

NON-BINDING ENGLISH CONVENIENCE TRANSLATION

Mandatory Publication pursuant to sec. 27 para. 3 sentence 1 and sec. 14 para. 3 sentence 1
of the German Securities Acquisition and Takeover Act (WpÜG)



**Joint Statement
of the Management Board and the Supervisory Board**

of

KHD Humboldt Wedag International AG

Colonia-Allee 3, 51067 Cologne, Germany

WKN: 657800

ISIN: DE0006578008

pursuant to sec. 27 et seq. of the German Securities Acquisition and Takeover Act
(Wertpapiererwerbs- und Übernahmegesetz)

on the Voluntary Public Takeover Offer (Cash Offer) of

AVIC International Engineering Holdings Pte. Ltd.

10 Collyer Quay #27-00
Ocean Financial Centre
Singapur (049315)

and

Europe Project Management Pte. Ltd.

10 Collyer Quay #27-00
Ocean Financial Centre
Singapur (049315)

and

Europe Technology Investment Pte. Ltd.

10 Collyer Quay #27-00
Ocean Financial Centre
Singapur (049315)

and

Europe Engineering Holdings Pte. Ltd.

10 Collyer Quay #27-00
Ocean Financial Centre
Singapur (049315)

to Shareholders of

KHD Humboldt Wedag International AG

On 21 November 2013, AVIC International Engineering Holdings Pte. Ltd. (hereinafter referred to as “AVIC Engineering”), Europe Project Management Pte. Ltd. (hereinafter referred to as “Europe Project Management”), Europe Technology Investment Pte. Ltd. (hereinafter referred to as “Europe Technology”) and Europe Engineering Holdings Pte. Ltd. (hereinafter referred to as “Europe Engineering”) (AVIC Engineering, Europe Project Management, Europe Technology and Europe Engineering hereinafter referred to as “**Bidder**”) have published the offer document, as defined in sec. 11 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, “WpÜG”) (hereinafter referred to as “**Offer Document**”) for their voluntary public takeover offer to all shareholders of KHD Humboldt Wedag International AG, Cologne, Germany (hereinafter also referred to as “**Target Company**”, “**Company**” or “**KHD AG**” and, together with its subsidiaries consolidated in the Group’s balance sheet as of 31 December 2012, referred to as “**KHD Group**”; the holders of shares of KHD Humboldt Wedag International AG are hereinafter referred to as the “**KHD Shareholders**”) for the acquisition of the non-par value bearer shares they hold in KHD Humboldt Wedag International AG pursuant to sec. 14 para. 2 and para. 3 WpÜG (hereinafter referred to as “**Offer**” or “**Takeover Offer**”).

According to sec. 1.1 of the Offer Document the Bidders do not act together in the form of a partnership (and in particular not in the form of a partnership organised under the German Civil Code (Gesellschaft bürgerlichen Rechts)) but as joint bidders (Bietergemeinschaft) within the meaning of sec. 2 para. 4 WpÜG. Therefore, each of the Bidders is in each case a bidder within the meaning of sec. 2 para. 4 WpÜG.

The purchase price envisaged in the Offer Document for the shares in KHD AG (traded under ISIN DE0006578008, referred to hereinafter as “**KHD shares**” or one “**KHD share**”) is EUR 6.45 in cash (referred to hereinafter as the “**Offer Price**”).

The Offer Document was delivered to the Management Board of KHD AG (hereinafter referred to as “**Management Board**”) on 21 November 2013. The Management Board immediately forwarded the Offer Document to the Supervisory Board of the Company (hereinafter referred to as “**Supervisory Board**”) and simultaneously to the Employees of the Company.

In summary, the Management Board and the Supervisory Board consider the Offer Price for the KHD shares to be financially reasonable. The Management Board and the Supervisory Board recommend the acceptance of the Offer to the KHD Shareholders. Neither the members of the Management Board nor the members of the Supervisory Board consider themselves to be exposed to a conflict of interest in providing this Statement.

Pursuant to sec. 27 WpÜG, the Management Board and the Supervisory Board jointly submit the following joint statement in relation to the Offer (hereinafter referred to as "**Statement**").

