

**KraussMaffei Company Limited**

**Report on Repurchase of Shares through Centralized**

**Bidding Transaction**

<p>The Company and all members of its Board of Directors hereby confirm that all information disclosed herein is true, accurate and complete with no false or misleading statement or material omission.</p>
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Important content reminders:

- After the deliberation and approval of the 16th meeting of the seventh board of directors and the 2020 annual general meeting of shareholders held on March 31 and June 29, 2021, the Company plans to repurchase the Company's shares with its own funds through centralized competitive trading on Shanghai Stock Exchange. The repurchased shares will be cancelled to reduce the registered capital of the Company.

- The Company plans to repurchase shares with its own funds of RMB 6,038,500. The repurchase period is to be completed within 6 months after the deliberation and approval of the general meeting of shareholders. The price of the shares to be repurchased shall not exceed RMB 7.32/share (inclusive). The specific repurchase price shall be determined by the Company's management authorized by the general meeting of shareholders in combination with the Company's secondary market stock price, the Company's financial status and operating conditions during the implementation of repurchase.

- The controlling shareholders, actual controllers and shareholders holding more than 5% of the Company have no plans to reduce their shares in the Company in the next six months or during the repurchase period.

- Relevant risk tips: 1. The Company's stock price continues to exceed the price range disclosed in the repurchase plan, resulting in the risk that the repurchase plan cannot be implemented; 2. If the funds required for share repurchase are not in place in time, there is a risk that the repurchase plan cannot be implemented as planned; 3. Due to major changes in the Company's production and operation, financial conditions and external objective conditions, there is a risk that the repurchase scheme may be changed

or terminated according to the rules; 4. The Company will make a repurchase decision and implement it according to the market conditions during the repurchase period. This share repurchase will not have a significant impact on the Company's operation, finance and future development, and will not affect the Company's listing status. Please pay attention to the investment risk.

In accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Opinions on Supporting Listed Companies to Repurchase Shares*, the *Stock Listing Rules of Shanghai Stock Exchange* and the *Detailed Rules for the Implementation of Share Repurchase by Listed Companies of Shanghai Stock Exchange*, KraussMaffei Co., Ltd. (hereinafter referred to as "the Company") plans to repurchase some public shares of the Company with its own funds, and has prepared a repurchase report on the repurchase of shares by means of centralized bidding transaction, as follows:

#### **1、Review and implementation procedures of repurchase scheme**

The Company held the 16th meeting of the 7th board of directors on March 31, 2021, deliberated and adopted the *Proposal on the Commitment to Replace Dividends by Share Repurchase*, and the independent directors expressed their agreed independent opinions on the proposal, For details, please refer to the *Announcement on the Resolution of the 16th Meeting of the 7th Board of Directors of KraussMaffei Co., Ltd.* (Announcement No.: 2021-004) disclosed on the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the *Announcement and Repurchase Plan of KraussMaffei Co., Ltd. on the Proposed Implementation of Share Repurchase Instead of Dividend Commitment* (Announcement No.: 2021-007).

The company held the 2020 annual general meeting of shareholders on June 29, 2021, and deliberated and passed the *Proposal on the Proposed Implementation of the Commitment to Replace Dividends by Share Repurchase*. For details, see the *Announcement on the Resolution of 2020 Annual General Meeting of Shareholders* (Announcement No.: 2021-022) disclosed on the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on June 30, 2021.

In order to reduce the registered capital and implement this repurchase, the

Company needs to obtain the consent of creditors in accordance with the relevant provisions of the *Company Law*. The Company has fulfilled the necessary procedures for creditors' notice on this repurchase. For details, see the *Announcement of KraussMaffei Co., Ltd. on Notifying Creditors of Repurchase and Cancellation of shares* (Announcement No.: 2021-023) disclosed on the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on the same day.

## **2、Main contents of repurchase plan**

(1) Purpose of Share Repurchase: fulfill the commitment made by Tianhua Chemical Machinery and Automation Research and Design Institute Co., Ltd. (hereinafter referred to as "Tianhua Institute") and China Academy of Chemical Sciences Co., Ltd. (hereinafter referred to as "Academy of Chemical Sciences") to replace dividends by share repurchase, and immediately cancel the share repurchase to reduce the registered capital of the Company.

