

## Special Report on the Deposit and Use of Raised Funds in H1 2023

In accordance with the provisions of the *Regulatory Guidelines for Listed Companies No. 2—Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (2022 Revision)*, the *Guideline No. 6 on the Application of Regulatory Rules on Overseas Securities Offerings and Listings: Guidelines for Overseas Offering of Global Depositary Receipts by Domestic Listed Companies*, the *Shanghai Stock Exchange Guidelines for the Self-regulatory Supervision of Listed Companies No. 1—Standardised Operation* and other relevant normative documents, the report of Keda Industrial Group Co., Ltd. (hereinafter referred to as "Keda Group" or the "Company") on the deposit and use of raised funds in the first half of 2023 is presented as follows:

### I. Basic Information on the Raised Funds

By virtue of the *Reply on the Approval of the Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange by Keda Industrial Group Co., Ltd.* (ZH.J.X.K. [2022] No.1279) from the China Securities Regulatory Commission (hereinafter referred to as the "CSRC"), the CSRC approved no more than 100 million new ordinary A shares corresponding to the global depositary receipts (hereinafter referred to individually as "GDR" or collectively as "GDRs") offered by the Company. According to the conversion ratio determined by the Company, the number of GDRs offered shall not exceed 20 million.

With the approval of the CSRC and the SIX Exchange Regulation AG, the GDRs offered by the Company were listed on the SIX Swiss Exchange on 28 July 2022, of which the GDR security full name was Keda Industrial Group Co., Ltd. and the GDR listing code was KEDA. Specifically, 12 million GDRs were offered (corresponding to 60 million new ordinary A shares) at the price of USD14.43 per GDR. A total of USD173 million was raised.

On 29 July 2022, the funds raised from this offering were remitted to the Company's account for raised funds. After the deduction of some underwriting fees, the actual amount received was USD171 million. Zhongxi CPAs (Special General Partnership) verified the funds and issued the *Capital Verification Report* (ZH.X.Y.Z. No. 2022Y00090).

### II. Management of the Raised Funds

#### i. Deposit of GDR funds

In accordance with the *Administrative Measures of Offering and Trading of Depositary Receipts (Trial)* and the *Interim Measures for the Listing and Trading of Depositary Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and Overseas Stock Exchanges*, taking into account the relevant requirements of domestic and foreign regulatory authorities for the management of the deposit of funds raised from GDRs, the aforesaid funds raised from GDRs, totaling USD171 million, were remitted to the Company's account for raised funds on 29 July 2022. The details are presented as follows:

Account Name	Opening Bank	Account No.	Remittance Date	Remitted Amount (USD)

Keda Industrial Group Co., Ltd.	Citibank, N.A., Hong Kong	1/031989/015	29 July 2022	170,676,851.45
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## ii. Use of GDR funds

According to the prospectus of this GDR offering, the raised funds shall be used for the following purposes: Approximately 35% shall be used to build new machinery and equipment production lines, improve the technical levels of existing production lines, expand the production capacity of the Company's core products, and meet domestic and foreign market demand; approximately 10% shall be used to invest in technological R&D and quality control to enhance the Company's core competitiveness and support the Group's expected revenue growth; approximately 30% shall be used to build and improve the production capacity of overseas bases, improve the services provided for overseas customers, and explore opportunities for strategic acquisitions of high-quality peer targets; approximately 25% shall be used to supplement working capital and serve other general corporate purposes.

The net amount of the funds raised from the Company's GDRs is equivalent to RMB1.14 billion (converted according to the exchange rate of USD1 to RMB6.7437 on the day when the Company received the raised funds). By 30 June 2023, the Company had used RMB 660.5587 million (converted according to the current average exchange settlement rate) out of the funds raised from GDRs, accounting for 57.93% of the net amount of the funds raised, of which, the raised funds used during this Reporting Period amounted to RMB 226.1935 million.

## III. Actual Use of the Raised Funds in this Year

### i. Actual use of the raised funds

For details on the use of the funds raised from this offering by 30 June 2023, see the schedule entitled "*Comparison Table for the Use of Funds Raised from Overseas Public GDR Offering Project*".

### ii. Early investment of raised fund investment projects and replacement

During this Reporting Period, the Company did not replace the early investment of raised fund investment projects.

### iii. Temporary replenishment of liquid capital with idle raised funds

During this Reporting Period, the Company did not temporarily replenish liquid capital with idle raised funds.

### iv. Use of idle raised funds for cash management and investment in relevant products

During this Reporting Period, the Company did not use idle raised funds for cash management and investment in relevant products.

### v. Use of surplus raised funds

During this Reporting Period, investment of the Company's raised funds was in progress. There was no use of surplus raised funds.

### vi. Other use of the raised funds

Apart from the use disclosed above, during this Reporting Period, the Company did not

make other use of the raised funds.

#### **IV. Use of Funds for Altered Raised Fund Investment Projects**

During this Reporting Period, the Company did not alter the raised fund investment projects.

