on its existing 30,000 tonnes of lithium carbonate capacity, the Company will support and improve the capacity utilisation of Lanke Lithium Industry. At the same time, the Company will contribute to the development of lithium-ion battery business and industrial chain through investment income. In addition, the Company will continue to pay attention to the development and investment opportunities of the new energy industry at home and abroad, and investigate and discuss the resource layout based on the consideration of ensuring supply, reducing costs and resisting periodic fluctuations by leveraging the established overseas channels and team advantages of the ceramics and building materials segments.



# DR

## A NEW MOTIVATION OF DEEPENING REFORM

Based on strategic development, KEDA Group is diligent in exploration and has the courage to reform. Under the complex and severe domestic and international situation, we utilise our own business to actively seek to expand. We are committed to improving corporate governance and strengthening risk management. By introducing the ESG management system, we continue to pay attention to interested parties' concerns and achieve high-quality development.



## IMPROVE CORPORATE GOVERNANCE TO ENSURE HIGH-QUALITY DEVELOPMENT

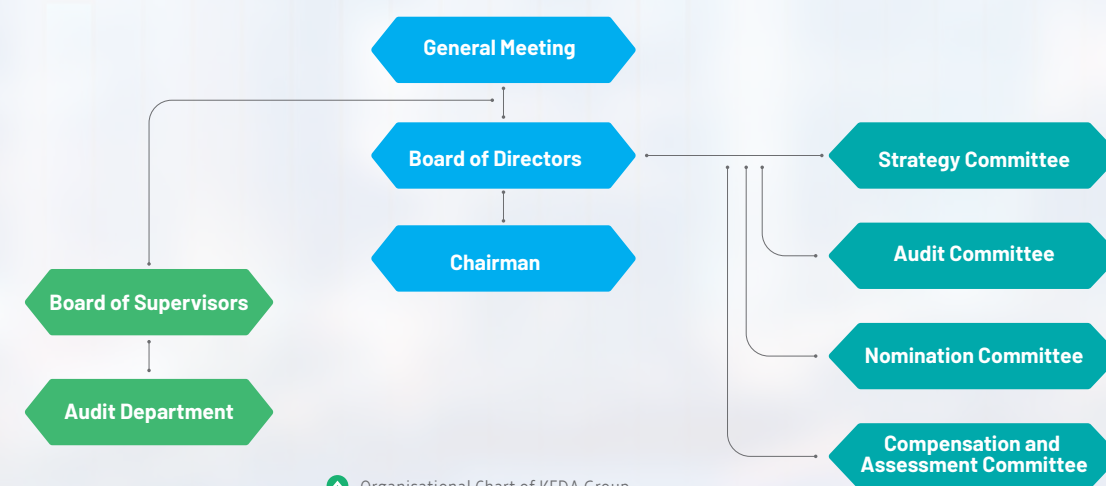
Complying with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Measures for the Administration of Information Disclosure of Listed Companies*, the *Listing Rules of Shanghai Stock Exchange* and other laws and regulations, normative documents and relevant requirements of China Securities Regulatory Commission, the company established a standardized governance structure and rules of procedure, clarified the responsibility and authority of decision-making, supervision and implementation, and formed a scientific and effective division of labour and check and balance mechanism.

### Governance Structure

The Company has continuously improved its governance structure consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management. Under the Board of Directors, there are the Strategy Committee, the Audit Committee, the Nomination Committee and the Compensation and Assessment Committee to form a scientific and effective segregation of duties and a check-and-balance system.

As at the end of the report period, there were nine directors on the Board of Directors of the Company, including three independent directors, accounting for 33.3%. None of the independent directors holds shares of the Company in any form. The Company's directors have diverse professional backgrounds in corporate management, industry experts, accounting and finance, and their knowledge structure and professional fields cover various industries in order to enhance the Company's ability to cope with complex environments and achieve sustainable corporate development.

In 2022, the Company completed the revision, addition and review of 21 policies in English and Chinese, including the *Articles of Association*, the *Measures for the Management of Fund Raising*, the *Related Transactions Policy*, the *Measures for the Prevention of Capital Appropriation by Controlling Shareholders and their Related Parties*, and the *Management of Insider Information and Insiders*, and devoted itself to optimising the upper level of corporate governance to form a corporate governance structure in which each department has its own duties and responsibilities and is coordinated with each other.



### ESG Management Structure

Based on its strategic development objectives, KEDA Group integrates sustainable development into the Company's daily operational and management activities. To implement the ESG concept, we have elevated ESG to the corporate level and built an ESG management structure. To standardise the Company's environmental, social and governance management, we have designated the Board of Directors as the highest leading body, the Board of Directors' Strategy Committee as the decision-making body, and various functional departments and subsidiaries as the implementing bodies.



### Communication with Stakeholders

In accordance with international standards and guidelines such as the *GRI Sustainability Reporting Standards (GRI Standards)* issued by the Global Sustainability Standards Board (GSSB) and the Sustainability Accounting Standards Board (SASB), the Company has identified eight stakeholder groups, including shareholders and investors, customers, employees, suppliers, government and regulatory bodies, partners, local communities and residents, and the public and media. We respect the demands of our stakeholders and are committed to establishing a regular communication mechanism to enhance the effectiveness and timeliness of our communication with them.

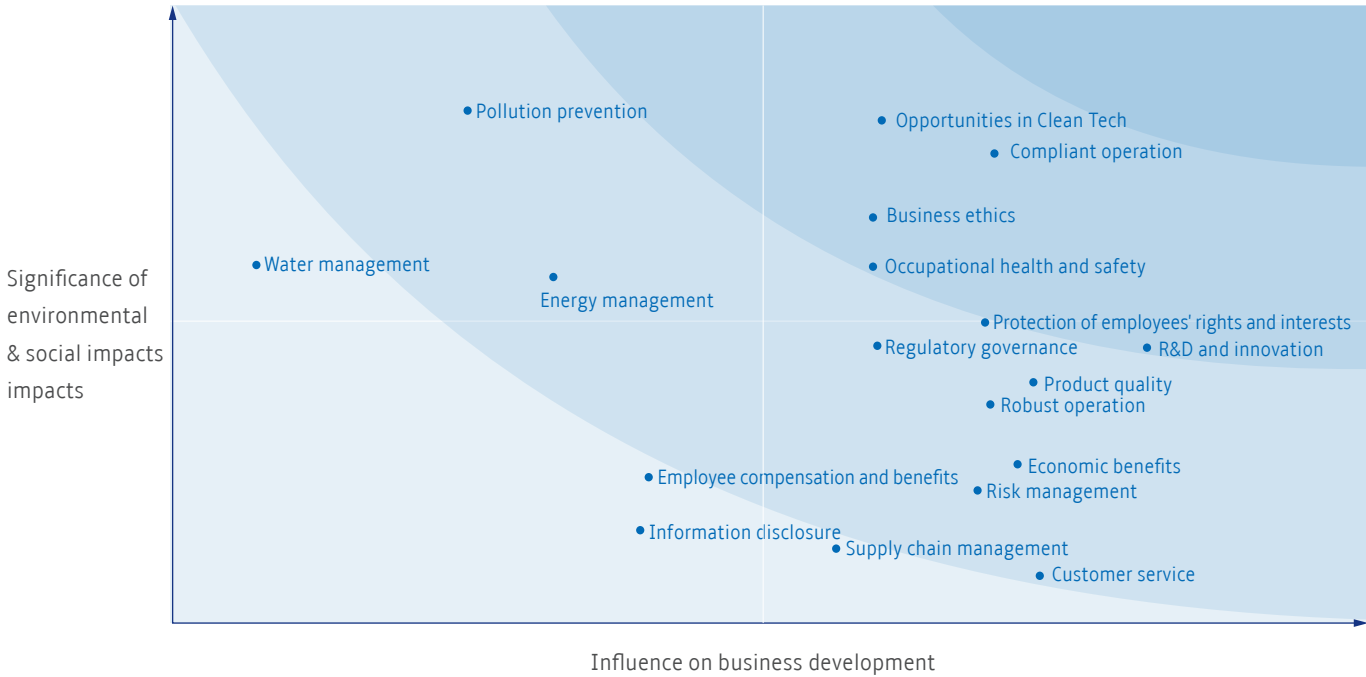


Communication with Stakeholders

Category	Topics of interest	Our responses
<div><div><div></div></div><div>Shareholders and investors</div></div>	<div>Robust operation</div> <div>Information disclosure</div> <div>Financial performance</div> <div>Sustainability</div>	<div>Comply with laws and regulations</div> <div>Issue company announcements and hold earnings communication conferences</div> <div>Drive business development</div> <div>Develop a sustainable business strategy</div>
<div><div><div></div></div><div>Customers</div></div>	<div>Product quality</div> <div>Customer service</div> <div>R&amp;D and innovation</div>	<div>Test product quality</div> <div>Improve the customer service</div> <div>Increase investment in R&amp;D and innovation</div>
<div><div><div></div></div><div>Employees</div></div>	<div>Protection of rights and interests</div> <div>Occupational health and safety</div> <div>Career development and training</div> <div>Compensation and benefits</div>	<div>Hold labour union activities</div> <div>Implement safety production</div> <div>Develop employee training system</div> <div>Provide competitive compensation</div>
<div><div><div></div></div><div>Suppliers</div></div>	<div>Supply chain management</div> <div>Responsible procurement</div>	<div>Establish a fair and transparent supply chain management system</div> <div>Establishing a sound procurement system</div>
<div><div><div></div></div><div>Government and regulatory bodies</div></div>	<div>Compliant operation</div> <div>Response to climate change</div> <div>Water conservation</div> <div>Pollution prevention and control</div> <div>Energy saving and consumption reduction</div>	<div>Build internal control and monitoring mechanisms</div> <div>Attach importance to environmental protection</div> <div>Water recycling</div> <div>Enhance pollution management initiatives</div> <div>Implement emission reduction initiatives</div>
<div><div><div></div></div><div>Partners</div></div>	<div>Promotion of industry development</div> <div>Risk management</div>	<div>Participate in industry events and exchanges</div> <div>Establish risk assessment, risk analysis, risk response mechanisms</div>
<div><div><div></div></div><div>Local communities and residents</div></div>	<div>Community contribution</div> <div>Charitable donations</div> <div>Rural revitalisation</div>	<div>Make more contributions to communities</div> <div>Actively participate in public services</div> <div>Respond to national calls</div>
<div><div><div></div></div><div>Public and media</div></div>	<div>Biodiversity</div> <div>Business ethics</div> <div>Tax compliance</div> <div>Job creation</div> <div>Media interviews</div>	<div>Attach importance to environmental management</div> <div>Improve corporate governance and disclose ESG reports</div> <div>Comply with the law and strengthen corporate awareness</div> <div>Promote corporate social responsibility</div> <div>Receive media interviews</div>

Materiality Assessment

Keda identified 18 material topics, ranked in materiality and clarify the priorities of ESG by evaluating and ranking the materiality of the issues based on two dimensions: "Influence on business development" and "Significance of environmental & social impacts" and analysing 284 copies of the *Material ESG Issues of KEDA Group Questionnaire*, survey results, internal and external stakeholder interviews and expert assessments.