| | | |
|-------------|---|-----------|
| I. | General Information | 8 |
| 1. | Legal Basis of this Statement..... | 8 |
| 2. | Factual Basis of this Statement | 8 |
| 3. | Forward-looking Statements | 9 |
| 4. | Publication of this Statement and any additional statements relating to potential amendments to the Offer..... | 10 |
| 5. | Independent Review by KHD Shareholders | 10 |
| II. | General Information about the Bidders and KHD..... | 12 |
| 1. | The Bidders | 12 |
| 1.1 | Legal basis and capital structure of the Bidders | 12 |
| 1.2 | Corporate structure of the Bidders | 14 |
| 1.3 | Background information on the Bidders | 18 |
| 2. | The Target Company | 19 |
| 2.1 | Legal Basis and Capital Structure..... | 19 |
| 2.2 | Overview of KHD Group's activities | 22 |
| 2.3 | Executive Bodies of KHD AG..... | 23 |
| 2.4 | Key Shareholders of KHD AG | 23 |
| III. | Information about the Offer | 25 |
| 1. | Implementation of the Offer | 25 |
| 2. | Main Terms of the Offer | 25 |
| 2.1 | Offer Price..... | 25 |
| 2.2 | Acceptance Period and Additional Acceptance Period | 26 |
| 2.3 | Execution Conditions..... | 26 |
| 2.4 | Relevance of the Offer Document | 27 |
| IV. | Statement regarding the type and amount of the Consideration pursuant to sec. 27 para. 1 sentence 2 no. 1 WpÜG | 27 |
| 1. | Type of Consideration: Cash Offer..... | 27 |
| 2. | Amount of Consideration..... | 27 |
| 2.1 | Statutory stipulation regarding the amount of consideration | 27 |
| 2.2 | Fairness Opinion | 29 |
| 2.2.1 | Fairness Opinion of KPMG | 29 |
| 2.2.2 | Fairness Opinion of Network Corporate Finance | 30 |
| 2.3 | Premium relative to historical stock market prices | 32 |
| 2.4 | Assessment by the Management Board and the Supervisory Board of the consideration being offered..... | 33 |

| | | |
|--------------|---|-----------|
| 2.5 | Further remark: possible sale on the stock exchange..... | 33 |
| V. | Statement on the likely consequences of a successful offer for KHD AG, for the employees and their representative bodies, the conditions of employment and the locations of KHD AG, in accordance with sec. 27 para. 1 sentence 2 no. 2 WpÜG | 33 |
| 1. | Effects on KHD AG..... | 33 |
| 2. | Effects on employment and the terms of employment | 35 |
| 3. | Effects on bodies representing the workforce..... | 35 |
| VI. | Statement on the Bidders' and the Further Acquirers' of Control Objectives pursuant to sec. 27 para. 1 sentence 2 no. 3 WpÜG..... | 36 |
| 1. | Preliminary Remarks | 36 |
| 2. | Strategic Objectives; Supplementary Information..... | 36 |
| 3. | Financial Consequences for KHD | 37 |
| 4. | Licence Agreements | 38 |
| 5. | Tax Consequences for KHD | 38 |
| 6. | Structural Measures | 39 |
| 7. | Composition of the Management Board and Supervisory Board | 39 |
| VII. | Potential consequences of the Offer on KHD Shareholders | 40 |
| 1. | Preliminary Remarks | 40 |
| 2. | Possible Disadvantages of Acceptance of the Offer, Rights of Rescission | 40 |
| 3. | Possible Disadvantages of Non-Acceptance of the Offer..... | 42 |
| 3.1 | Reduced Liquidity of the KHD Shares | 42 |
| 3.2 | Stock exchange price | 42 |
| 3.3 | Structural and other important measures | 42 |
| 3.4 | Right to Tender | 46 |
| VIII. | Interests of the Management Board and the Supervisory Board..... | 47 |
| 1. | Conflicts of Interest for Management Board Members | 47 |
| 2. | Conflicts of Interest on the Supervisory Board | 48 |
| 3. | Supervisory Board Committee..... | 48 |
| IX. | Position of the Management Board and Supervisory Board Members With Respect to the Offer | 48 |
| 1. | Management Board..... | 48 |
| 2. | Supervisory Board | 49 |
| X. | Position of KHD AG on Whether to Tender its Treasury Shares..... | 49 |
| XI. | Final Opinion; Recommendation | 49 |

Appendixes

| | |
|------------|---|
| Appendix 1 | Fairness Opinion of KPMG AG Wirtschaftsprüfungsgesellschaft, München |
| Appendix 2 | Fairness Opinion of Network Corporate Finance GmbH & Co KG, Düsseldorf |

I. General Information

1. Legal Basis of this Statement

Pursuant to sec. 27 para. 1 sentence 1 WpÜG, the Management Board and the Supervisory Board of a target company are required to issue a reasoned opinion with respect to a takeover offer and any modification thereof. The present Statement is a joint statement by the Management Board and the Supervisory Board of KHD AG.

2. Factual Basis of this Statement

All information, expectations, forecasts, evaluations and forward-looking statements and declarations of intent included in this Statement are based on the information available to the Management Board and the Supervisory Board on the date of publication of this Statement. It reflects their assessments and intentions at that point of time.

The Management Board and the Supervisory Board of KHD AG do not commit themselves, beyond any statutory obligations, to update this Statement.

Unless otherwise expressly noted, information in this Statement concerning the Bidders and the Offer itself are based on publicly available information, particularly the Offer Document, for which no representation is made as to accuracy of the same. Unless otherwise expressly noted, information in this Statement concerning the Bidders, the persons acting jointly with them and their intentions and the Offer itself are based exclusively on the information contained in the Offer Document or other publicly available information.