(2) Type of shares to be repurchased: A shares.

(3) The way to repurchase shares: Centralized bidding transaction.

(4) Repurchase period: July 1, 2021 to December 31, 2021.

If the use amount of repurchase funds reaches the limit within this period, the implementation of the repurchase plan will be completed, and the repurchase period will expire in advance from that date.

(5) The repurchase price: The price of the shares to be repurchased shall not exceed RMB 7.32/share (inclusive). The upper limit of the repurchase price is 150% of the average trading price of the Company's shares 30 trading days before the board of directors adopts the repurchase resolution. The specific repurchase price shall be determined by the company's management authorized by the general meeting of shareholders in combination with the Company's secondary market stock price, the Company's financial status and operating conditions during the implementation of repurchase.

(6) The total amount of funds for this repurchase shall not be less than 6,038,500 yuan, and the source of funds is its own funds.

The share repurchase amount shall not be less than 10% of the net profit realized in the consolidated statements of Tianhua Institute in 2020, that is, not less than RMB 6,038,500. The shares repurchased this time will be cancelled.

(7) Expected changes in the Company's equity structure after repurchase

According to the estimated repurchase amount of 6.0385 million yuan and the repurchase price of 7.32 yuan / share, the repurchase quantity is no less than 824,932 shares. The changes of the Company's equity after the repurchase are expected to be as follows:

Class of shares	Before repurchase		Change	After repurchase	
	Quantity (shares)	ratio	Number of changes (shares)	Quantity (shares)	ratio
Limited shares	324,716,369	44.22%	0	324,716,369	44.27%
Unlimited shares	409,521,624	55.78%	-824,932	408,696,692	55.73%
Total shares	734,237,993	100%	-824,932	733,413,061	100%

The specific number of shares to be repurchased shall be subject to the actual number of shares to be repurchased at the expiration of the repurchase period.

(8) Analysis of the possible impact of this share repurchase on the Company's daily operation, finance, R & D, profitability, debt performance ability, future development and maintaining its listing status

As of December 31, 2020, the total assets of the Company were RMB 16,007,184,800, the net assets attributable to the shareholders of the listed company were RMB 5,310,087,200, and the current assets were RMB 6,603,725,400. According to the estimated repurchase fund of RMB 6,038,500, accounting for 0.04%, 0.11% and 0.09% of the above indicators respectively. According to the Company's operation and future development plan, the Company believes that the repurchase amount of RMB 6,038,500 will not have a significant impact on the Company's operation, finance and future development, and the Company is able to pay the repurchase price. After the repurchase, the equity distribution of the Company meets the conditions of the listed

company and will not affect the listing status of the Company.

(9) Opinions of independent directors on compliance, necessity, rationality and feasibility of the share repurchase scheme

For this repurchase, the independent directors of the Company have expressed the following independent opinions:

1. The shares repurchased by the Company this time comply with the *Company Law*, the *Securities Law*, and the *Detailed Rules for the Implementation of Share Repurchases by Listed Companies on the Shanghai Stock Exchange*, and the *Supplementary Provisions on Share Repurchases by Listed Companies through Centralized Competitive Trading*;

2. The implementation of the Company's share repurchase is conducive to enhancing investors' confidence in the Company's future development prospects and enhancing the value recognition of the Company. The Company's share repurchase is necessary;

3. The Company plans to use its own funds (no less than 10% of the net profit realized in the consolidated statements of Tianhua Institute in 2020) for repurchase, with a total capital of no less than RMB 6,038,500 and the number of shares repurchased shall not be less than 824,932 shares, which will not have a significant impact on the Company's daily operation, solvency and profitability, and will not lead to the Company's equity distribution not meeting the listing conditions.

In conclusion, the independent directors believe that the share repurchase plan of the Company is legal and compliant, feasible and necessary, and in line with the interests of the Company and all shareholders, and agree to the share repurchase.