Material Topics of KEDA Group



## STRENGTHEN CORPORATE GOVERNANCE TO FACILITATE COMPLIANT OPERATION

Corporate governance is the cornerstone of robust corporate operation. By continuously improving its governance structure, strengthening compliant operation and risk prevention and control, the Company effectively protects the legitimate rights and interests of stakeholders and promotes the standardised operation of the Company.

### Key performance

Board of Directors meetings  
**14**

Board of Supervisors meetings  
**13**

General Meeting of Shareholders  
**3**

Strategy Committee meetings  
**7**

Nomination Committee meetings  
**2**

Compensation and Assessment Committee meetings  
**2**

Audit Committee meetings  
**10**

## Compliant Operations

The sustainable and healthy development of the Company cannot be achieved without standardised operations that comply with laws, regulations and industry standards. To this end, the Company has formulated relevant management systems, established sound management mechanisms, continuously strengthened compliance education and training for its staff, and promoted the implementation and practice of a compliance culture.

### Internal control and compliance management

In accordance with the requirements of the *Basic Standard for Enterprise Internal Control*, the *Guidelines for the Application of Enterprise Internal Control* and the *Guidelines for the Evaluation of Enterprise Internal Control*, KEDA Group has formulated the *Internal Audit Guidelines* and the *Interim Measures for Internal Audit Management and Penalties*. The Company has built a sound internal control system and implemented a compliance governance structure led by the Board of Directors, supervised and managed by the Audit Committee, Board of Supervisors and Audit Department, and implemented by various functional departments. A sound internal control supervision system has been established to strengthen compliance management.

## Anti-corruption and anti-fraud

The Company strictly abides by the *Interim Provisions on Prohibition of Commercial Bribery* and other laws and regulations, practices the basic business principles of "integrity, honesty and trustworthiness", and requires full-time staff to sign the *Commitment to Integrity and Self-discipline* and suppliers to sign the *Commitment to Honest Partnership*. The integrity management requirements are integrated into the whole process of corporate operation, aiming to create an honest working environment.

The Company improves the complaint and reporting management process to enhance internal integrity, and has formulated the *Complaint and Reporting Policy* to clarify the procedures for receiving complaints and reports. The Audit Department and the Board of Supervisors receive reports, letters and visits in a timely, objective and fair manner, and refer them to the judicial authorities for disposal when major violations are involved.

### Key performance

#### Compliance Training

Number of compliance (including but not limited to anti-corruption, anti-bribery, etc.) training held  
**6**

Number of employees participating in compliance (including but not limited to anti-corruption, anti-bribery, etc.) training  
**100**



#### Reporting Channels

- WeChat official account: follow "KEDA Group" official account in WeChat, click "Contact Us", find "Complaints and Reports", and fill the form.
- Official link: <http://ts.kedachina.com.cn/>

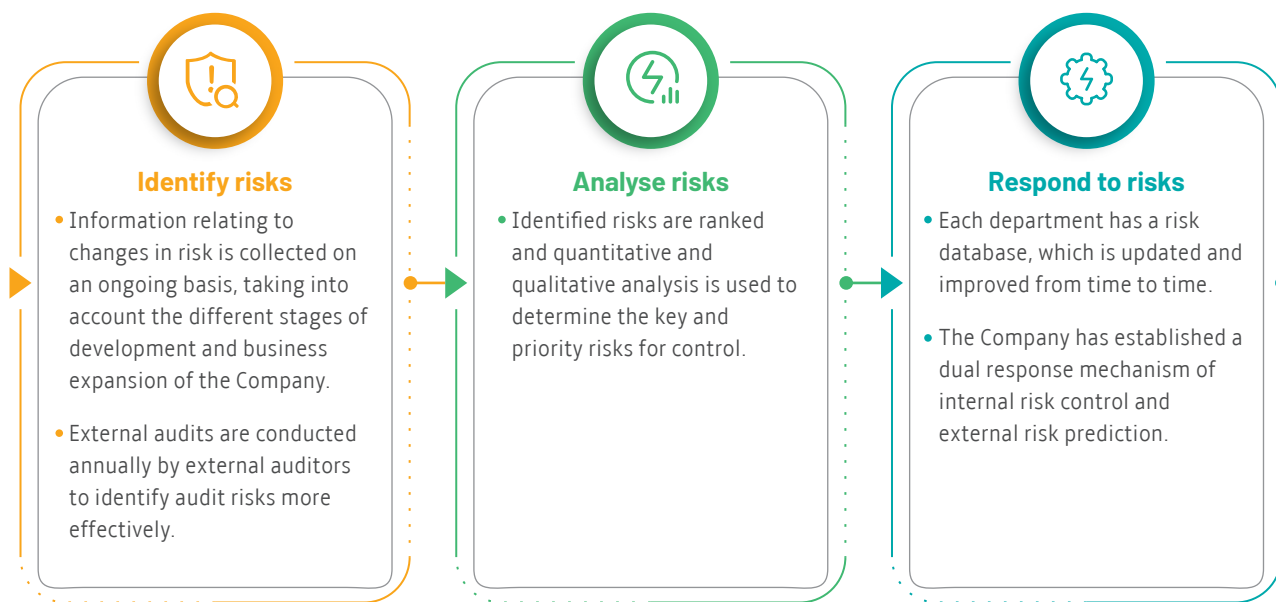
## Protection against unfair competition

We firmly believe that an open and transparent business environment cannot be achieved without adherence to business ethics. The Company strictly complies with laws and regulations such as the *Anti-Unfair Competition Law of the PRC*, the *Contract Law of the PRC* and the *Model Provisions on Protection against Unfair Competition*, and is committed to building a transparent, honest and fair competition mechanism. In order to adhere to the code of ethical business conduct, the *Regulations on the Administration of Legal Documents Signed by Senior Management* to Foreign Parties has been formulated and projects of its subsidiaries are reviewed on a regular basis.



## Risk Management

KEDA Group attaches importance to risk management. The Company has formulated the *Risk Assessment Management Policy* and improved its risk management procedures to continuously identify and analyse risks and adjust risk response strategies in a timely manner. At the same time, the Company has established a four-pronged risk management structure of "Board of Directors - Audit Committee - Audit Department - Functional Departments" to identify, manage, supervise and control various risks. ESG risks are integrated into the risk management system to keep a close eye on environmental and social risks. Meanwhile, KEDA Group has purchased liability insurance for the directors, supervisors and officers in order to preventing and resolving risks in performance of duties.



## Information Disclosure and Investor Relations

### Information disclosure

In accordance with the *Measures for Information Disclosure by Listed Companies* and the relevant laws and regulations of the SIX Swiss Exchange, KEDA Group strictly fulfils its obligations on information disclosure as a listed company. The Company upholds the concept of truthfulness, accuracy, completeness, timeliness and compliance by disclosing company announcements and documents on designated media websites. In 2022, the Company completed disclosed periodic reports and interim announcements in accordance with the requirements for A-share listed companies in China and the information disclosure regulations of the SIX Swiss Exchange. Especially, material or unexpected events of concern to shareholders and investors were disclosed to ensure that investors could have a timely, fair, accurate and complete understanding of the true operation of the Company. During the report period, a total of 201 announcements and related documents were disclosed.



The Company received an A rating for information disclosure for 2021-2022 from the Shanghai Stock Exchange.

### Investor relations

In 2022, KEDA Group continued to attach importance to and strive to improve its investor relations management. We strictly comply with the *Investor Relations Management Policy* and other relevant laws and regulations, improve our internal system, and follow the principle of "compliance, equality, proactivity, honesty and trustworthiness" for investor relations management. In order to protect the interests of small and medium-sized investors, the Company strengthens effective communication with shareholders and investors on all fronts and avoids selective disclosure to ensure that small and medium-sized shareholders have fair and equitable access to the Company's information.

The Company provides multi-level channels for small and medium-sized investors to enhance their understanding of the Company and participate in corporate governance, and creates convenient conditions for investors to exercise their rights, including earnings communication conferences, on-site inquiries, hotlines, investor column on the Company's website, SSE E-interactive and other means. In 2022, KEDA Group held accomplishment elucidation meeting 3 times and communicated with investors over 50 times through online and offline roadshows. At the same time, in order to facilitate investors' access to the Company's information, the Company has set up a WeChat official account and an applet "KEDA Investor Relations", in which such columns as "interactive Q&A", "company announcements", "research reports", "public opinion", "business details", "performance illustrations", "dynamic information" were set up. In 2022, 44 articles of company and industry updates and 42 articles on the Company's project progress and business model were regularly published to deliver important information to all investors more accurately.



Public account for investor relations





Case Study

"Bring in" and "Go out", KEDA Group shares the way to sustainability with its stakeholders

Bring in

Training on Offshore Issuance of Depository Receipts as a Listed Company was successfully held at KEDA

On 31<sup>st</sup> August, KEDA Group assisted in hosting a Training and Exchange on Offshore Issuance of Depository Receipts as a Listed Company organised by the Guangdong Listed Companies Association and was invited to share its experience on GDRs.



Investors came to KEDA Group to exchange ideas on how to run a business

On 28 October, Qian Deng Capital joined hands with investors to visit KEDA Group.



On November 23, Ping An Securities and other investors to visit KEDA Group.