The Management Board and the Supervisory Board expressly point out that they are not in a position to verify the intentions expressed by the Bidders or to guarantee or influence their implementation. Nor, in principle, is there any obligation on the part of the Bidders to implement the intentions described in the Offer Document. It is possible, therefore, that the intentions of the Bidders will not be implemented after execution of the Offer.

For details regarding the Offer, reference is expressly made to the Offer Document.

During the takeover process, both the Management Board and the Supervisory Board have brought in legal consultants to provide advice concerning the Offer

submitted by the Bidders and the content of the present Statement. Prior to issuance of this Statement, the Management Board and the Supervisory Board each commissioned an expert opinion on the financial fairness of the consideration offered by the Bidders (hereinafter: "Fairness Opinion"). The Management Board commissioned KPMG AG Wirtschaftsprüfungsgesellschaft, a firm of certified public accountants in Munich (hereinafter: "**KPMG**") to prepare a fairness opinion. Said Fairness Opinion is enclosed as **Appendix 1** to this Statement. In addition, the Supervisory Board commissioned Network Corporate Finance GmbH & Co KG, Düsseldorf, (hereinafter: "**Network Corporate Finance**") as its own advisor to assess the fairness of the Offer Price. The Fairness Opinion prepared by Network Corporate Finance is enclosed as **Appendix 2** to this Statement.

The content, conclusions and analytical methods of the Fairness Opinion provided by KPMG were presented in detail to the Management Board of KHD AG at its meeting on 28 November 2013 and were discussed at length by the Management Board and KPMG.

On the basis of the Fairness Opinion provided by KPMG and the Fairness Opinion prepared by Network Corporate Finance, the Management Board then deliberated on this Statement at its meeting on 4 December 2013. The resolution to publish the Statement was adopted unanimously.

At its meeting on 28 November 2013, the Supervisory Board of KHD AG deliberated with its consultants in detail on the written Fairness Opinion provided by Network Corporate Finance and on the draft version of this Statement. The decision to publish the statement was adopted on 5 December 2013 on the basis of the Fairness Opinion provided by Network Corporate Finance and in awareness of the Fairness Opinion prepared by KPMG.

The Supervisory Board resolved on the issuing as well as the content of this joint Statement with 5 yes votes and 1 no-vote.

3. Forward-looking Statements

This Statement includes certain forward-looking statements, including statements about the expected timing and completion of the Offer. Forward-looking statements express intentions, views, or expectations and entail known or unknown risks and uncertainties because these statements relate to events and depend on circumstances that are to occur in the future. Words such as "may", "should", "aim", "will",

"expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue", or similar expressions identify forward-looking statements. Although the Management Board and the Supervisory Board believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions and, to the best of their knowledge and belief, they are correct and complete as of the date hereof, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of such statements. Any such forward-looking statement must be considered in light of the fact that actual events or results may vary materially from such forward-looking statements because of, among other things, political, economic, or legal changes in the markets and environments in which KHD Group does business, competitive conditions, or risks inherent in KHD Group's business model, as well as uncertainties, risks, and volatility in financial markets and other factors affecting KHD AG.

4. Publication of this Statement and any additional statements relating to potential amendments to the Offer

In accordance with sec. 27 para. 3 and sec. 14 para. 3 sentence 1 WpÜG, this Statement, as well as any additional statements relating to potential amendments to the Offer, will be published (i) by posting them on the Internet on KHD AG's website at www.khd.com/corporate-news.html and (ii) by supplying copies free of charge at **KHD Humboldt Wedag International AG**, Colonia Allee 3, 51067 Cologne, Germany, by e-mail to ir@khd.com or by fax to 0221 – 6504-1099. Reference to these forms of publication will be made in an announcement in the German Federal Gazette (Bundesanzeiger) as at 5 December 2013. This Statement and additional statements on any amendments to the Offer are published in German as well as in a non-binding English translation, which is available at www.khd.com/corporate-news.html or also by E-Mail to ir@khd.com or by fax to 0221 – 6504-1099. No representation is made as to the accuracy of the non-binding English translation. Only the German version shall be binding.

5. Independent Review by KHD Shareholders

The Management Board and the Supervisory Board of **KHD AG** wish to point out that the description of the Offer contained in this Statement is not meant to be exhaustive and that only the terms and conditions stated in the Offer Document and

any amendments to the Offer will be decisive and relevant for the conditions of the Offer.

All KHD Shareholders should read the Offer Document carefully because it contains information which is relevant to them. The KHD Shareholders themselves are responsible for their decision concerning the Offer. KHD Shareholders who decide to accept the Offer are also responsible for complying with the terms and conditions included or described in the Offer Document.

Every KHD Shareholder must make his own decision whether or not and to what extent he will accept the Offer by assessing the overall situation, his individual circumstances (including his personal tax situation) and his personal opinion as to the future development of the value and share price of KHD shares. In making this decision, the KHD Shareholders should use all sources of information available to them and take their personal interests sufficiently into account. Therefore, the Management Board and the Supervisory Board advise the KHD Shareholders to obtain individual tax and legal advice as necessary.

