

Foshan City, China, 09 July 2024

Ad hoc announcement pursuant to Art. 53 LR

Announcement of 2024 Half -Year Results Forecast

The Board of Keda Industrial Group Co., Ltd. (the "Company") (SIX: KEDA) hereby announces half-year results forecast of 2024.

- It is anticipated that the net profit attributable to shareholders of the listed Company in the first half of 2024 will range between RMB 450 million and RMB 650 million, representing a year-on-year decline ranging from 48.74% to 64.51%;
- It is anticipated that the net profit after extraordinary profit and loss attributable to shareholders of the listed Company in the first half of 2024 will range between RMB 380 million and RMB 580 million, representing a year-on-year decline ranging from 52.06% to 68.59%;

I. Results forecast for the period

A. Period of the results forecast

January 1, 2024 to June 30, 2024 (the "Reporting Period")

B. Results forecast

- a) Based on the preliminary assessment conducted by the Company's financial department, it is estimated that the net profit attributable to shareholders of the listed Company in the first half of 2024 will range between RMB 450 million and RMB 650 million. This reflects a decrease ranging from RMB 618.0640 million to RMB 818.0640 million compared to the corresponding period last year, representing a year-on-year decline ranging from 48.74% to 64.51%.
- b) It is estimated that the net profit after extraordinary profit and loss attributable to shareholders of the listed Company in the first half of 2024 will range between RMB 380 million and RMB 580 million. This reflects a decrease ranging from RMB 629.8110 million to RMB 829.8110 million compared to the corresponding period last year, representing a year-on-year decline ranging from 52.06% to 68.59%;

C. The results forecast has not been audited.

II. Result for the corresponding period last year

A. Total profit: RMB 1,785.6837 million

Net profits attributable to shareholders of the listed Company: RMB 1,268.0640 million.

The net profit after extraordinary profit and loss attributable to shareholders of the listed Company: RMB 1,209.8110 million.

B. Earnings per share: RMB 0.661.

III. Main reasons for changes in the Company's performance during the period

In recent years, the Company's performance has been significantly impacted by the operation of Lanke Lithium Industry, a joint-stock company known as Qinghai Salt Lake Lanke Lithium Industry Co., Ltd. This impact is primarily due to the fluctuations in lithium carbonate prices and the increased production capacity of Lanke Lithium Industry. In 2023, this influence accounted for over 60% of the net profit attributable to shareholders of the listed Company. During the Reporting Period, Lanke Lithium Industry achieved a production of approximately 18,900 tons and sales of about 20,000 tons of lithium carbonate, both showing a growth of more than 30% year-on-year. However, there was a significant decline in the average price of lithium carbonate from over 200,000 yuan/ton in the first half of 2023 to about 100,000 yuan/ton during the Reporting Period.

Furthermore, in accordance with the notice issued by QingHai Salt Lake Industry Co Ltd. (hereinafter referred to as "Salt Lake Stock"), the controlling shareholder of Lanke Lithium Industry, Salt Lake Stock has adjusted the value-added tax rate on maintenance fees of salt filed and brine collection system paid by Lanke Lithium Industry from 6% to 13% for the period spanning from 2021 to 2023, as it is obligated to make supplementary payments for the resource tax concerning the development of brine resources. As a result, Simultaneously, there has been a retrospective adjustment made to the sales price of lithium-enriched brine for Lanke Lithium Industry from 2021 to 2022 based on the 2023 pricing method. The adjusted cost difference of 581 million yuan (including tax) for the purchase of lithium-enriched brine was recorded to the first half of 2024. Considering the increase in input tax deductible from VAT and the rise in cost of lithium-enriched brine, it is anticipated that Lanke Lithium Industry will experience a reduction in total profit by an estimated amount of 401 million yuan during this Reporting Period.

The Company is deeply concerned about the aforementioned issue and has collaborated with legal experts to review the relevant laws and regulations pertaining to the proposal in a timely manner. The Company firmly believes that Lanke Lithium Industry is not liable for the resource tax payment, as the previous contract has been duly executed, thus lacking a legal basis for retroactive adjustment of brine fee for 2021-2022. Furthermore, in the event that Lanke Lithium Industry has not completed the internal review procedure regarding the aforementioned adjustment, Salt Lake Stock issued an invoice for brine procurement payment and this invoice was subsequently confirmed by Lanke Lithium Industry's accounting department. However, it is important to note that this action does not comply with the relevant provisions of the Company Law and the Articles of Association of Lanke Lithium Industry.

The Company is actively engaged in negotiations with Salt Lake Stock regarding this matter and is seeking a lawful and compliant resolution. However, as of now, no agreement has been reached between the parties. If these expenses are ultimately confirmed, the Company will pursue all necessary legal avenues to vigorously protect its legitimate rights and interests as well as those of its investors. Based on the above situation, it is anticipated that Lanke Lithium Industry's performance has significantly declined by over 80% compared to the same period in the previous year, resulting in its impact on the Company's net profit attributable to shareholders of the listed Company decreased by more than 700 million yuan compared with the same period of last year.

In addition, the building ceramic machinery business experienced growth driven by overseas orders, leading to improved performance year-on-year. However, the performance of the overseas building materials business fluctuated due to exchange rate fluctuations and market competition in certain African countries. In response to these market changes, since 2023 the Company has been actively expanding its presence in the overseas market for ceramic machinery and accessories and consumables, developing universal ceramic machinery, and promoting project construction and market operations for the overseas building materials business. These efforts are aimed at supporting the sustainable development of the Company's overall business.

IV. Notice of risk

The above results forecast has not been audited by certified public accountants. The relevant financial data has fully considered the impact of the brine cost of Lanke Lithium Industry, and there are no any significant uncertain factors affecting the accuracy of the result forecast.

V. Other matters

The above estimates are unaudited preliminarily figures and subject to change. The Company's actual financial results will be included in the semi-annual report of 2024, which will be officially disclosed by the Company. Investors are advised to pay attention to investment risks.

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Disclaimer

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