Go out

Foshan Business interview with Yang Xuexian, Director and General Manager of KEDA Group: The LT brand matrix integrated and refreshed,

In June, *Foshan Business* interviewed Yang Xuexian, Director and General Manager of KEDA Group.



Chairman Bian Cheng delivered a speech at the Foshan Entrepreneurs' Day Quality Revolution Conference

At the 2022 Foshan Entrepreneurs' Day Quality Revolution Conference held on 27 September, KEDA Group was honoured Foshan City's Benchmark Enterprise for Nurturing and Attracting Talents, and Chairman Bian Cheng delivered a keynote speech on *The Legend of KEDA Group in Africa*.



Key performance

**SSE E-interactive online platform**  
In total, **181** questions were answered from investors on the platform, representing a **100%** response rate.

**Investor inquiries and communication**  
Investors made more than **50** field inquiries and online communication.

**Investor hotline**  
A dedicated hotline was used to answer investor inquiries.

Corporate Governance Awards



- 01 "Best Board of Directors of Listed Company" award by the National Business Daily
- 02 KEDA Group awarded "Excellent Practice in Annual Report and Earnings Communication" Conference of Listed Companies by China Listed Companies Association
- 03 KEDA Group awarded "Golden Sycamore" Best Listed Company for Investor Relations Management by TMTPost
- 04 KEDA Group awarded "2022 ESG Excellence Company" by Hexun.com



# A NEW PARADIGM FOR LEAN MANAGEMENT

With the original intention of "innovation is never-ending", Keda integrate the concept of intelligent and lean manufacturing, and are determined to achieve the goal of zero accidents in safety production. We strive to achieve the corporate vision of "To be a respectable machinery manufacturer".



## LEAN MANUFACTURING AND PRODUCT QUALITY

"Technology Brings Prosperity" is the innovation gene embedded in the name of KEDA Group, and "quality first" is the commitment of KEDA people to the products and customers. The Company attaches great importance to innovation and research, and continues to stimulate innovation through system construction and system improvement. It takes the initiative to introduce the concept of lean manufacturing, constantly optimises product quality management, customer service management and supply chain management processes, and strives to improve product quality.

### Unremitting Technological Innovation

With the core business philosophy of "innovation is never-ending", KEDA Group adheres to the path of "promoting business prosperity through technological progress", practices the development strategy of "leading products and technology", keeps carrying out technological innovation and product development, and continuously improves the core competitiveness of the Company.

#### Management of Technological Innovation

R & D system			
Serving Customers	Industry A	Industry B	.....
Delivery Mode	Products	Projects	Services
Organizational Structure	R&D Technology Center		
R&D Support	National Accredited Laboratory Industry-University-Research Cooperation		Post-Doctoral Workstation
Standard Method System	Performance Excellence Management System Intellectual Property System Quality Management System	Measurement Management System Enterprise Standard System	
Organizational Ability	Personnel Organization Ability Project Management Capability Technology Research and Development Capability Operation and Maintenance Service Capability	Continuous Delivery Capability Safety and Reliability Capability Resource Building Capacity	



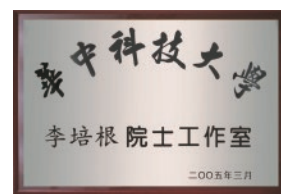
State-recognized Laboratory



State-recognized Enterprise Technology Center



Post-doctoral Research Workstation



Academician Workshop



Provincial Engineering Technology Center

### Innovation Management in a Three-dimensional Way



#### Innovation culture

- **Rewards for R&D:** outstanding R&D projects (including new products, new technologies, new materials, new processes, granted patents and standard revisions) are rewarded to motivate innovation.
- **Rank evaluation:** the promotion of professional technical staff is linked to their performance in R&D innovation.
- **Equity incentive:** In line with the principle of "People disperse if wealth gathers, and people gather if wealth disperses", employees making key innovation are given equity incentives to share the fruits of innovation.
- **Technical training:** key technical staff are sent to Tsinghua University and other academic institutions for training, and industry experts are invited to give lectures on a regular basis, providing opportunities for technical talents to exchange knowledge.



#### Investment in innovation

- **R&D platform:** The Company has high-level R&D platforms such as State-recognized Enterprise Technology Centre, National Engineering Technology Centre and State-recognized Laboratory, among which Anhui New Materials has a CNAS-accredited testing centre.
- **Industry-university-research platform:**
  - The Company has set up a post-doctoral research workstation and an academician workshop to optimise the structure of its R&D team, which now consists of more than 800 technical R&D experts.
  - KEDA Foshan Industrial signed strategic cooperation agreements with Tsinghua University, Beihang University, Huazhong University of Science and Technology, Jingdezhen Ceramic University and other well-known domestic universities and institutes, focusing on R&D, such as the core equipment technology of pottery machine, electromechanical control and digital modelling and simulation optimisation of a complete set of mechanical and electrical equipment.
  - HLT set up Guangdong Provincial Engineering Technology Research Centre for Powder Pressing and Forming Equipment, Municipal Research Institute for Ceramics Machinery, Provincial Enterprise Technology Centre and other institutions to actively promote industry-university-research cooperation.
  - Fujian Keda New Energy and Anhui University of Technology jointly established a key laboratory and engineering technology centre.



#### Leading the industry

- The Company is actively involved in the standard development to promote the high-quality development of the industry, including 10 national standards, 50 industry standards and 14 group standards that have been promulgated.
- During the report period, the Head Office participated in the development of four standards, namely Foshan standard *Automatic Hydraulic Press for Ceramic Tiles (Slabs)*, *Intelligent Heavy-load Automated Guided Vehicle and Control System*, *Continuous Roll Forming Production Line for Ceramic Slabs (Tiles)* and *Isostatic Pressing Production Line for Tableware*.
- HLT participated in drafting the industry standards *General Technical Requirements for Complete Set of Equipment for Building Ceramics Production* and *Automatic Hydraulic Press for Permeable Brick* and a Foshan standard *Automatic Hydraulic Press for Ceramic Tiles (Slabs)*, which have been promulgated; and it also participated, as the main drafting unit, in the group standard *Automatic Hydraulic Press for Ceramic Tiles (Slabs)*.
- DLT participated in the development of seven standards, including *Tunnel Kiln for Foamed Ceramics*, *Monitoring and Calculation Method of Thermal Engineering Performance Index of Decoration Firing Roller Kiln for Tableware*, *Heat Balance of Decoration firing roller kiln for Tableware* and *Determination and Calculation Method of Thermal Efficiency*.

DLT Conducting Training on New Ceramics Technology



## Technological Innovation Results

Relying on a sound R&D system and continuous R&D investment, KEDA Group has accumulated a large number of innovative R&D achievements in its main business segments, such as ceramic machinery, building materials and lithium-ion material and machinery, and has continuously consolidated the company's competitive advantage position.

### Key Technological Innovation Achievements

Business Segment	Innovation Achievements
<p>Ceramics Machinery</p>	<ul style="list-style-type: none"> <li>On the basis of developing the traditional ceramics machinery business, we have actively explored the cross-industry application of machinery and equipment. So far, the application fields of kilns have been expanded to refractory materials, lithium-ion battery industry, domestic ceramics, sanitary ware, solid waste treatment and other industries, and the presses have been applied to cookware pressing production, wheel pressing and forming, metal forging, aluminium extrusion machine and other industries.</li> <li>The comprehensive technology "high-efficiency and energy-saving roller kiln for foamed ceramics" developed by the Company has reached the international leading level, and the "new continuous ball mill", "MIH series energy-saving multi-layer self-circulation dryer" and "high-efficiency and energy-saving intelligent wide-body roller kiln" have reached the international advanced level.</li> <li>DLT developed the world's longest and most productive green manufacture double-deck kiln for sintered slab, and together with Xianhu Laboratory and OCEANO Ceramics Co., Ltd., launched the world's first zero-carbon ceramic tile fired with ammonia.</li> <li>KEDA Foshan Industrial pioneered high-temperature Heat-treatment Furnace for aluminum, filling the gap in the domestic technology.</li> </ul>
<p>Building materials</p>	<ul style="list-style-type: none"> <li>The Company is operating ceramics plants with 14 production lines in 5 African countries.</li> <li>These African ceramics plants have added over 200 different patterns, including wall tiles, retro tiles, coloured glazed tiles, glossy glazed tiles and crystal glazed tiles.</li> </ul>
<p>Lithium-ion battery material</p>	<ul style="list-style-type: none"> <li>The synergistic development at "material end and equipment end" has been achieved, and an layout of "calcined coke, graphitisation, artificial graphite and new anode materials" has been formed for the anode materials segment.</li> <li>Fujian Keda New Energy has developed a number of core anode material products with independent intellectual property rights and has been granted 16 invention patents.</li> </ul>

#### Key performance

#### Technological Innovation Achievements

Total number of patents granted in domestic and abroad

**2,765**

Total number of invention patents

**477**

Number of company publications

**115**

Scope of statistics : Head Office and all domestic subsidiaries and branches

## Lean Management System

The building ceramic machinery business introduced the concept of lean manufacturing and complied the *Rules for the Implementation of Lean Management System KBS for KEDA Ceramics Machinery* to actively promote the implementation of lean management. In the first year of lean management, the Company achieved good results. With lean management as the backbone, the divisions' performance rose against the backdrop of a relatively poor overall economic environment, achieving growth in both sales value and profit.

#### Key performance

#### lean projects of building ceramics machinery

- The Stone, Packaging and Processing Divisions all reduced inventory by over **50%**, increased inventory turnover by over **20%** and reduced assembly lead time by over **25%**. In particular, the Packaging Division improved its inventory turnover by **66%** and reduced its assembly lead time by **47%**.
- During the report period, we received **1,285** improvement proposals from employees, of which **922** were excellent and effective, achieving cost reduction and efficiency improvement worth over RMB **20** million.

