

Foshan City, China, 26 April 2024

Ad hoc announcement pursuant to Art. 53 LR

Announcement in Relation to Change of Use and Cancellation of Part of Repurchased Shares

Important Note:

- Keda Industrial Group Co., Ltd. (hereinafter referred to as the "Company") intends to change the use of 30,563,538 A shares that were repurchased in the previous period from “for employee stock ownership plan and/or equity incentives” into “for cancellation to reduce registered capital”. The proposal is yet required to be submitted at the general meeting for consideration.
- Upon completion of this cancellation, the total share capital of the Company will be reduced from 1,948,419,929 shares to 1,917,856,391 shares and the registered capital will be decreased from RMB 1,948,419,929 to RMB1,917,856.391.

I. Repurchase of share

The Company convened the 14th meeting of the 8th session of the Board of Directors and 13th meeting of the 8th session of the Board of Supervisors on 23rd August 2022, at which the Proposal on the Repurchase of A Shares was reviewed and approved, and agreed that the Company use its own funds or other legal funds to repurchase A shares through centralized bidding transactions. The total amount allocated for share repurchase shall range from 250 million yuan to 500 million yuan. The maximum price for repurchased shares shall not exceed 20 yuan per share. The repurchase period is set from August 24th, 2022, to August 23rd, 2023. All repurchased shares will be utilized for the implementation of the employee stock ownership plan and/or equity incentives.

As of 1st December 2022, the Company has repurchased a total of 30,563,538 shares through centralized bidding transactions, accounting for 1.57% of the Company's total share capital, and paid a total amount of RMB 499,955,204.44 (excluding transaction costs such as stamp duty and commission). Such shares are currently held in the designated securities account and have not yet been used to implement the employee stock ownership plan and/or equity incentive plan.

For more details, please refer to the Announcement in relation to Repurchase of Shares of the Company (Announcement No.2022-081), Announcement in relation to Report on Repurchase of Shares of the Company (Announcement No.2022-083), Announcement on the Implementation Result of Share repurchase and Share Change (Announcement No.2022-111) disclosed by the Company on 24th August, 30th August and 2nd December in 2022.

II. Reasons for and contents of the change of use and cancellation of part of repurchased shares

On 25th April 2024, the Company received the provisional proposal relating to the 2023 Annual General Meeting submitted by Mr. Cheng BIAN, who individually owns 5.07% shareholding of the Company. Shareholder Mr. Cheng BIAN has proposed to change the use of 30,563,538 A shares that were repurchased in 2022 from “for employee stock ownership plan and/or equity incentives” into “for cancellation to reduce registered capital”. Consequently, Mr. Cheng BIAN hereby requested the Board of Directors to include Proposal in Relation to Change of Use and Cancellation of Part of Repurchased Shares and related proposals in the agenda of the 2023 Annual General Meeting.

According to the interim proposal mentioned above and the actual situation of the Company, in order to safeguard the interests of investors, enhance the long-term investment value of the Company, improve earnings per share, and further boost investor confidence, the Company intends to change the use of 30,563,538 A shares that were repurchased under the Company’s 2022 Repurchase Plan from “for employee stock ownership plan and/or equity incentives” into “for cancellation to reduce registered capital”, i.e., 30,563,538 A shares in the securities repurchase account is proposed to be canceled and the registered capital of the Company is proposed to be reduced accordingly. Apart from the above changes, there will be no alterations in the 2022 Repurchase Plan.

III. Expected changes in the Company’s share capital structure after the cancellation of the part of repurchased shares

Nature of shares	Before this change		After this change	
	Number of shares	Percentage (%)	Number of shares	Percentage (%)
1. Shares with selling restrictions	0	0.00	-	0
2. Shares without selling restrictions	1,948,419,929	100.00	30,563,538	1,917,856,391
Among: the securities repurchase account of the Company	60,563,442	3.11	30,563,538	29,999,904
3. Total shares	1,948,419,929	100.00	30,563,538	1,917,856,391

The final status of the above changes in share capital structure is subject to the share capital structure table issued by Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

IV. Impact of the change of use and cancellation of part of repurchased shares on the Company

After change of use of part of the repurchased shares, the Company will cancel 30,563,538 repurchased shares and reduce the registered capital accordingly. The number of shares to be cancelled represents 1.57% of the total share capital of the Company. Upon completion of this cancellation, the total share capital of the Company will be reduced from 1,948,419,929 shares to 1,917,856,391 shares and the registered capital will be decreased from RMB 1,948,419,929 to RMB1,917,856.391.

The change of use and cancellation of part of repurchased shares are in compliance with *the Rules for Share Repurchase by Listed Companies, the Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 7 — Repurchase of Shares* and other relevant regulations, and there is neither damage to the interests of the Company and all shareholders, nor any material adverse impact on the Company's operation, finance, research and development, profit ability, debt fulfillment ability and future development, and it will not result in any change in the control of the Company or the Company's listing status, and the distribution of shareholding of the Company will still be in line with the conditions of a listed company.

V. Procedures for the proposed change of use and cancellation of part of repurchased shares

The 29th meeting of the 8th session of the Board of Directors held on April 26th, 2024 reviewed and approved the Proposal in Relation to Change of Use and Cancellation of Part of Repurchased Shares with 12 votes in favor, 0 votes against, and 0 abstentions. In accordance with relevant laws and regulations and the Company's Articles of Association, the proposal is yet required to be submitted at the general meeting for consideration, and the Board of Directors has requested the general meeting to authorize the Company's management or its authorized person to complete the relevant procedures for the cancellation of the shares, including but not limited to the cancellation of repurchased shares in the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, changes to registered capital and total number of shares, amendments to the Articles of Association, and other relevant procedures for industrial and commercial change registration.

The Company will subsequently fulfill the decision-making procedures and make disclosure in accordance with relevant laws and regulations. The designated channels for the information disclosure are China Securities Journal, Securities Times, Shanghai Securities News, and the website of Shanghai Stock Exchange (www.sse.com.cn). All the information will be published in the aforementioned designated media. We advise investors to make rational investment decisions and to pay attention to investment risks.

This announcement is published in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail.

Contact information

Keda Industrial Group

Jianhui Li, Director of Securities Department

securities_department@kedachina.com.cn

+86-757-23833869

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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 apparent subsequent to the date hereof, whether as a result of new information, future events or otherwise. We accept no liability whatsoever in respect of the achievement of such forward-looking statements and assumptions.