( 10 ) Whether the directors, supervisors, senior managers, controlling shareholders and actual controllers of the listed company have bought and sold the shares of the Company six months before the board of directors makes the share repurchase resolution, and whether they have carried out insider trading and market manipulation alone or jointly with others:

Through self-examination, the directors, supervisors, controlling shareholders and actual controllers of the Company did not buy or sell the Company's shares through the

secondary market within 6 months before the board of directors made the share repurchase resolution, did not have any conflict of interest with the repurchase proposal, nor did they conduct insider trading and manipulate the market alone or jointly with others.

( 11 ) The listed company inquires the directors, supervisors, controlling shareholders, actual controllers and shareholders holding more than 5% about whether there is a reduction plan in the next six months:

On March 29, 2021, the Company sent an inquiry letter to the controlling shareholder China National Chemical Equipment Global Holdings (Hong Kong) Co., Ltd., the actual controller and the shareholder with a shareholding of more than 5%, asking whether there is a reduction plan in the future.

On March 30, 2021, the controlling shareholder China National Chemical Equipment Global Holdings (Hong Kong) Co., Ltd. replied that China National Chemical Equipment Global Holdings (Hong Kong) Co., Ltd. and the actual controller had no reduction plan in the next six months; On March 31, 2021, the Academy of Chemical Sciences, the shareholder holding more than 5%, replied that there was no plan to reduce the Company's shares during the Company's stock repurchase.

( 12 ) Submit to the general meeting of shareholders to authorize the board of directors to handle the repurchase of shares of the Company

In order to cooperate with the repurchase of the Company's shares, the general meeting of shareholders of the Company is requested to authorize the board of directors to handle various matters during the repurchase of the Company's shares, including but not limited to the following matters:

1. Authorize the board of directors of the Company to choose the opportunity to repurchase shares during the repurchase period, including the time, price and quantity of repurchase;

2. Decide to continue or terminate the repurchase plan according to the actual situation and stock price performance of the Company;

3. Authorize the board of directors of the Company to adjust the specific implementation plan and handle other matters related to share repurchase in accordance

with relevant provisions (i.e. applicable laws, regulations and relevant provisions of regulatory authorities);

4. Establish a special securities account for repurchase or other relevant securities accounts;

5. Modify the articles of association and other data and document terms that may involve changes according to the actual repurchase situation, and handle relevant reporting work;

6. Authorize the board of directors of the Company to handle the amendment of the articles of association and industrial and commercial change registration after the completion of relevant matters;

7. Handle other matters not listed above but necessary for this share repurchase;

8. This authorization starts from the date of deliberation and approval by the general meeting of shareholders of the Company to the date of completion of the above authorized matters.

(13) Relevant arrangements for the Company to prevent infringement on the interests of creditors

The share repurchase will involve the cancellation of the repurchased shares. On July 1, 2021, in accordance with the *Company Law* and other relevant provisions, the company disclosed the *Announcement on Notifying Creditors of Share Repurchase and Cancellation* on the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and other media, and implemented legal procedures such as notifying creditors, so as to fully protect the legitimate rights and interests of creditors.

### **3、 Opening of special securities account for repurchase**

According to relevant regulations, the Company has opened a special account for share repurchase in Shanghai Branch of China Securities Depository and Clearing Co., Ltd., which is only used to repurchase the Company's shares. Special account information is as follows:

Account Name: special securities repurchase account of KraussMaffei Co., Ltd  
Securities account No.: B882804271

#### **4、 Uncertainty risk of repurchase scheme**

(1) During the repurchase period, if the Company's stock price continued to exceed the upper limit of the repurchase plan, resulting in the uncertainty risk that the repurchase plan could not be implemented or could only be partially implemented;

(2) The risk that the funds required for share repurchase are not in place in time, resulting in the failure to implement the repurchase plan as planned;

(3) If major events that have a significant impact on the trading price of the Company's shares occur or the board of directors decides to terminate the repurchase plan, there is a risk that the repurchase plan will not be implemented smoothly;

(4) Due to major changes in the Company's production and operation, financial situation and external objective conditions, there is a risk that the repurchase scheme may be changed or terminated according to the rules.

The company will make a repurchase decision and implement it according to the market situation within the repurchase period. Please pay attention to the investment risk.

It is hereby announced.

Board of Directors of KraussMaffei Company Limited

July 1, 2021