### Measures for Lean Management



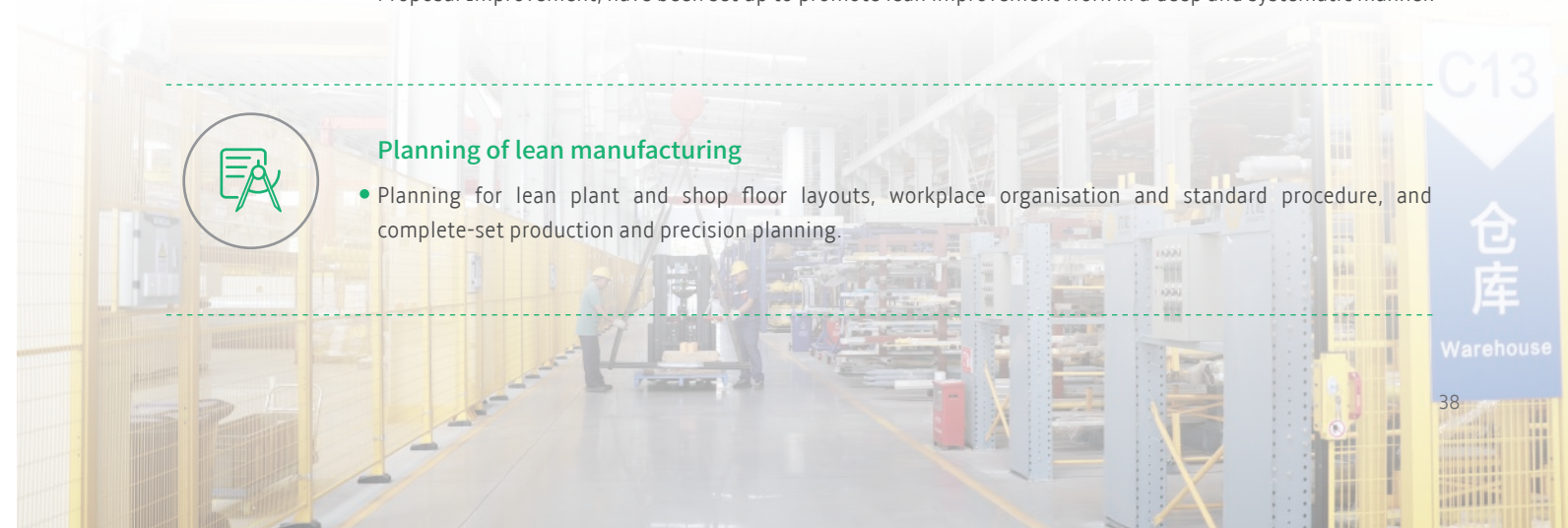
#### Cross-divisional collaboration

- The Lean Office took the initiative to visit the general manager of each division to understand the existing difficulties, pain points, bottlenecks and needs of the divisions.
- Three collaboration groups, including Value Chain - Pull, Efficiency Improvement and Cost Reduction and Proposal Improvement, have been set up to promote lean improvement work in a deep and systematic manner.

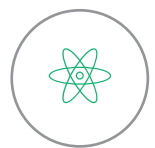


#### Planning of lean manufacturing

- Planning for lean plant and shop floor layouts, workplace organisation and standard procedure, and complete-set production and precision planning.







### Building of a lean manufacturing value chain

- Promote production and sales synergy, lean supply chain, lean R&D and lean service to achieve cost optimisation and strategic synergy.



### Lean digitalisation

- Based on the establishment of standard procedure and full-process penetration, informationisation is achieved through software systems such as Enterprise Resource Planning (ERP) / Advanced Planning and Scheduling (APS) / Warehouse Management System (WMS) / Supplier Relationship Management (SRM) / Manufacturing Execution System (MES).



### Tools for lean management

- **Just-in-Time (JIT) production:** The equipment is configured according to the sequence of processes to achieve the goal of "synchronous, multi-skilled and multi-functional", and production is scheduled according to the rhythm of production to ensure that the necessary number of units are produced and to prevent over-production.
- **Plant planning:** resources such as people, machines and materials are reasonably allocated to achieve optimal material flow, information flow and people flow, ultimately helping achieve optimal QCD (quality, cost and delivery) in the plant.
- **5S workplace management:** the shop floor and the materials on the shop floor are standardized through fixed position, kanban management and visual management.
- **Total improvement:** employees are encouraged to identify and propose improvements in areas such as "procedures, work methods, tools and equipment". The Company then selects excellent and effective proposals for implementation, and the proposal owners will be rewarded.
- **Introducing the value stream concept:** value stream analysis is conducted to eliminate any activities that create no value, thus reducing waste and increasing efficiency and effectiveness.



### Building of lean culture

- The "Lean Golden Seed Talent" development programme was launched to develop lean management talents to promote the lean management.
- The pre-shift meeting system was established and the "book club" is held to promote a lean culture.



### Result of the "internal and external coordinated, innovation-driven" information development strategy from the perspective of employees

Case Study

With "the development blueprint of information technology centring on the upgrade of SAP Business Suite 4 SAP HANA" as the development goal, KEDA Group actively promoted the digitisation process of the Company. During the report period, projects such as KEDA Group MES System Construction Project, KEDA Group PLM Upgrade Project and KEDA Group Financial Digitisation Platform Construction Project were formally launched, and the business-finance integration, enterprise resources integration and group control integration were promoted in an orderly manner.

### Staff Voice · Financial Information System



**Document submitter**  
Improved efficiency

The reimbursement efficiency has been significantly improved since the financial information system went live. There is no longer any need to actively follow up on the approval process and the reimbursement can be received as early as one day after the bill is raised.



**Document approver**  
Convenient on mobile

The user-friendly interface on mobile allows the approval of documents at any time, and the control of system pre-conditions reduces the amount of information that needs to be reviewed.



**Accounting Department**  
Accurate data

Automatic identification of invoice authenticity, automatic generation of expense accounts, automatic mapping of cost centres and online generation of evidence greatly improve efficiency.



**Finance Department**  
Rigorous process

After the new system went live, a more detailed review of the reasonableness of expenditure for each department is possible, making the process more rigorous.



**Cashier's Department**  
Improved accuracy

The money can now be paid out with great confidence and the accuracy and efficiency of my work has been improved.



## Quality System Certificates Held by the Company

Ceramics machinery

KEDA Foshan Industrial and HLT passed ISO 9001 quality management system certification

DLT passed ISO 9001 quality management system certification and CE marking certification and won the Sanshui District Government Quality Award of Foshan

Building materials

Permit to Use the Diamond Mark of Quality issued by the Kenya National Qualifications Authority

Lithium-ion battery material

Anhui New Materials passed IATF 16949 quality management system certification

## High-quality Customer Service

With the business philosophy of "customer-centric, serving customers and consumers", our sales models include domestic direct sales, foreign direct sales or distribution, and we have established a sales management system that includes sales planning management, sales execution management and customer management.

### Customer Service Management for the Ceramics Machinery Business

Pre-sales process

We collect customer information, display product advertisements on newspapers, magazines and industry websites, and participate in domestic and international exhibitions to promote our products. During the pre-sales process, we communicate with customers on the planning of the whole plant and the complete line engineering, and provide Know-How services.

Sales process

After the contract is concluded, we take the initiative to follow up the production and delivery progress and provide the customer with theoretical knowledge training. After the equipment arrives at the plant, we send mechanical, electrical and commissioning engineers to the customer's plant for installation, commissioning and trial production.

After-sales process

We provide installation and commissioning guidance, operation and troubleshooting training, parts supply, on-site service and visit by engineers and return visit by marketing staff.

Customer complaints

**Domestic:** Customer complaint calls can be transferred to the sales staff or marketing director, and the marketing centre will feedback customer complaint information to the product division which is responsible for providing solutions and arranging technical staff service as required.

**Overseas:** Customers can make complaints by phone or email. Upon receipt of a complaint, sales staff will promptly gather information about the problem and give a targeted response, and if necessary, send technical staff to the customer's site to solve the problem.

Discussion with an Overseas Customer

#### Key performance

#### Customer Satisfaction

Number of customer return visits

990

Number of visits to effectively recover customer satisfaction

680

Customer satisfaction rate

95.16%

Scope of statistics : Five major domestic business units



## Responsible Supply Chain

With the concept of "honesty and trustworthiness, multi-win is the win ", the Company is committed to building a high-quality and efficient supply chain system and establishing long-term strategic partnerships with suppliers. Under the guidance of the *Qualified Supplier Management Scheme and other systems*, environmental, social and corporate governance factors are incorporated into the supplier assessment system, empowering our partners and enabling mutual growth.

### Responsible Supply Chain Management of KEDA Group



#### Key performance

#### Supplier Management

Number of suppliers

**2,135**

Number of suppliers by region: Mainland China,

**2,107**

Number of suppliers by region:  
Outside Mainland China

**28**

Number of supply chain management  
related trainings conducted

**38**

Scope of statistics : main domestic business units

## IN PURSUIT OF ZERO-INCIDENT GOAL

Production safety is the top priority of a company. KEDA Group insists on the safety policy of "safety first, prevention first, comprehensive management" and attaches great importance to production safety management. We continue to optimize the production safety management system, actively build the safety culture, and devote ourselves to achieving the development goal of "zero work-related injuries and accidents" in safety production.