#### **V. Problems in the Use of the Raised Funds and Its Disclosure**

During the Reporting Period, the Company used the funds raised from the GDR project in accordance with the provisions of relevant laws and regulations and in a timely, fair, true, accurate, and complete manner, performed relevant information disclosure work. There was no rule-violating use or disclosure of the raised funds.

*Schedule: Comparison Table for the Use of Funds Raised from Overseas Public GDR Offering Project*

Schedule:

**Comparison Table for the Use of Funds Raised from Overseas Public GDR Offering Project**

Unit: RMB10,000

Total Raised Funds				114,021.03		Total Raised Funds Invested in this Year					22,619.35	
Total Raised Funds with Altered Purposes				N/A		Total Raised Funds Invested Accumulatively					66,055.87	
Proportion of Total Raised Funds with Altered Purposes				N/A								
Committed Investment Projects	Projects That Have Been Altered, Including Partial Alteration (If Any)	Total Committed Investment with Raised Funds	Adjusted Total Investment Amount	Committed Investment Amount by the End of the Reporting Period (1)	Investment Amount in this Year	Accumulative Investment Amount by the End of the Reporting Period (2)	Difference between Accumulative Investment Amount by the End of the Reporting Period and Committed Investment Amount by the End of the Reporting Period (3)=(2)-(1)	Investment Progress by the End of the Reporting Period (%) (4)=(2)/(1)	Date When the Projects Are Ready for Intended Use	Benefits Recorded in this Year	Whether the Estimated Benefits Are Reached	Whether There Are Material Changes in Project Feasibility
Build new machinery and equipment production lines, improve the technical levels of existing production lines, expand the production capacity of the Company's core products, and meet domestic and foreign market demand (35%.)	N/A	39,907.36	39,907.36	N/A	19,413.47	21,277.58	N/A	53.32%	N/A	N/A	N/A	N/A
Invest in technological R&D and quality control to enhance the Company's core competitiveness and support the Group's expected revenue growth (10%)	N/A	11,402.10	11,402.10	N/A	3,205.89	3,929.47	N/A	34.46%	N/A	N/A	N/A	N/A
Build and improve the production capacity of overseas bases, improve the services provided for	N/A	34,206.31	34,206.31	N/A	0.00	12,455.76	N/A	36.41%	N/A	N/A	N/A	N/A

overseas customers, and explore opportunities for strategic acquisitions of high-quality peer targets (30%)												
Supplement working capital and serve other general corporate purposes (25%)	N/A	28,505.26	28,505.26	N/A	0.00	28,393.06	N/A	99.61%	N/A	N/A	N/A	N/A
Total	--	114,021.03	114,021.03	--	22,619.35	66,055.87	--	57.93%	--	--	--	--
Reasons for Failing to Reach the Planned Progress (by Specific Raised Fund Investment Project)	N/A											
Explanations of the Material Changes in Project Feasibility	N/A											
Early Investment of Raised Fund Investment Projects and Replacement	N/A											
Temporary Replenishment of Liquid Capital with Idle Raised Funds	N/A											
Use of Idle Raised Funds for Cash Management and Investment in Relevant Products	N/A											
Permanent Replenishment of Liquid Capital or Repayment of Bank Loans with Excessive Raised Funds	N/A											
Amount of the Raised Funds' Closing Balance and Reasons for Occurrence	By 30 June 2023, the closing balance of the Company's funds raised from the GDR project was RMB 513.8854 million (converted according to the exchange rate of USD1 to RMB7.2258), which was composed of the unused raised funds, net interest income, and exchange differences.											
Other Use of the Raised Funds												

Note: The differences in the last digits between some totals and the direct sum of the addends in this Report, if any, are caused by rounding.

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## **About Keda Industrial Group**

Keda is currently the biggest and the second biggest supplier of building ceramic machinery and equipment in Asia and the world, respectively. Adhering to its mission of “green solution, greener life” and after 30 years of operation and development, Keda has successfully achieved its targets of “domestic production of ceramic machinery and equipment” and “being a strong global player in the building materials equipment industry” and completed the transformation from a single equipment manufacturer to a supplier providing complete categories of ceramic machinery and whole-plant entire production line solutions, growing into a leading enterprise in the ceramic machinery industry in China and the world. For more information, visit <http://www.kedagroup.com>.

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## **Disclaimer**

This announcement may contain forward looking statements, estimates, opinions and projections with respect to anticipated future performance of the Company ("forward-looking statements"). These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements are based on the current views, expectations and assumptions of the management of the Company and involve significant known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward-looking statements should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. Any forward-looking statements included herein only speak as at the date of this release. We undertake no obligation, and do not expect to publicly update, or publicly revise, any of the information, forward-looking statements or the conclusions contained herein or to reflect new events or circumstances or to correct any inaccuracies which may become

Keda Industrial Group Co., Ltd

GDR under the symbol "KEDA"

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