

## **Special Report on the Deposit and Use of Raised Funds in the First Half of 2024**

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 2024 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 USD173.16 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 USD 170.6769 million, the net amount of the funds raised after deducting the issuance expenses is equivalent to RMB 1,140.2103 million (converted according to the exchange rate of USD1 to RMB 6.7437 on the day when the Company received the raised funds). 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 USD170.6769 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

## 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 RMB 1,140.2103 million (converted according to the exchange rate of USD 1 to RMB 6.7437 on the day when the Company received the raised funds). By 30 June 2024, the Company had used RMB 1,140.4326 million out of the funds raised from GDRs, accounting for 100.02% of the net amount of the funds raised, of which, the difference between the accumulative investment amount by the end of the Reporting Period and the total committed investment with raised funds is attributed to the interest income and exchange income generated from the raised funds, and the raised funds used during this Reporting Period amounted to RMB 65.4150 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 2024, 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					6,541.50	
Total Raised Funds with Altered Purposes				N/A		Total Raised Funds Invested Accumulatively					114,043.26	
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 (1)	Adjusted Total Investment Amount	Committed Investment Amount by the End of the Reporting Period	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 (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 (Note 1)	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	N/A	N/A	3,393.25	39,500.16	-407.20	98.98%	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	N/A	N/A	2,332.64	11,614.64	212.53 (Note 2)	101.86%	N/A	N/A	N/A	N/A
Build and improve the production capacity of overseas bases, improve	N/A	34,206.31	N/A	N/A	487.81	34,206.31	0.00	100.00%	N/A	N/A	N/A	N/A

the services provided for 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	N/A	N/A	327.80	28,722.16	216.90 (Note 2)	100.76%	N/A	N/A	N/A	N/A
Total	--	114,021.03	--	--	6,541.50	114,043.26	22.23	100.02%	--	--	--	--
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 2024, the company's GDR raised fund balance was RMB 25.4300 million (converted according to the exchange rate of USD1 to RMB7.1268 in the inter-bank foreign exchange market on June 28, 2024), which was composed of the unused raised funds, net interest income, and exchange differences.							
Other Use of the Raised Funds												

Note 1: During the year, the fund-raising projects “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” and “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”, utilized the raised funds in conjunction with its own resources for comprehensive investment, therefore, the economic benefits generated by the raised funds will not be separately calculated. The fund-raising project, “invest in technological R&D and quality control to enhance the Company’s core competitiveness and support the Group’s expected revenue growth”, does not directly generate economic benefits and has a potentially significant impact on the improvement of the Company’s overall economic benefits. As the fund-raising project, “supplement working capital and serve other general corporate purposes” is related to the Company’s operating activities, it is not possible to separately account for the benefits realized.

Note 2: As at the end of the Reporting Period, the difference between the cumulative amount of raised funds invested and the total planned investment amount with raised funds was formed by the interest income and exchange income on the raised funds.

Note 3: N/A represents “not applicable”

Note 4: The differences in the last digits between some totals and the direct sum of the addends in this Report, if any, are caused by round in

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