According to sec. 1.5 of the Offer Document, also shareholders with permanent, habitual residence or domicile outside the Federal Republic of Germany can accept the Offer as KHD Shareholders with permanent, habitual residence or domicile in the Federal Republic of Germany, provided that provisions of the Offer Document and the applicable law are observed. The Management Board and the Supervisory Board wish to point out that they are not in a position to determine whether, upon accepting the Offer, the KHD Shareholders will be acting in compliance with all legal obligations that may apply to individual KHD Shareholders, in particular shareholders with permanent, habitual residence or domicile outside the Federal Republic of Germany. The Management Board and the Supervisory Board recommend that anyone who receives the Offer Document outside the Federal Republic of Germany or wishes to accept the Offer but is subject to the securities laws of a legal system other than that of the Federal Republic of Germany inform themselves about the legal situation and to act in accordance with it.

II.

General Information about the Bidders and KHD

1. The Bidders

1.1 Legal basis and capital structure of the Bidders

(a) AVIC Engineering

AVIC Engineering is a private company limited by shares incorporated under Singapore law on 24 April 2013 and registered with the Accounting and Corporate Regulatory Authority („ACRA”) in Singapore under registration number 201311037D. The registered office of AVIC Engineering is 10 Collyer Quay # 27-00, Ocean Financial Centre, Singapore (049315), Singapore.

The share capital of AVIC Engineering amounts to Euro 1 and is divided into one share.

The object of AVIC Engineering is to engage in any act or activity that is not prohibited under any law currently in force in Singapore. To date, AVIC Engineering has not conducted any material activities other than those incident to the preparation of the Offer Document, conclusion of the agreements described in the Offer Document, securing of the financing of the Takeover Offer and holding and managing its own assets.

AVIC Engineering currently does not hold any further sub-participations and has no employees. In connection with the Takeover Offer, AVIC Engineering acts purely as an acquisition company.

(b) Europe Project Management

Europe Project Management is a private company limited by shares incorporated under Singapore law on 13 September 2013 and registered with ACRA under registration number 201324956R. The registered office of Europe Project Management is 10 Collyer Quay # 27-00, Ocean Financial Centre, Singapore (049315), Singapore.

The share capital of Europe Project Management amounts to EUR 1 and is divided into 100 shares.

The object of Europe Project Management is to engage in any act or activity that is not prohibited under any law currently in force in Singapore. To date,

Europe Project Management has not conducted any material activities other than those incident to the preparation of the Offer Document, conclusion of the agreements described in the Offer Document, securing financing of the Takeover Offer and holding and managing its own assets.

Europe Project Management currently does not hold any further sub-participations and has no employees. In connection with the Takeover Offer, Europe Project Management acts purely as an acquisition company.

(c) Europe Technology

Europe Technology is a private company limited by shares incorporated under Singapore law on 13 September 2013 and registered with ACRA under registration number 201324950K. The registered office of Europe Technology is 10 Collyer Quay # 27-00, Ocean Financial Centre, Singapore (049315), Singapore.

The share capital of Europe Technology amounts to EUR 1 and is divided into 100 shares.

The object of Europe Technology is to engage in any act or activity that is not prohibited under any law currently in force in Singapore. To date, Europe Technology has not conducted any material activities other than those incident to the preparation of the Offer Document, conclusion of the agreements described in the Offer Document, securing financing of the Takeover Offer and holding and managing its own assets.

Europe Technology currently does not hold any further sub-participations and has no employees. In connection with the Takeover Offer, Europe Technology acts purely as an acquisition company.

(d) Europe Engineering

Europe Engineering is a private company limited by shares incorporated under Singapore law on 13 September 2013 and registered with ACRA under registration number 201314627G. The registered office of Europe Engineering is 10 Collyer Quay # 27-00, Ocean Financial Centre, Singapore (049315), Singapore.

The share capital of Europe Engineering amounts to EUR 1 and is divided into 100 shares.

The object of Europe Engineering is to engage in any act or activity that is not prohibited under any law currently in force in Singapore. To date, Europe Engineering has not conducted any material activities other than those incident to the preparation of the Offer Document, conclusion of the agreements described in the Offer Document, securing financing of the Takeover Offer and holding and managing its own assets.

Europe Engineering currently does not hold any further sub-participations and has no employees. In connection with the Takeover Offer, Europe Engineering acts purely as an acquisition company.

1.2 Corporate structure of the Bidders

(a) AVIC Engineering

The sole shareholder of AVIC Engineering is Goldimax Group Limited ("**Goldimax**"), a company incorporated under the law of British Virgin Islands, with its registered office at 263 Main Street, Road Town, Tortola, British Virgin Islands. Goldimax is registered with The Registry of Corporate Affairs of the British Virgin Islands under registration number 1762812. The share capital of Goldimax currently amounts to EUR 75.31. In connection with the Takeover Offer, Goldimax acts exclusively as the holding company of AVIC Engineering and does not directly hold any KHD Shares.