## Production Safety Management

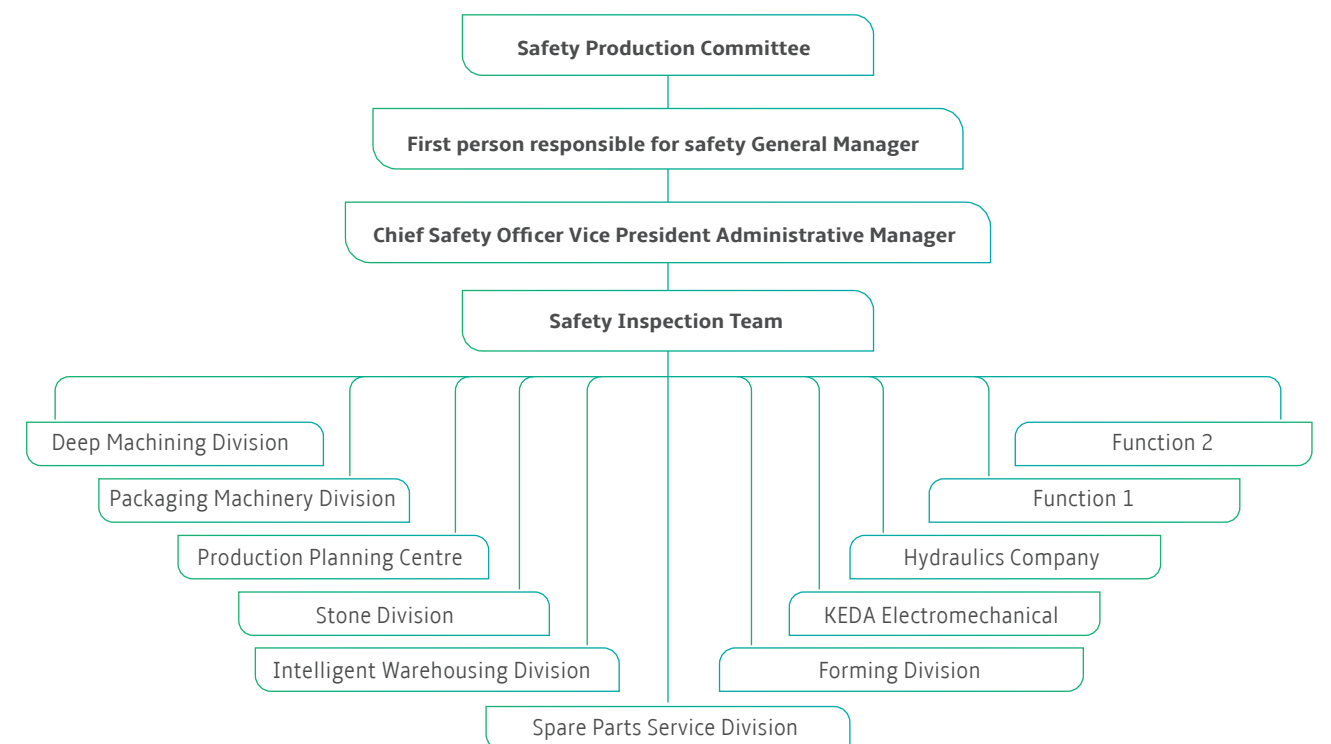
With the safety management concept of "Safety-oriented, Happiness for a Long Time", KEDA Group strictly abides by the *Work Safety Law of the People's Republic of China* and the relevant laws and regulations on production safety in the places where the Company are operating, establishes a safety production committee, holds regular safety production meetings, and improves the production safety management system in order to continuously enhance the level of production safety management.

#### Key performance

◆ **17.67%** of employees violating safety regulations in 2022, which decreased from the previous year.

◆ During the reporting period, we invested **3,294,400** yuan in domestic safety production.

Scope of statistics : Eight major domestic business units



▲ Structure of the Safety Production Committee of Domestic Ceramics Machinery Business



## Production Safety Measures in building materials machinery

### Safety management policies

- More than 30 production safety policies have been developed, including the *Production safety Management Regulations*, the *Safety Work Assessment and Incentive Measures*, the *Education and Training Management Regulations* and the *Safety Accident Emergency Response Plan*.

### Three-level safety performance assessment system

- The head of safety of the operating unit, the head of safety of the workshop, the team and the person involved in the accident are assessed and held accountable on a quarterly basis. Penalties are imposed on the head of each of the three levels for work-related injuries exceeding RMB 5,000 in treatment costs.
- Monthly notifications are made to those involved in safety violations during daily inspections, so that "everyone is responsible for his or her own safety".
- The introduction of a safety assessment reward and punishment mechanism has resulted in a significant reduction in safety violations.

### Enhance the professional level of the safety supervisors

- The Safety Production Committee has formed a team of more than 20 safety supervisors to assist the workshop heads in carrying out safety inspections and supervision.



Production Safety Assessment and Recognition Ceremony



Production safety system helping employees to report safety hazards in a timely manner

### Safety management system

- A "three-level responsibility system" for production safety is in place, i.e. operating unit level, workshop level and team level.
- The production safety "closed-loop" management is adopted to promote the standardisation of production safety.
- According to the principle of "one post, two responsibilities" and the principle of "three controls, three musts", the whole staff is responsible for the safety work.

### Identify risks and hazards of production safety

- A production safety inspection team has been set up to conduct regular inspections of hazards and implement their rectification.
- When employees find safety hazards in the plant, they can scan the QR code to give feedback on their findings in the applet provided by the emergency response office for timely hazard identification and remediation.

### Third-party management

- Any outsourcing construction team must provide special work permit, which shall be filed at the Company, to ensure third-party safety management.

the leader of the safety production team(responsible for the overall work of the company's safety affairs)

general manager

the deputy leader of the safety production team(responsible for the daily management of safety affairs)

factory manager

administrative manager

member of the safety production team(responsible for implementing the safety production of the department or workshop)

The person in charge of the workshop

The person in charge of the department

coordinate the safety management work in the factory

safety manager

responsible for supervising, inspecting and reporting safety matters, emergency handling of the sudden fire

two security officers

a volunteer firefighter

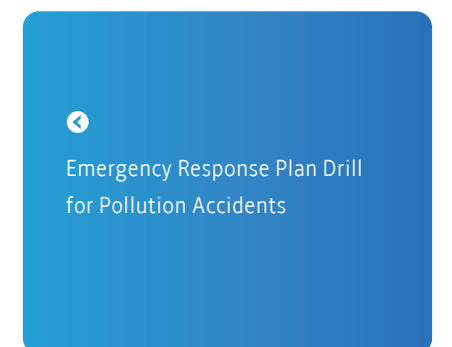
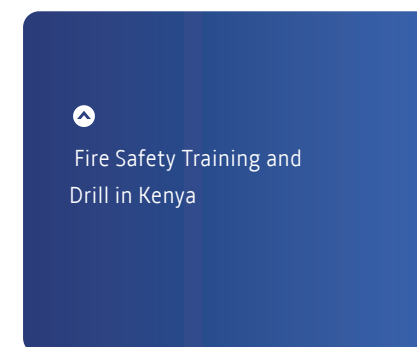
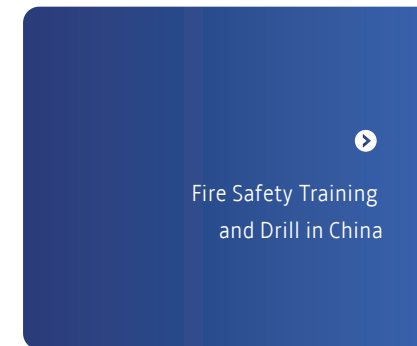
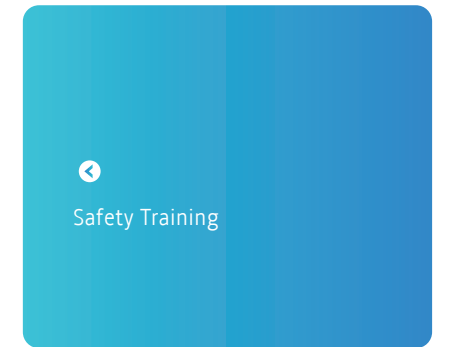
Structure of the Security Management Committee in Africa



## Building of the Safety Culture

Building the safety culture is an important part of production safety management. KEDA Group helps employees establish and strengthen their awareness of production safety through safety training, safety inspection, emergency drills and safety knowledge publicity, aiming to strengthen the safety awareness that "everyone is responsible for his or her own safety".

### Measures to Build the Safety Culture





# PROTECTION OF OCCUPATIONAL HEALTH

With the concept of "prevention first, prevention and treatment combined", KEDA Group is committed to continuously improving the occupational health management for its employees.

ISO 45001 Occupational Health and Safety Management System Certificate of Anhui New Materials



## Key performance

## Occupational Health Management

Annual health check coverage

91.04%

Occupational health and safety training

70 Session

Employees participating in occupational health and safety training

3,264 Person-time

Scope of statistics : Eight major domestic business units

## Occupational Health Management Measures



### Identify risks

- The hazards and associated risks in the Company's activities, products and services are identified and summarised in accordance with the *Hazard Identification and Risk Assessment, Management and Control Procedures*, and are dynamically updated in the light of the Company's actual operations.



### Safety alarm devices

- Medium and high risk premises are equipped with safety alarm devices.
- PPE wearing tips and surveillance system are set up in relevant workshops.
- Fire alarm devices are installed in places and buildings with a high concentration of people.



### Regular health checks

- Health checks for new employees to avoid occupational contraindications.
- Annual occupational health checks for serving employees.
- Pre-departure occupational health checks for personnel involved in occupational hazards.



### Standardisation of PPE use

- Training on the provision and use of PPE is conducted, and the use of PPE is inspected on a regular basis to ensure the accuracy of the scope, type and quantity of PPE issued.



### Thematic training

- Occupational Health Week publicity activities are carried out to strengthen staff awareness of occupational health management, focusing on emergency response and handling, the consequences of activities and behaviours that trigger occupational health and safety risks, and potential consequences of violating process discipline, equipment operating practices and product usage instructions.



Emergency Response Training in the Kenya Region



Staff Participating in Occupational Health and Safety Training





# ESG

## A NEW GREEN AND LOW CARBON CHAPTER

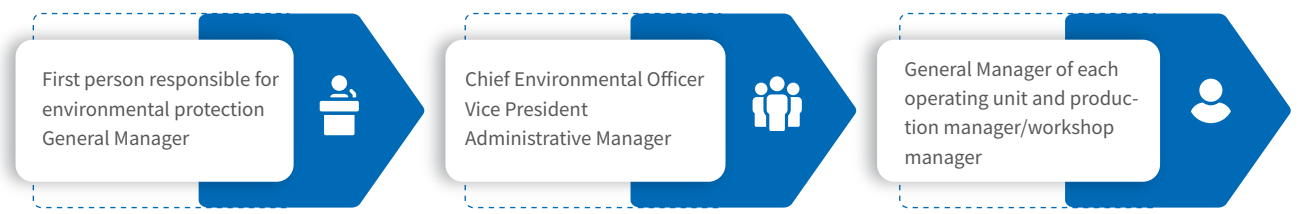
KEDA Group actively responds to the call to fight the battle against pollution and improve the ecological and environmental quality, insists on leading green development with green technological innovation, actively explores new methods and measures for environmental protection, promotes the economical, intensive and efficient use of natural resources, collaborates to promote green and low-carbon development, and follows the path of environmentally friendly and sustainable development.





