

Foshan City, China, 31 October 2025

Ad hoc announcement pursuant to Art. 53 LR

Announcement on the Receipt of the Decision on Administrative Regulatory Measures from the China Securities Regulatory Commission Guangdong Office and Preliminary Rectification

Recently, following an on-site inspection conducted by the China Securities Regulatory Commission Guangdong Office (hereinafter referred to as the "CSRS Guangdong Office" or the "Office") on Keda Industrial Group Co., Ltd. (hereinafter referred to as the "Company" or "Keda"), as well as the Company's self-inspection, the Company was found to have problems such as non-compliant off-book receipts and payments and accounting, and non-compliant off-book distribution of remuneration to directors, supervisors and senior management. The Company attaches great importance to these problems and immediately organized relevant departments and personnel to comprehensively sort out relevant problems and earnestly rectify them according to relevant laws, regulations, normative documents and the Company's internal management system. On October 31, 2025, the Company received the *Decision on Administrative Regulatory Measures* ([2025] No. 122, hereinafter referred to as the "Decision") from the CSRS Guangdong Office. The contents of the Decision and the Company's rectification status are announced as follows:

I. Content of the Decision

Off-book receipts and payments of funds and accounting for income and expenses. It was found that in recent years, the Company had engaged in off-book receipts and payments of company funds and the accounting of income and expenses through personal bank accounts of its employees and their family members. This practice has led to the overstatement or understatement of the Company's total profits for the relevant periods. Specifically, the amounts affected for 2022, 2023, 2024, and the first half of 2025 accounted for 0.12%, 0.81%, 1.09%, and 0.29% of the Company's disclosed total profit for the respective periods. These practices are inconsistent with Article 12 of the *Accounting Standards for Business Enterprises--Basic Standards* and Article 21 of the *No. 6 of the Application Guidelines for Enterprise Internal Control – Fund Activities*. Furthermore, they contravene the provisions set forth in the first paragraph of Article 3 of the *Measures for the Administration of Information Disclosure of Listed Companies* (CSRC Order No. 182). By the end of September 2025, the funds previously held in off-book personal accounts had been fully returned to the Company's official bank accounts.

i. Non-compliant off-book distribution of remuneration to directors, supervisors and senior management. The investigation found that the Company distributed off-book remuneration to certain directors, supervisors, and senior management members through these unrecorded personal accounts. Such remuneration plans were neither reviewed nor approved by the Board's Remuneration and Appraisal Committee, nor submitted for deliberation to the Board of Directors or the Shareholders' Meeting. Additionally, the Company did not disclose the remuneration of its directors, supervisors, and senior management accurately and completely in accordance with regulatory requirements. These actions violate Article 42 and Article 60 of the *Code of*

Corporate Governance for Listed Companies (CSRC Announcement [2018] No. 29), as well as the first paragraph of Article 3 of the *Measures for the Administration of Information Disclosure of Listed Companies* (CSRC Order No. 182). As of the end of September 2025, all improperly distributed remuneration and related interest have been returned to the Company.

ii. Temporary occupation of the Company's funds by a related party through suppliers. Between September 2017 and September 2018, Bian Cheng, Chairman of the Company, temporarily occupied the Company's funds on three occasions under the name of advance payments through specific suppliers of the Company. The amounts involved accounted for 0.71% and 1.20% of the Company's year-end net assets in 2017 and 2018, respectively. All such balances were fully repaid by year-end, including principal and accrued interest. However, the Company did not disclose these fund occupation events. These practices contravene Paragraph 1, Article 31 of the *Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 - Contents and Formats of Annual Reports* (CSRC Announcement [2017] No. 17), and violate Paragraph 1, Article 2 of the *Measures for the Administration of Information Disclosure of Listed Companies* (CSRC Order No. 40).

iii. Non-compliant provision of financial assistance to related parties. From August 2021 to June 2024, Bian Cheng, Chairman of the Company, and Zhang Zhonghua, then serving as a director, borrowed RMB8.355 million and RMB7.2 million, respectively, from off-book personal bank accounts belonging to the Company. All principal and interest have been repaid. Such provision of financial assistance to related parties and failure to disclose the related matters are inconsistent with Paragraph 1, Article 45 of the *Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 - Contents and Formats of Annual Reports* (CSRC Announcement [2021] No. 15) and Paragraph 2, Article 5 of the *Regulatory Guidelines for Listed Companies No. 8 - Regulatory Requirements for Fund Flow and External Guarantees of Listed Companies* (CSRC Announcement [2022] No. 26). These practices further violate Paragraph 1, Article 3 of the *Measures for the Administration of Information Disclosure of Listed Companies* (CSRC Order No. 182).