The shares in Goldimax are wholly owned by Golden Prosperity Group Limited ("**Golden Prosperity**"), a company incorporated under the law of British Virgin Islands, with its registered office at 263 Main Street, Road Town, Tortola, British Virgin Islands. Golden Prosperity is registered with The Registry of Corporate Affairs of the British Virgin Islands under registration number 1751767. The share capital of Golden Prosperity currently amounts to EUR 75.18. In connection with the Takeover Offer, Golden Prosperity acts exclusively as the holding company of Goldimax and does not directly hold any KHD Shares.

The sole shareholder of Golden Prosperity is Kaihang Industrial Limited ("**Kaihang**"), a company incorporated under the law of the British Virgin Islands, with its registered office at NovaSage Chambers, P.O. Box 4389, Road Town, Tortola, British Virgin Islands. Kaihang is registered with The Registry of Corporate Affairs of the British Virgin Islands under registration

number 1616646. The share capital of Kaihang currently amounts to USD 1 and is divided into 1 share. In connection with the Takeover Offer, Kaihang acts exclusively as the holding company of Golden Prosperity and does not directly hold any KHD Shares.

The sole shareholder of Kaihang is AVIC International Kairong Limited ("**Kairong**"), a company incorporated under Hong Kong law, with its registered office at Room 305 3/F Arion Commercial Centre, 2-12 Queen's Road West, Hong Kong. Kairong is registered with the Companies Registry of Hong Kong under registration number 1493834. The share capital of Kairong currently amounts to USD 6,430,000 and is divided into 6,430,000 shares. In connection with the Takeover Offer, Kairong acts exclusively as the holding company of Kaihang and does not directly hold any KHD Shares.

The sole shareholder of Kairong is AVIC International Beijing Co. Ltd ("**AVIC Beijing**"), a company incorporated under the law of the People's Republic of China ("**PRC**"), with its registered office at No. 6 Building, No. 16 Hongda North Road, Beijing Economic and Technical Development Zone, Beijing, PRC. AVIC Beijing is registered in Beijing, PRC, under registration number 110000005004804. The share capital of AVIC Beijing currently amounts to RMB 800,000,000. In connection with the Takeover Offer, AVIC Beijing acts exclusively as the holding company of Kairong and does not directly hold any KHD Shares.

The sole shareholder of AVIC Beijing is AVIC International Holdings Limited ("**AVIC International**"), a company incorporated under the law of the PRC, with its registered office at 25/F, Hangdu Building, CATIC Zone, Shennan Road Central, Futian District, Shenzhen, PRC. AVIC International is registered in Shenzhen, PRC, under registration number 440301102761041. The share capital of AVIC International currently amounts to RMB 1,110,632,000 and is divided into 832,974,000 domestic shares and 277,658,000 H shares. AVIC International is a public company listed on the Stock Exchange of Hong Kong Limited ("**HKSE**"). The major shareholders of AVIC International are AVIC International Holding Corporation ("**AVIC Holding**"), holding approximately 39.4 per cent of AVIC International's shares and AVIC International Shenzhen Company Limited ("**AVIC Shenzhen**"), holding approximately 35.6 per cent of AVIC International's shares. In connection with the Takeover Offer, AVIC International acts exclusively as the holding company of AVIC Beijing and does not directly hold any KHD Shares.

AVIC Shenzhen is a company incorporated under the law of the PRC, with its registered office at 24F Hangdu Building, CATIC Zone, Shennan Road Central, Shenzhen, PRC. AVIC Shenzhen is registered in Shenzhen, PRC, under registration number 440301103089448. The share capital of AVIC Shenzhen currently amounts to RMB 1,000,000,000. In connection with the Takeover Offer, AVIC Shenzhen acts exclusively as the holding company of AVIC International and does not directly hold any KHD Shares.

The sole shareholder of AVIC Shenzhen is AVIC Holding, a company incorporated under the law of the PRC, with its registered office at CATIC Building, no. 18 Beichendong Road, Chaoyang District, Beijing, PRC. AVIC Holding is registered in Shenzhen, PRC, under registration number 100000000000991(4-1). The share capital of AVIC Holding currently amounts to RMB 8,459,000,000. In connection with the Takeover Offer, AVIC Holding acts exclusively as the holding company of AVIC Shenzhen and AVIC International and does not directly hold any KHD Shares.

The major shareholder of AVIC Holding is Aviation Industry Corporation of China ("**AVIC**", AVIC together with its direct and indirect subsidiaries the "**AVIC Group**"), holding approximately 76.83 per cent of shares of AVIC Holding. AVIC is a company incorporated under the law of the PRC, with its registered office at AVIC Building, no. 128 Jianguo Road, Chaoyang District, Beijing, PRC. AVIC is registered in Beijing, PRC, under registration number 1000000000041923. AVIC is wholly owned by the PRC. Therefore, AVIC Engineering is indirectly controlled by the PRC. In connection with the Takeover Offer, AVIC acts exclusively as the holding company of AVIC Holding and does not directly hold any KHD Shares.