# IMPROVE THE ECOLOGICAL AND ENVIRONMENTAL GOVERNANCE CAPACITY

KEDA Group adheres to the environmental management concept of "reasonable use of energy, green construction", takes "prevention first, prevention and treatment combined" as the basic guideline, and implements the principle of "the managers are held responsible, and the polluters pay". The Company has established a clear organisational structure for environmental protection management, with the general manager as the first person responsible for environmental protection to co-ordinate and arrange the Company's environmental protection management. In order to implement the work of ecological and environmental governance, the Company has formulated *Environmental Protection Management Regulations*, *Emergency Response Plan for Environmental and Safety Accidents* and other environmental protection related policies to fulfil its ecological and environmental protection responsibilities.



Structure of the Environmental Protection Management



HLT, DLT and Anhui New Materials have all obtained ISO 14001 environmental management system certificate

The Company strengthens ecological and environmental risk management and strictly implements the "three-pronged" system for environmental protection of construction projects to prevent adverse impacts on the ecology and environment caused by project planning, construction and implementation. The Company actively responds to environmental pollution emergencies, investigates and analyses the time and place of environmental accidents, pollution sources and polluting substances, the extent of environmental impact and economic losses on the same day, and takes effective measures in a timely manner.



Each of the Company's plants conducts at least one emergency drill for sudden environmental pollution accidents every year.

Investment in environmental training

1,078 thousand yuan

Number of environmental training conducted

25 times

Total number of participants in environmental training

1,071 Person-time

Scope of statistics :Eight major domestic business units



# SEIZE THE OPPORTUNITIES OF CLEAN TECHNOLOGY

With the goal of being a "resource-saving and environment-friendly" company, KEDA Group takes energy saving, efficiency improvement and intelligent control as the main lines of innovation, and integrates low-carbon, energy-saving and green concepts into process development to reduce pollutant emissions at source and maximise resource and energy utilisation.

## Research on Low Carbon Technology

### Green Manufacture Double-deck Kiln For Sintered Slab

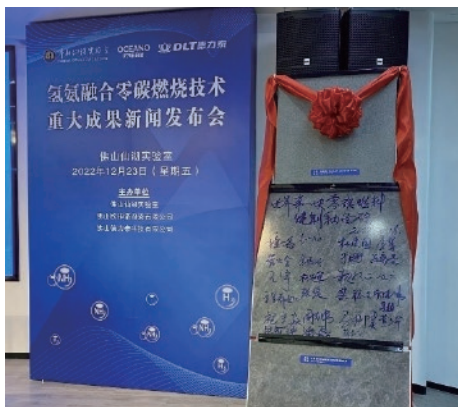
With the development direction of high efficiency and energy saving, DLT undertook a carbon neutral double-deck kiln project for sintered stone in the industrial "4.0 energy efficiency benchmark digital and intelligent era". The project launched the world's longest (415.8 metres) and most productive green manufacture double-deck kiln for sintered slab, which can produce high quality green sintered stone of different thicknesses and specifications at the same time. The two decks have independent control and no interruption to each other, improving production efficiency. With increased production efficiency and reduced energy requirements, the kiln is expected to reduce carbon dioxide emissions by 14.64 tonnes per day, setting a new "intelligent and gas-saving" benchmark for double-deck sintered stone kilns in the industry.



▲ The NewPearl Group has applied the green manufacture double-deck kiln for sintered slab developed by DLT.

### Zero-carbon Ammonia-hydrogen Hybrid Combustion Technology

DLT jointly founded the Joint Innovation and Research Centre for Advanced Zero Carbon Emission Technology. The R&D team took into account the high cost of hydrogen and the difficulties of storage and transportation, and jointly researched the application of ammonia as a fuel in the high temperature industry to design and develop industrial burner and supporting technology with pure ammonia fuel and natural gas-ammonia mixed fuel. On 18 December 2022, the world's first green manufacture tiles fired with zero-carbon ammonia fuel, was produced in Foshan City, Guangdong Province, successfully controlling nitrogen oxide emissions within the national standards, reducing carbon emissions to zero during the tile firing process and opening up a new energy technology path for the ceramics industry and even the whole building materials industry to achieve "carbon dioxide peaking and carbon neutrality".



▲ Press conference on the major success of hydrogen-ammonia fusion zero-carbon combustion technology held on 23 December 2022.



▲ Joint Innovation and Research Centre for Advanced Zero Carbon Emission Technology

### Building materials business & Lithium-ion battery material business

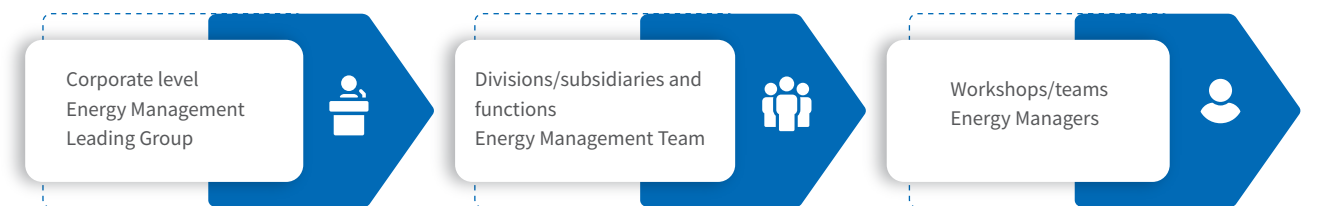
- In Africa, we have reduced carbon emissions during the production of ceramics by increasing the use of clean energy (such as natural gas) and upgrading equipment and technology.
- The Datian plant in Fujian Province used 45% green electricity, committing to reducing our carbon footprint and building green brand construction.



▲ Africa factory production line

# KEEP AN EYE ON AND RESPOND TO CLIMATE CHANGE

The Company has established a three-level management system - the corporate level, division/subsidiary level, and workshop/team level, and workshop/team level has been established, and the energy management policies have been formulated, such as *Regulations on the Use of Energy Resources, Management Procedures for Monitoring Energy and Materials and Control Procedures for Energy Target Management Programmes*, to regulate the energy consumption of various departments and form a corporate-wide energy management network.



▲ Structure of the Three-level Energy Management

Key performance

During the reporting period

Foshan base generated a total of

6,146,638 kWh of photovoltaic power

Reduced carbon dioxide emissions by

3,505 tonnes





Energy Management Measures

**Clean energy**

As a professional equipment manufacturer, the Company's main energy consumption is electricity. In order to reduce environmental pollution, the Company has set up solar photovoltaic panels on the roof and adopted photovoltaic power generation to increase the proportion of clean energy.

**Energy saving awareness**

The Company uses bulletin boards, staff meetings and other forms to advocate energy saving and consumption reduction, making the concept of "saving every kilowatt hour of electricity and every drop of water" deeply rooted in people's hearts.

**Energy-saving equipment**

The Company has stipulated that priority should be given to low energy-consuming and material-saving equipment and processes during technical renovation and process improvement. We also actively carry out technical transformation and innovation to reduce energy consumption.

BUILD AND IMPROVE GREEN OPERATION SYSTEM

KEDA Group consciously fulfils and undertakes the social responsibility of environmental protection and integrates the " carbon dioxide peaking and carbon neutrality " strategy into the operation and management process of the Company.

Emissions Management

KEDA Group actively responds to the call to fight the battle against pollution and improve the ecological and environmental quality by formulating management policies such as the *General Waste Management Regulations and Hazardous Waste Management Regulations* to control environmental pollution, help improve environmental quality and lay the foundation of environmental protection for the sustainable development of the Company.



DLT was awarded the 2022 Class A Enterprise Unit of Foshan for Enterprises Involved in VOCs

Waste Management

**Non-hazardous wastes**

- The Company's general solid wastes are disposed of according to the principles of "harmlessness, resourcefulness and minimisation". For recyclable wastes, priority is given to secondary use within the Company, while the rest is handed over to qualified sanitation companies for disposal.

**Hazardous wastes**

- Waste gas: The Company's waste gas mainly comes from workpiece surface treatment (shot blasting, cleaning, painting, etc.). The waste gas needs to be treated by the VOCs waste gas treatment equipment to strictly meet the emission requirements.
- Timely rectified safety and environmental hazards. For example, HLT built new concrete hazardous waste silos, enhancing fire and water resistance, improving anti-penetration and anti-leakage capabilities, and reducing the environmental impact of hazardous wastes.
- Assembly workshop has been equipped with reused oil filtration devices. For example, HLT re-filters and reuses the hydraulic oil used in commissioning presses, which prolongs the service life of hydraulic oil by 0.5 times and reduces waste oil by about 3 tonnes per year.
- Recycled and treated production waste, turning waste into treasure. For example, DLT uses ceramic fibre wool and refractory bricks to insulate the kiln floor, making the recovery rate of ceramic fibre wool reaches 90% and the recovery rate of refractory bricks is about 35%.

Indicator	Unit	Quantity	Scope of Statistics
Wastewater discharged	m³	43,791.40	main domestic business units
COD Chemical oxygen demand (COD) emissions	Tonne	1.69	
Suspended solids (SS) emissions	Tonne	0.86	
Ammonia and nitrogen emissions	Tonne	0.23	
SOx emissions	Tonne	63.36	
PM emissions	Tonne	9,551.85	
Non-hazardous waste emissions	Tonne	3,368.06	
Non-hazardous waste recycled	Tonne	3,555.75	
Hazardous waste emissions	Tonne	74.45	



★

Replace the exhaust gas treatment equipment and enhance the waste gas treatment capability

Case Study

During the report period, HLT invested RMB 3.138 million to upgrade the VOCs waste gas treatment equipment. Three sets of treatment devices with the treatment process of "cyclone tower + dry filter + activated carbon adsorption and desorption + online catalytic combustion" were added, and the retractable mobile paint booth was replaced with a fixed one to enhance the airtightness of the waste gas collection process. According to the monitoring data, after the upgrade of the paint booth, the VOCs collection efficiency of the paint booth has reached 95%, and the treatment efficiency of all the three sets of organic waste gas treatment facilities has exceeded 90%, reducing VOC emissions by 1.139 tonnes and hazardous waste by 3 tonnes, further reducing the intensity of pollutant emissions and improving the capability of environmental treatment.



