

Foshan City, China, 17 February 2023

Ad hoc announcement pursuant to Art. 53 LR

### **Announcement on the progress of the investment fund**

Keda Industrial Group Co. Ltd (the "**Company**" and "**Keda**") (SIX: KEDA) today announced progress of the Salt Lake Industry Fund:

- Name of investment target: Qinghai Salt Lake Industry Co., Ltd. (hereinafter referred to as "Salt Lake Stock"), listed on the Shenzhen Stock Exchange with securities code 000792, mainly engaged in the production of potash fertilizer and lithium salt.
- Amount of investment: Jiaxing Keda Jinhong Salt Lake Industry Equity Investment Partnership (Limited Partnership) (hereinafter referred to as the "Salt Lake Industry Fund"), established by the Company as a limited partner, has invested 1.286 billion yuan and completed the purchase of 50,353,500 shares of Salt Lake Stock by way of block trading, holding 0.93% equity of Salt Lake Stock.
- This investment is within the investment scope of Salt Lake Industry Fund, and it does not need to be submitted to the Company's board of directors and general meeting of shareholders for deliberation and approval again. It does not constitute related transaction and material assets reorganization as stipulated in "Measures for Administration of Material Assets Reorganization of Listed Companies".
- Relevant risk warnings:
  1. The investment of Salt Lake Industry Fund was 1.286 billion yuan, accounting for 98.93% of the fund raised. If the investment income is less than expected, there is the risk of uncertain fund recovery after the expiration of the three-year investment period;
  2. It is a normal operation behavior of the investment fund, and the Company has no plan to carry out business about lithium recovery from Salt Lake;
  3. The Company invests in lithium recovery industry through the fund, of which the future industry fluctuations has investment risks. The securities market is greatly affected by the macro economy and has strong volatility. The investors are advised to pay attention to investment risks.

### **I. Overview of the investment**

#### **(1) Decision-making and approval procedures for the establishment of the Fund**

In order to deepen the cooperation between the Company and high-quality enterprises in the Salt Lake industry chain, strengthen the Company's business strategy and investment layout of lithium-ion materials, the Company held the 18th meeting of the eighth Board of Directors and the 16th meeting of the eighth Board of Supervisors on December 7, 2022, reviewed and adopted the Proposal of participation in an investment fund, agreed that the Company and its holding subsidiary Qinghai Weili New Energy Materials Co., Ltd. (hereinafter referred to as "Qinghai Weili") signed the "Partnership Agreement of Jiaxing Keda Jinhong Salt Lake Industry Equity Investment Partnership (limited partnership) ", and contributed 1.3 billion yuan in total to subscribe 99.99% of Salt Lake Industry Fund, which initiated and established by Xining Hongxi Fund Management Co., Ltd. (hereinafter referred to as "Xining Hongxi") as the general partner. On January 17, 2023, Salt Lake Industry Fund has obtained the certificate of private investment fund. For further information regarding Keda's participation in the Salt Lake Industry Fund, please refer to previous announcements available on the Company's website at [www.kedagroup.com](http://www.kedagroup.com)

## **(2) Necessity and main Considerations for the establishment of the Fund**

### **● The development of lithium industry conforms to national and local industrial policies , and market growth demand**

In recent years, the state has issued a number of policies to support the development of the new energy industry, and lithium recovery from salt lakes is a key industry in the development of lithium resources. In order to promote the high-quality and large-scale development of the Salt Lake industry, Qinghai Province issued the Action Plan of Qinghai to Build a World-class Salt Lake Industrial Base (2021-2035) in 2021. Therefore, the fund's investment in the Salt Lake lithium recovery industry in Qinghai Province conforms to the national and local industrial policies, and market growth demand.