Bian Cheng, Chairman of the Company at the time, Yang Xuexian, Director and General Manager at the time, Zeng Fei, Deputy General Manager and Chief Financial Officer at the time, Li Yuejin, Deputy General Manager and Board Secretary at the time, Zhou Peng, Deputy General Manager at the time, Peng Hengxiang, Supervisor at the time, Peng Qi, Board Secretary at the time, Zhang Zhonghua, Director at the time, Wu Muhai, Director and General Manager at the time, and Li Qing, Chief Financial Officer at the time, failed to fulfill their duties of diligence and responsibility as required under Paragraph 1 of Article 2 and Article 3 of the *Measures for the Administration of Information Disclosure of Listed Companies* (CSRC Order No. 40), and Paragraph 1 of Article 3 and Article 4 of the *Measures for the Administration of Information Disclosure of Listed Companies* (CSRC Order No. 182). They bear primary responsibility for the Company's relevant violations. Specifically, Bian Cheng and Zeng Fei are primarily responsible for all the violations. Yang Xuexian is primarily responsible for the first, second, and fourth violations. Li Yuejin, Zhou Peng, and Peng Hengxiang are primarily responsible for the first and second violations. Peng Qi is primarily responsible for the second violation. Zhang Zhonghua is primarily responsible for the fourth violation. Wu Muhai and Li Qing bear primary responsibility for the Company's third violation.

Pursuant to Paragraphs 1 and 3 of Article 52 of the *Measures for the Administration of*

Information Disclosure of Listed Companies (CSRC Order No. 182), the Office has decided to impose the regulatory measure of ordering rectification on Keda and to issue warning letters as an administrative regulatory measure to Bian Cheng, Yang Xuexian, Zeng Fei, Li Yuejin, Zhou Peng, Peng Hengxiang, Peng Qi, and Zhang Zhonghua. Under Paragraph 3, Article 59 of the *Measures for the Administration of Information Disclosure of Listed Companies* (CSRC Order No. 40), the Office has decided to issue warning letters to Wu Muhai and Li Qing as an administrative regulatory measure. Upon receipt of this Decision, you shall promptly take effective rectification measures and submit a rectification report to the Office within 30 days from the date of receipt, with a copy sent to the Shanghai Stock Exchange. Meanwhile, you shall earnestly draw lessons from this incident, strengthen your understanding of securities laws and regulations, fulfill the information disclosure obligations in a truthful, accurate, complete, timely, and fair manner in accordance with the law, improve corporate governance and internal control mechanisms, and enhance corporate governance and standardized operations.

II. Rectification Measures for the Aforesaid Problems

The Company has fully recognized the existing problems and deficiencies in corporate governance and standardized operations, and has conducted thorough analysis, comprehensive reflection, and effective rectification of the relevant problems. In order to promptly eliminate the adverse effects caused by such violations, the Company has taken active rectification actions at the earliest opportunity. The details of the preliminary rectification progress are outlined below:

i. Off-book receipts and payments of funds and accounting for income and expenses

The Company has completed the cancellation of its major off-book accounts and the direct return of the related funds. The remaining account cannot be canceled for the time being due to the involvement of a wealth management product that cannot be prematurely terminated for redemption. Chairman Bian Cheng has fully transferred an amount equal to the balance of the above wealth management product (including the initial investment principal and the expected floating income) to the Company's account with his personal funds. As the product carries floating returns, Bian Cheng has issued a *Letter of Undertaking* for this product, stating that upon the maturity of the wealth management product, any amount of principal and interest actually redeemed that exceeds the current balance of the product shall belong to the Company and be promptly remitted to the Company; whereas any shortfall, if the redemption amount is less than the current balance, shall be solely borne by Bian Chen.

According to *Accounting Standards for Enterprises No. 28 - Changes in Accounting Policies and Estimates and Corrections of Errors* (C.K. [2006] No. 3) and other relevant standards, and combined with the principle of materiality, the Company intends to use the prospective application method for relevant accounting treatment. At present, all the above off-book funds have been recognized in the third quarter of 2025 and recorded into non-operating income, other business income, investment income and other payables and other related items.

ii. Non-compliant off-book distribution of remuneration to directors, supervisors and senior management

The relevant directors, supervisors and senior management members have fully

returned to the Company all remuneration payments and accrued interest that were disbursed without proper approval procedures.

iii. Temporary occupation of the Company's funds by a related party through suppliers

The relevant individuals have previously returned all the occupied funds and the accrued interest to the Company. The Company will effectively prevent non-operating fund occupation and avoid the recurrence of similar problems by strengthening the implementation of systems, rigorously enforcing approval procedures, maintaining continuous oversight and accountability, and conducting regular compliance training.

iv. Non-compliant provision of financial assistance to related parties

The above related parties have fully repaid the personal loans and accrued interest to the Company.

III. Explanation of the Situation

In view of the main problems raised in the Decision, the Company has completed the preliminary rectification and will complete the comprehensive rectification of the above problems within 30 days and submit a rectification report. Taking this rectification as an opportunity, the Company will draw profound lessons and take them as a warning, continuously enhance its awareness of standardized operations, strictly implement all internal control systems and measures, effectively improve the corporate governance and the quality of information disclosure, promote the Company's standardized and sustainable development, and effectively protect the interests of the Company and all shareholders.

The above-mentioned administrative regulatory measures have no significant impact on the Company's operations. We kindly remind all investors to make rational investments and be aware of investment risks.

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