VOCs Waste Gas Treatment Facility

## Water Resources Management

In accordance with the *Law of the People's Republic of China on Prevention and Control of Water Pollution* and other relevant laws and regulations, KEDA Group has established a sound water conservation management system and introduced the *Regulations on the Use of Energy Resources* policy to establish a green and healthy concept of water conservation, alleviate the current situation of water scarcity, improve the efficiency of water utilisation and promote the green transformation and high-quality development of the Company.

Upgrading of water consuming equipment

Traditional flushing equipment is replaced with water-saving equipment such as sensor urinals, tank-type squat toilets, sensor faucets and self-closing flush valves, and faucets are equipped with flow-limiting spouts and flow-saving screens to reduce water consumption.

Water Resources Management


Treatment and reuse of effluent

The Company has its own wastewater treatment station, adopting the treatment process of "oil and slag separation + conditioning + coagulation and sedimentation + anaerobiosis and aerobiosis + MBR membrane filtration", and the wastewater meeting the discharge standard is recycled and used as pretreatment water for production facilities, irrigation water, etc.

Total amount of water consumed

488,305.70<sup>m³</sup>

Scope of Statistics:main domestic business units




Green Office

The Company actively advocates low-carbon work and low-carbon life, raises the awareness of green office of all employees, practices green production and lifestyle, creates a green and friendly working environment, drives employees to consciously fulfil their environmental responsibilities, and builds a comfortable and beautiful green home together.


## Low-carbon lifestyle

Working space



- The Company has built OA, ERP, SAP and other information systems to establish a complete paperless office system, promote the secondary use of single-sided waste paper and control the number of paper documents printed.
- The Company promotes to its staff the importance of saving electricity, turning off lights in a timely manner, minimising the standby consumption of computers, printers and other office automation equipment, and consciously developing the habit of turning off lights and power when leaving.
- The Company has stipulated that the air conditioner should be set at 26℃ or above in summer and 20℃ or below in winter, and windows must be closed when the air conditioner is running. It is suggested that air conditioners be used one hour less per day.

Living space



- With the new-energy car vehicle business, the Company provides green travel services for staff to go out to work and installs electric vehicle chargers in the Company to encourage a green way to get around.
- The Company has equipped the dormitory area with an air energy heat pump, which compresses air to produce heat, reducing fuel use and environmental pollution, while meeting the young employees' demand for quality life.



# NEW EXPECTATIONS FOR A BETTER LIFE

With our corporate culture of "Green solution, greener life", we are committed to creating an equal, open and comfortable working environment for our employees and actively contributing to the local community.



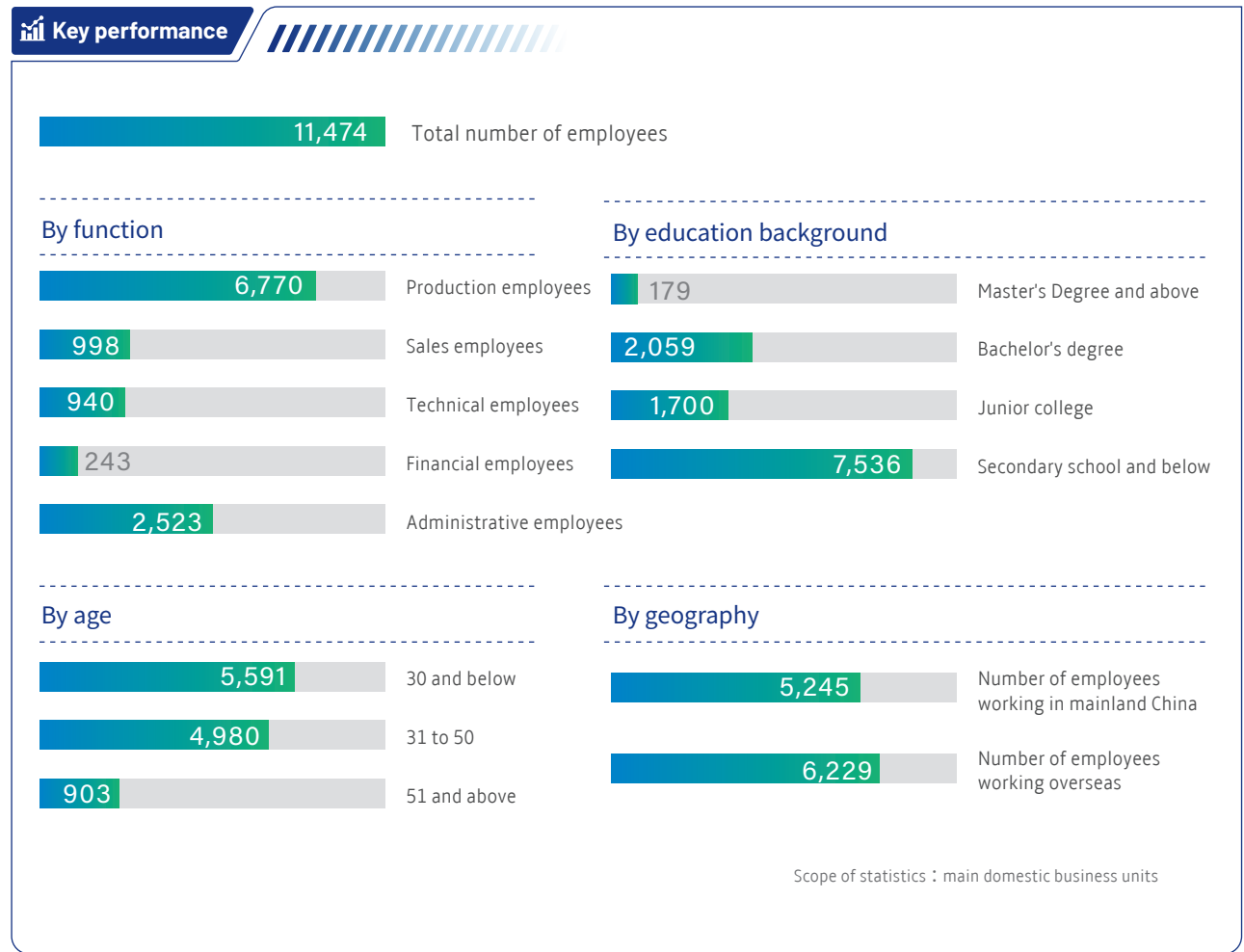
PUT PEOPLE FIRST AND HELP THEM GROW

KEDA Group cultivates fertile ground for talents and helps employees grow and become successful. The Company fully protects the basic rights and interests of employees, opens up internal communication channels and actively understands the demands of employees, builds a sound talent training system, encourages further education of employees and enhances their competitiveness.

Protection of Basic Rights and Interests

The Company strictly abides by the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Labour Union Law of the People's Republic of China* and other laws and regulations regarding labour rights, and has formulated the *Labour Contract Management Policy*, the *Human Resource Management Policy* and other rules and regulations.

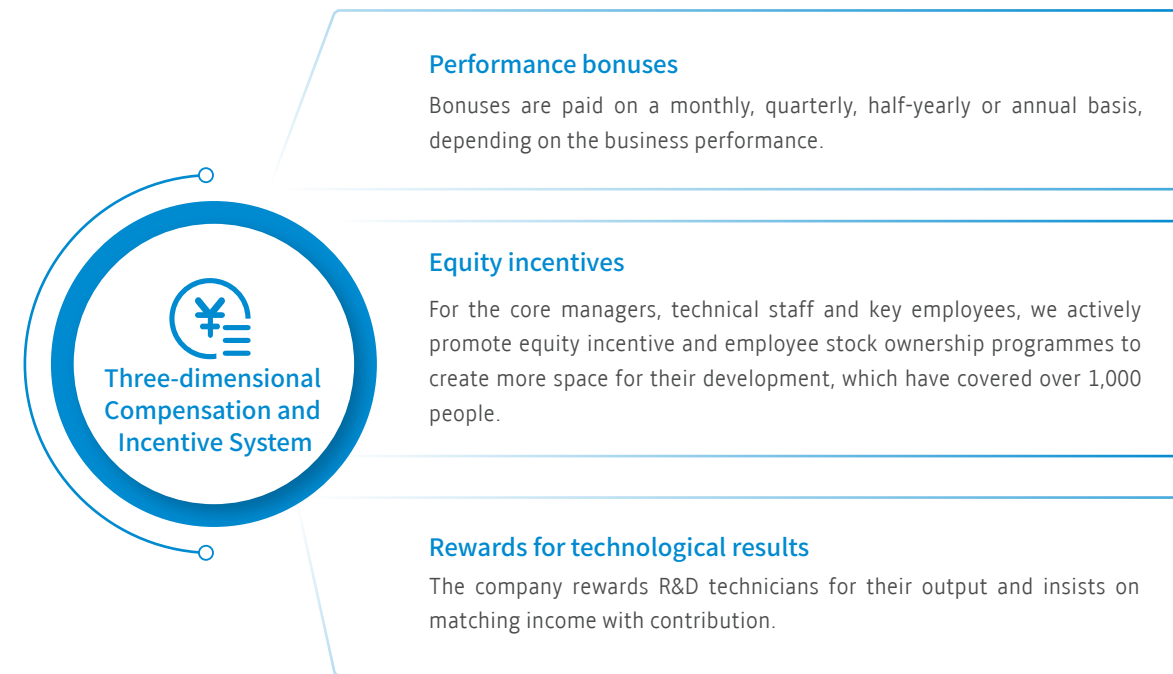
We follow the principle of fairness and equity in recruitment, compensation and benefits, career development, rewards and punishments, and do not discriminate any employee on the basis of race, gender, religion or beliefs. We are against any form of forced labour and child labour. We pay the "five social insurances and one housing fund" for all employees, strictly implement the national standard of working hours and protect the legitimate rights and interests of employees.



Compensation and Benefits

Let the cause motivate people, let the income retain people, let people achieve the common cause of KEDA Group. By establishing a three-dimensional compensation and incentive system, the Company provides employees with competitive salaries, gives full play to the incentive-oriented role of compensation, stimulates the sense of belonging and identity of employees, and provides employees with various benefits to enhance their well-being.