### **● Deepen cooperation with high-quality enterprises in the industrial chain, promote project development and explore more cooperation possibilities**

The Company entered the anode material industry in 2015, and in 2017 made a strategic investment of 1.34 billion yuan to purchase 43.58% shares (voting rights 48.58%) of Qinghai Salt Lake Lanke Lithium Industry Co., Ltd. (hereinafter referred to as "Lanke Lithium"), and in 2020 increased capital of Lanke Lithium to support the development of its production expansion project. Since then, the Company has continuously improved its business and investment layout in the field of lithium-ion materials.

From 2018 to 2020, the price of lithium carbonate continues to decline for three years, and the shareholders of both parties actively support Lanke Lithium, adhere to the production expansion and deepen the cooperative relationship, and get through the industry downturn. Finally, by the end of 2020, the price of lithium carbonate goes up. As the quantity and price of lithium carbonate rise, Lanke Lithium brings investment income of 444 million yuan and 2.696 billion yuan for the

Company in 2021 and the first three quarters of 2022, respectively, and the Company receives a dividend of nearly 3 billion yuan from Lanke Lithium in 2022. In addition to achieving good earnings, the Company also considers to use part of the return funds for investment in the lithium-ion material industry, and the other funds will be used for shareholder returns, project construction and operation of core business, etc.

Under the background of the goal of "building a world-class Salt Lake industry base" in Qinghai province, Salt Lake Industry Fund aims to take Lanke Lithium as the base point, enhance the adhesion with Salt Lake Stock and Qinghai new energy industry chain through equity, and explore more cooperation possibilities. At the same time, both the shareholders of Lanke Lithium are actively promoting its quality management and technical transformation project to improve quality and stable production, in order to release more product increment under the existing scale and improve the industrial development.

## II. Progress of the investment fund

### (1) Progress of fund raising

Recently, the Company received a notice from the fund manager Xining Hongxi that as of February 15, 2023, Salt Lake Industry Fund has completed fund raising, with a total of 1300.13 million yuan raised in place. The details are as follows:

Name of partner	Type	Subscribed capital contribution (ten thousand yuan)	Subscription ratio (%)	Amount paid in (ten thousand Yuan)
Xining Hongxi	General Partner	13.00	0.010	13.00
Qinghai Weili	Limited Partner	28847.26	22.188	28847.26
Keda	Limited Partner	101152.74	77.802	101152.74
Total		130013.00	100.000	130013.00

### (2) Progress on investment of the Fund

#### ● Basic Information of the Fund

Enterprise name	Jiaxing Keda Jinhong Salt Lake Industry Equity Investment Partnership (limited partnership)
Unified social credit code	91330402MAC6F09X31
Establishment time	December 21, 2022
Registered address	Room 194-25, Building 1, Fund Town, 1856 Nanjiang Road, Dongzha Street, Nanhu District, Jiaxing City, Zhejiang Province

Managing Partner	Xining Hongxi Fund Management Co. Ltd
Fund size	RMB 1300.13 million
Scope of Business	General items: equity investment (except the items subject to approval according to law, independently carry out business activities according to law with the business license).
Relationship with the Company	An investment fund participated by the Company and its subsidiary which together hold 99.99% of its shares
Credit standing	Good standing

● **Investment project status**

From February 1, 2023 to February 17, 2023, Salt Lake Industry Fund purchased 50,353,500 shares of Salt Lake Stock in bulk trading, accounting for 0.93 % of the total share capital of Salt Lake Stock. The cumulative purchase amount was 1.286 billion yuan, accounting for 98.93 % of the raised scale of Salt Lake Industry Fund.