Goldimax, Golden Prosperity, Kaihang, Kairong, AVIC Beijing, AVIC International, AVIC Holding, AVIC Shenzhen, AVIC and PRC are together referred to as the "**Further Acquirers of Control**".

Schedule 1(a) of the Offer Document provides a detailed overview of AVIC Engineering's shareholder structure.

Max Glory Industries Limited with registered office in Hong Kong, Room 305, Arion Commercial Centre, 2-12 Queen's Road West, Hong Kong, registered with the Companies Registry of Hong Kong under registration number 1532429 ("**Max Glory**") does not have any direct or indirect interest in AVIC Engineering, but is wholly owned by Kaihang.

(b) Europe Project Management

The sole shareholder of Europe Project Management is Bright Horizon Global Limited ("**Bright Horizon**"), a company incorporated under the law of British Virgin Islands, with its registered office in 263 Main Street, Road Town, Tortola, British Virgin Islands. Bright Horizon is registered with The Registry of Corporate Affairs of the British Virgin Islands under registration number 1790393. The share capital of Bright Horizon currently amounts to EUR 1. In connection with the Takeover Offer, Bright Horizon acts exclusively as the holding company of Europe Project Management and does not directly hold any KHD Shares.

The sole shareholder of Bright Horizon is Mr Yap Lian Seng, whose business address is 10 Collyer Quay # 27-00, Ocean Financial Centre, Singapore (049315), Singapore.

Schedule 1(b) of the Offer Document provides a detailed overview of Europe Project Management's shareholder structure.

(c) Europe Technology

The sole shareholder of Europe Technology is Maystar Capital Limited ("**Maystar Capital**"), a company incorporated under the law of British Virgin Islands, with its registered office in 263 Main Street, Road Town, Tortola, British Virgin Islands. Maystar Capital is registered with The Registry of Corporate Affairs of the British Virgin Islands under registration number 1790390. The share capital of Maystar Capital currently amounts to EUR 1. In connection with the Takeover Offer, Maystar Capital acts exclusively as the holding company of Europe Technology and does not directly hold any KHD Shares.

The sole shareholder of Maystar Capital is Mr Yap Lian Seng.

Schedule 1(c) of the Offer Document provides a detailed overview of Europe Technology's shareholder structure.

(d) Europe Engineering

The sole shareholder of Europe Engineering is Westley Global Group Limited ("**Westley Global**"), a company incorporated under the law of British Virgin Islands, with its registered office in 263 Main Street, Road Town, Tortola, British Virgin Islands. Westley Global is registered with The Registry of Corporate Affairs of the British Virgin Islands under registration

number 1790389. The share capital of Westley Global currently amounts to EUR 1. In connection with the Takeover Offer, Westley Global acts exclusively as the holding company of Europe Engineering and does not directly hold any KHD Shares.

The sole shareholder of Westley Global is Mr Yap Lian Seng.

Schedule 1(d) of the Offer Document provides a detailed overview of Europe Engineering's shareholder structure.

1.3 Background information on the Bidders

(a) AVIC Group

AVIC is a Chinese state-owned aerospace and defence company. The history of AVIC dates back to 17 April 1951 when the Aviation Industry Administration Commission was established. In June 1993, China Aviation Industry Corporation was established as a Chinese consortium of aircraft manufacturers. The AVIC Group ranks 212 among the Fortune Global 500 firms. Its business units cover among others defence and transport aircrafts, engines, helicopters, avionics and systems, general aviation, aviation research, flight testing, trade, transportation and logistics, asset management, financial services, engineering planning and construction and engineering, procurement and construction projects, automobiles and shipping. Furthermore, the AVIC Group is engaged in air-conditioning equipment, electronics, recycling, alternative energy, aircraft rental service, medical care, construction, real estate development, shopping malls and other sectors of the service industry.

According to the audited PRC GAAP financial statements for the financial year ended on 31 December 2012, AVIC achieved consolidated revenues of approximately RMB 300.6 billion (approximately EUR 36.6 billion)¹ in the financial year of 2012. As of 31 December 2012, AVIC had over 2,000 direct and indirect subsidiaries worldwide and employed approximately 479,000 employees.

¹ Based on the exchange rate of EUR 1 = RMB 8.2207 as of 31 December 2012 (Source: European Central Bank, <http://www.ecb.europa.eu/stats/exchange/eurofxref/html/eurofxref-graph-cny.en.html>).

(b) Companies owned by Mr Yap Lian Seng

Europe Project Management, Europe Technology and Europe Engineering and their respective sole shareholders Bright Horizon, Maystar Capital and Westley Global have been incorporated as acquisition and/or holding companies in connection with the Takeover Offer to assist AVIC Engineering in undertaking the Takeover Offer. All of these companies are either directly or indirectly wholly owned by Mr Yap Lian Seng, a citizen of Malaysia, resident in Singapore. According to sec. 5.6 of the Offer Document Mr Yap Lian Seng and Golden Prosperity agreed on mutual option rights which entitle and oblige, respectively Golden Prosperity to acquire all of the shares in Bright Horizon, Maystar Capital and Westley Global after the completion of the Takeover Offer.