In order to fully mobilize the enthusiasm of the Company's key and outstanding employees and jointly promote the long-term development of the Company, the Company has implemented equity incentives. Since its listing, the Company has implemented four equity incentives at the listed company level; and at the subsidiary level, the Company has built employee stock ownership platforms in different business segments. These measures combine the personal interests of employees with the long-term interests of sustainable development of the Company, which have covered nearly 1,000 employees cumulatively.






☆

Fun and Friendship in Games! The First Basketball Tournament of KEDA Group Zambia Ceramics Plant Successfully Held

KEDA Group gathers overseas employees to create a culture of unity. The Company invited employees from 8 production departments, including press workshop, kiln workshop, glaze line workshop and grading and polishing workshop, to carry out a friendly basketball tournament. The local Zambian employees actively participated in the tournament, showing outstanding athletic ability and strong teamwork skills.

Case Study



▲

The First Basketball Tournament of KEDA Group Zambian Ceramics Plant


☆

KEDA India Held First Diwali Event for Indian and Chinese Staff

Diwali, the most important festival in India, was celebrated by KEDA together with Indian staff and Chinese staff in India. The Company prepared a rich Indian buffet dinner, exquisite gifts and a fireworks display for the Indian staff, sending them sincere and good wishes.


KEDA has always been committed to local production, expanding the number of Indian technicians to 12, promoting the local supply chain, conducting research on Indian customers, and working hard to enhance the Company's business in the Indian market and usher in the light together with the local community.

Case Study



▲

Fireworks Display at the Diwali Event



▲

Exquisite Gifts for Indian Staff

65

Training and Development

The Company is committed to creating a development ladder for employees. A clear position system has been set up to help employees' self-positioning, and a learning culture has been built by providing personalized training courses to improve the professionalism of employees. Every year, the Company carries out rank evaluation, assessing employees' basic qualifications, professional qualifications and competencies at KEDA Group to ensure staff promotion in an open and transparent manner.

The Company has launched various training programmes for different targets, including the KEDA International Artisan Class and the 2022 Special Training Programme for College Graduates, the 2022 Dream Plan - Guangdong New Generation Industrial Workers Development Project for employees seeking higher education, and the 2022 Special Training Camp for the empowered management team of the building ceramic machinery business.

Number of training hours per capita in KEDA Academy for the staff of headquarters and building ceramic machinery business

53Hours

Number of employees who have received training

9,906Person-time


Scope of statistics : main domestic business units

☆

Online Learning Platform "KEDA Academy"

On 16 March 2022, the Company launched the "KEDA Academy" online learning platform for employees. The Company aims to establish a convenient learning environment for employees to allow them to "learn readily, easily and actively" and to promote the construction of a learning culture. At the same time, digital means are used to help employees develop, improve their professional ability and professionalism, share the convenience and fun brought by digital learning, and help them achieve a better self.

Case Study



▲


Online Learning Platform "KEDA Academy"

☆

KEDA Group International Artisan Class Started Successfully at Foshan Institute of Vocational Technology

The KEDA Group International Artisan Class is a "dual-system" school-enterprise cooperation talent training model, which allows students to practice more effectively under the guidance of experienced corporate mentors. Based on the urgent demand for skilled, artisanal and managerial talents at the grassroots level, and drawing on the German "dual-system" methodology, this innovative path of vocational education is based on the integration of industry and academy and international school-enterprise cooperation to assist in the development of more skilled artisans.

Case Study



▲

Opening Ceremony of KEDA Group International Artisan Class

66



BUILD A HARMONIOUS COMMUNITY WITH THE WORLD IN MIND

With a grateful heart, KEDA Group has always been committed to building a harmonious community relationship, actively participating in public welfare undertakings and demonstrating corporate responsibility and commitment.

Build Harmonious Communities in China

KEDA Group actively responds to the call for pandemic prevention and control and makes contributions to the community. In March 2022, when the COVID-19 pandemic broke out in Huangchi Town, Dangtu County, Ma'anshan City, Keda (Anhui) Smart Energy actively took up its social responsibility by providing masks, food and other materials to support the pandemic prevention and control with practical actions. Since the end of August, KEDA Group has donated a total of RMB 310,000 worth of living and medical supplies to Qinghai Salt Lake Industry Co., Ltd. and its subsidiary Lanke Lithium Industry. This effectively relieved the tight supply situation at the front line of the fight against the pandemic. KEDA values education. On 7 November 2022, Chairman Bian Cheng personally donated RMB 2 million to the development fund of his alma mater, Beihang University. Anhui KEDA Industrial, a subsidiary of KEDA, donated 650 safety school bags to Ma'anshan City and Gongqiao Town Centre Primary School , to help promote the development of children's safety education.



▲ Keda (Anhui) Smart Energy Helped Prevent and Control the Pandemic in Huangchi



▲ KEDA Group Donated Pandemic Prevention Materials to Qinghai Salt Lake Industry Co.,



▲ KEDA Group Donated Pandemic Prevention Materials to Lanke Lithium Industry



▲ Anhui KEDA Industrial Donated Safety School Bags to Gongqiao Town Centre Primary School in He County, Ma'anshan City

Demonstrate Corporate Responsibility and Commitment Worldwide

KEDA Group is committed to respecting the culture, traditions and beliefs of the community and engaging with them in a genuine manner. The Company has established a Community Management Committee at the KEDA Group Kenya Ceramics Plant to regularly discuss community concerns with local family elders, and is committed to improving infrastructure, providing employment opportunities and promoting environmental sustainability so that the local community can share the fruits of the Company's development.

Case Study

★

Funding the Construction of Roads in Maasai Villages in Africa

In order to solve the problem of dirt roads during the rainy season, KEDA Group contributed RMB 98,400 to help local communities build 5 km of roads, which greatly facilitated residents' travel and helped local herders save on transportation costs.

▲ KEDA Funded the Construction of Roads in Maasai Villages in Africa

案例

★

Donating Supplies to Local Communities to Combat Droughts

In 2022, when Kenya was hit by extreme droughts, the Company supported the community in a number of ways by providing forage to livestock and providing food to local people in need.

▲ KEDA Provided Food to Local People to Combat Drought

▲ Local Residents Thanked KEDA for Donating Drought Supplies



# ABOUT THE REPORT

## Overview

This 2022 *Environmental, Social and Governance Report* (the "Report") of KEDA Industrial Group Co., Ltd. aims to communicate to stakeholders the Company's environmental, social and governance management, measures and outcomes, and to contribute to the corporate vision of sustainability through fulfilling our social responsibility.

## Scope of Reporting

This Report covers KEDA Industrial Group Co., Ltd. and all its wholly owned subsidiaries. This is an annual report covering the period from 1 January to 31 December 2022, some parts of which are outside the above scope and are otherwise stated.

## Preparation Basis

This Report is prepared in accordance with the relevant guidelines of the Shanghai Stock Exchange on the preparation of social responsibility reports, and refers to the *GRI Sustainability Reporting Standards (GRI Standards)* issued by the Global Sustainability Standards Board (GSSB) and the *Industrial Machinery & Goods Standard* of the Sustainability Accounting Standards Board (SASB). The Report also draws on some of the recommendations of the *ISO 26000:2010 Guidance on Social Responsibility* issued by the Technical Management Board – groups (ISO/TMBG) under the management of the International Organisation for Standardisation (ISO).

## Notes to Data

The data, management mechanisms and cases contained in the Report are derived from the original records or financial reports of the Company's actual operations. Financial data in the Report are in RMB. In case of discrepancies between financial data and the Company's annual financial reports, the latter shall prevail.

## Notes to Titles

For ease of reading, KEDA Industrial Group Co., Ltd. is also referred to as "KEDA Group" or "we" in this Report.

"KEDA Foshan Industrial" refers to "KEDA Foshan Industrial Co., Ltd."; "Anhui KEDA Industrial" refers to "Anhui KEDA Industrial Co., Ltd."; "HLT" refers to "Foshan HLT Industry Co., Ltd. "; "SureMaker" refers to "KEDA-SUREMAKER (WUHU) INDUSTRIAL CO., LTD"; "Keda (Anhui) Smart Energy" refers to "Keda (Anhui) Smart Energy Technology Co., Ltd."; "Anhui New Materials" refers to "Anhui Keda New Materials Co., Ltd."; "DLT" refers to "Foshan DLT Technology Co., Ltd."; "Sunda Group" refers to "Sunda Group Co., Ltd"; "Lanke Lithium Industry" refers to "Qinghai Salt Lake Lanke Lithium Industry Co., Ltd."; "Foshan Keda Equipment" refers to "Foshan Keda Equipment Manufacturing Co., Ltd."; "Fujian Keda New Energy" refers to "Fujian Keda New Energy Technology Co., Ltd."; and "Shaoguan Keda" refers to "Shaoguan Keda Machinery Manufacturing Co., Ltd.".

## Forward-looking Statements

This Report contains forward-looking statements that are based on current expectations, estimates, forecasts, beliefs and assumptions about the business and markets in which the Group and its production sites operate and are not guarantees of future performance. Our performance may be affected by market risks, uncertainties and factors beyond KEDA Group's control. As a result, actual results and returns may differ significantly from the assumptions made and the statements contained in this Report.

## Reliability Statement

KEDA Group undertakes that nothing in the Report contain any false statements, misleading statements or material omissions, and the Board of Directors of the Company assumes individual and joint responsibility for the truthfulness, accuracy and completeness of the information herein.

## Report Access

This Report is published in both print and electronic format. The print version is available in the Company's Securities Department.

The electronic version is available on the Company's official website ([http:// www.kedachina.com](http://www.kedachina.com)) and the website of the Shanghai Stock Exchange (<http://www.see.com.cn>).

## Contact Us

KEDA Group encourages all stakeholders to make advice or comments on the Company's efforts on sustainability and social responsibilities. For any relevant matters, please email to [600499@kedachina.com.cn](mailto:600499@kedachina.com.cn).



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FEEDBACK FORM

Thank you for reading the KEDA Group 2022 Environmental, Social and Governance Report. In order to provide you and other stakeholders with more valuable information and to enhance our ability and capacity to fulfil our social responsibility and sustainability management, please feel free to make comments and suggestions on the Report.



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