**1. The commercial registration of the investment target**

Company name	Qinghai Salt Lake Industry Co., Ltd.
Unified social credit code	91630000226593742J
Date of establishment	August 25, 1997
Registered Address	28 Huanghe Road, Golmud City, Qinghai Province
Legal representative	Yun Hongwei
Registered capital	RMB 543287.6672 ten thousand
Main business	production of potash fertilizer and lithium salt

**2. Financial data of the investment target in the latest one year and one period**

Unit: RMB ten thousand Yuan

<b>Consolidation level Key financial data</b>	<b>30 September 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Total assets	4320907.89	2526735.87
Total liabilities	1599087.45	1361705.52
Net assets	2206059.04	933513.47
Asset-liability ratio	37.01%	53.89%
	<b>January-September 2022 (Unaudited)</b>	<b>Year 2021 (Audited)</b>

Operating income	2354201.47	1477833.25
Net profit	1545280.14	522150.66

### **3. Instruction of other relationships with the Company in terms of property rights, business, assets, claims and debts, personnel, etc**

The Company and Salt Lake Stock jointly invest in Lanke Lithium, in which the Company controls 43.58% of the equity of Lanke Lithium; At the same time, the Company's subsidiaries carry out daily trade with Lanke Lithium in part of lithium carbonate, and relevant matters have been reviewed and disclosed; The Salt Lake Industry Fund subscribed by the Company has purchased the shares of Salt Lake Stock. Except for the above matters, there is no other relationship between Salt Lake Stock and Keda in terms of property rights, businesses, assets, debt and personnel, no other interest arrangement with the Company, and no other arrangement affecting the interests of the Company with a third party.

### **4. Investment term**

The duration of Salt Lake Industry Fund is five years. The investment period shall be three years after the establishment of the partnership and the date on which the partners make the first contribution to the Fund, and the withdrawal period shall be from the date on which the investment period expires to the date on which the duration expires.

## **III. Influence on the Company**

This investment is a normal investment behavior of Salt Lake Industry Fund, which is in line with the previous deliberation of the Company's board of directors and the direction of fund registration record, in line with the national and local industrial policies and market growth demand, and in line with the Company's lithium-ion material business development.

As of September 30, 2022, the Company's monetary fund balance is 2.941 billion yuan, a year-on-year growth of 99.72%, asset-liability ratio of 37.78%; From January to September 2022, the net cash flow of the Company's operating activities was 697 million yuan, with a year-on-year growth of 31.64%. The overall liquidity of the Company is good, and the stock of monetary funds has a good growth. In December 2022, the Company received a dividend of 2.6 billion yuan from Lanke Lithium, source of the investment fund comes from the above dividend, so this investment will not cause financial pressure on the Company's existing business.

## **IV. Risk warning**

### **1. Investment risk**

- Fund recovery risk: The investment of Salt Lake Industry Fund is 1.286 billion yuan, accounting for 98.93 % of the fund raised, and the investment scale is relatively large. In view of the possible risks such as financial market fluctuations, adjustment of financial regulatory policies, and lower than expected investment returns in the investment process, there is uncertainty risk of fund recovery in the exit period.
- Financial investment risk: This investment is a normal investment behavior of the fund. The main business of the Company is ceramic machinery, overseas building materials, lithium-ion materials and equipment. Currently, the Company has not carried out the lithium recovery business of Salt Lake.
- Market fluctuation risk: The Company invests in the lithium recovery industry of Salt Lake through fund, and its future industry fluctuation also has investment risk. The securities market is greatly affected by the macro economy and has strong volatility.

## **2. Risk control measures**

- The Company will pay close attention to the operation of the target Company and the changing trend of the securities market, track the operation and investment information of Salt Lake Industry Fund, strengthen market analysis and research, and provide reasonable and feasible suggestions for the operation of the fund manager. If it is found that there are risk factors that may affect the security of funds, the fund manager will be urged to take timely measures to strictly control the risk.
- The Company will actively fulfill the decision-making rights of Salt Lake Industry Fund, actively exercise the voting rights of the investment decision-making committee on investment, operation and management plans and investment exit plans, urge the fund manager to invest prudently, so as to restrict the foreign investment behavior of the fund and safeguard the Company's own rights and interests.
- The Company will also fulfill the obligation of information disclosure in a timely manner in accordance with relevant regulations, and fully protect the majority of investors' right to know. The investors are advised to pay attention to investment risks.

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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**

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