Regardless of their actual behaviour in connection with the bidding procedure, the persons acting in concert with the Bidders, as listed in **Appendix 2** of the Offer Document, whose direct or indirect subsidiaries are the Bidders, are deemed to be persons acting in concert with the Bidders and each other within the meaning of sec. 2 para. 5 sentence 3 WpÜG.

Further persons acting in concert with the Bidders are listed in **Appendix 3** of the Offer Document.

For further details concerning the business operations, products and services and on the key financial figures of the Bidders as well as the persons acting in concert with the Bidders, reference is made to the Offer Document (in particular to sec. 5).

2. The Target Company

2.1 Legal Basis and Capital Structure

KHD AG was originally established under the name Maschinenfabrik Fahr Aktiengesellschaft Gottmadingen in 1911 and was registered in the Commercial Register at the Local Court in Singen/Hohentwiel. After several changes of name, the company, which has had its registered office in Cologne since 2001, now has the name KHD Humboldt Wedag International AG.

KHD AG is a public limited company which is listed on the stock exchange and registered in the Commercial Register of the Local Court in Cologne under company number HRB 36688. According to its articles of association, the objects of the

company are to acquire and sell interests in corporate enterprises and partnerships, in particular to hold interests in real estate and industrial enterprises and to manage these proprietary holdings. The share capital of KHD AG is EUR 49,703,573 and is divided into 49,703,573 non-par value bearer shares.

Pursuant to sec. 5 of the articles of association, the Management Board is authorised with the approval of the Supervisory Board to increase the share capital once or several times in the period from 23 March 2010 up to and including 22 March 2015 by up to a total amount of EUR 10,255.00 by issuing up to 10,255 new no-par value ordinary bearer shares against cash contributions and/or contributions in kind ("**Authorised Capital**"). The shareholders shall in principle be granted a subscription right. The Management Board of KHD is, however, authorised to exclude the subscription right of the shareholders once or several times, respectively, with the consent of the Supervisory Board in the following cases:

- if the capital increase is made against cash contributions and the proportion of the share capital allocated to the new shares, for which the subscription right has been excluded, does not exceed 10 per cent of the share capital, either with respect to the date on which the authorisation becomes effective or the date on which such authorisation is exercised, and the issue price of the new shares is not significantly lower in terms of sec. 203 para. 1 and 2 and sec. 186 para. 3 sentence 4 AktG than the stock market price of the shares already quoted on the stock exchange at the time of the final determination of the issuing price that are of the same type and that offer the same conditions; the upper limit of 10 per cent of the share capital should include shares which have been issued or which are to be issued to satisfy warrant bonds or convertible bonds, if these bonds have been issued in accordance with sec. 186 para. 3 sentence 4 AktG excluding subscription rights; the upper limit of 10 per cent of the share capital also includes those own shares of the company which are sold during the term of this authorised capital excluding the shareholders' subscription rights, pursuant to sec. 71 para. 1 no. 8 sentence 5 and sec. 186 para. 3 sentence 4 AktG;
- in the case of capital increases against contributions in kind to grant shares in order to acquire a company, any parts of a company or participations in companies as well as other assets;
- for residual amounts;

- if a third party, which is not a credit institution in terms of sec. 186 para. 5 AktG, subscribes for the new shares and ensures that the shareholders are allowed an indirect subscription right.

The Management Board is authorised subject to the approval of the Supervisory Board to stipulate further details of the capital increase as well as its execution.

Pursuant to sec. 4 of the articles of association, there is contingent capital in the amount of up to EUR 69,204.00 to be executed by the issue of up to 34,602 new ordinary bearer shares ("**Contingent Capital**"). The Contingent Capital increase shall only be executed to grant conversion rights and/or establish conversion obligations in compliance with the relevant conversion conditions for the holders of the convertible bonds issued by KHD AG before 29 August 2006 pursuant to the resolution adopted by the general shareholders' meeting on 29 August 2001 and to grant option rights pursuant to the relevant option conditions to the holders of the warrant bonds and warrants issued by KHD AG before 29 August 2006 pursuant to the resolution adopted by the general shareholders' meeting on 29 August 2001. The shares are to be issued at the conversion or option price (issue price) to be determined pursuant to the resolution adopted by the general shareholders' meeting on 29 August 2001 and subscription ratio. The Contingent Capital increase is to be implemented only to the extent that the holders of the forenamed convertible bonds or warrants exercise their conversion or option rights or the holders of bonds obliged to convert fulfil their conversion obligations. The new shares of KHD AG shall participate in the profits from the beginning of the financial year in which they are issued as a consequence of the exercise of conversion or option rights or the fulfilment of conversion obligations.

The Management Board has not made use of such authorisations at the time of publication of this Statement.

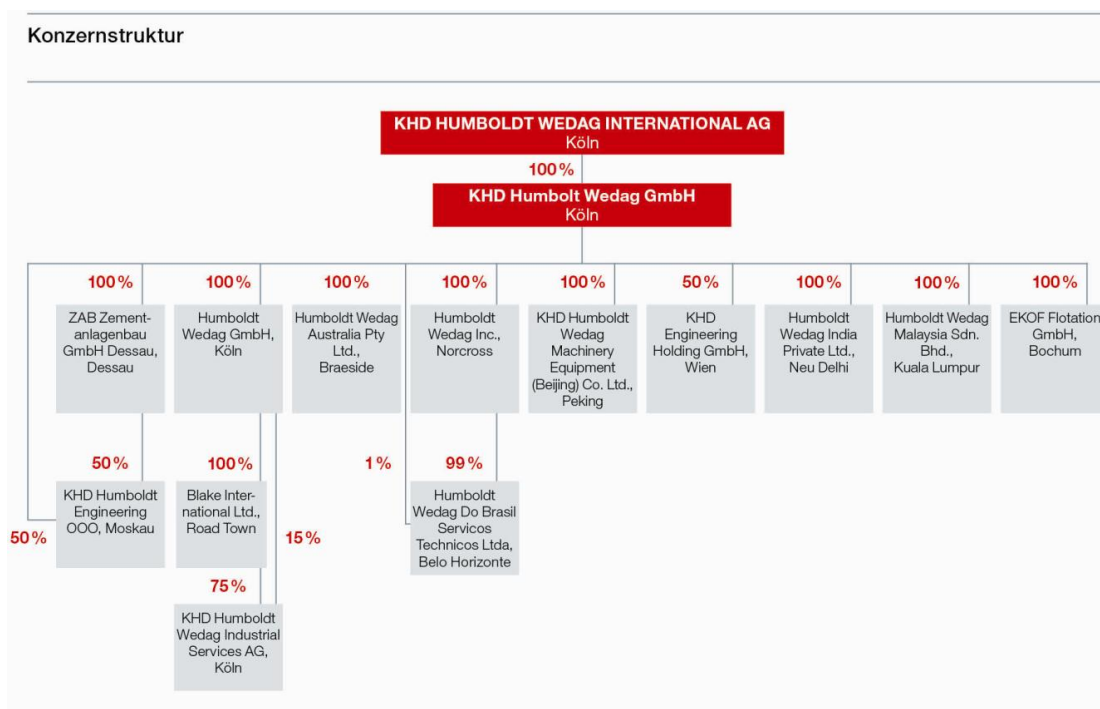
Since 2010, KHD AG shares have been traded on the Regulated Market at the Frankfurt Stock Exchange (General Standard segment) and on the XETRA electronic trading platform under ISIN DE0006578008 (WKN 657800). The shares are also listed on other German and international stock exchange centres.

2.2 Overview of KHD Group's activities

KHD AG is the parent company of KHD Group with subsidiaries in Europa, America, Asia and Australia. With its subsidiaries, KHD AG ranks as one of the world's top equipment suppliers and service companies for the firms of the cement industry. The scope of services encompasses process technology, design, engineering, project management, the supply of technology and equipment as well as supervising the erection and commissioning of cement plants and related equipment. Customer services such as supplying spare parts, optimization of cement plants, and training plant personnel round out KHD's service portfolio. The focus here is primarily on knowledge-intensive areas, in particular the design and engineering of the core components of a cement plant (grinding, pyro processing, system automation), process engineering, customer service, and training. The manufacturing of plant equipment is almost entirely outsourced to quality-certified, external manufacturers who work in accordance with KHD's specifications.

In its capacity as the ultimate holding company of the Group, KHD AG holds a 100% investment in KHD Humboldt Wedag GmbH, Cologne, Germany, which acts as a strategic management holding company. The 14 Group companies of KHD AG focus on the business segment of industrial plant engineering as well as related services.

Corporate Structure of KHD



Since the end of 2010, there has been a strategic partnership between KHD AG and Beijing-based AVIC Beijing (formerly CATIC BEIJING CO. Ltd.).

The partnership involves the joint participation in project tenders, in particular for turnkey plants (engineering, procurement, construction, or “EPC”) with a focus on the cement markets outside China, with AVIC Beijing as general contractor (covering the construction or “C” part) and KHD supplying the core technology (covering the engineering and the procurement or “EP” part for key equipment). Initial orders jointly acquired in accordance with these objectives, in Malaysia, Venezuela and Turkey, are already being implemented. Another goal is the cooperation of the two companies in the procurement, notably through a jointly use of AVIC’s procurement center in Beijing.

2.3 Executive Bodies of KHD AG

The Management Board of KHD AG currently comprises the members Jouni Olavi Salo (Chairman), Ralph Quellmalz and Yizhen ”Mario” Zhu.

According to its articles of association, the Supervisory Board of KHD AG has six members and currently comprises Hubert Keusch (Chairman), Luc Antoine Baehni (Vice-Chairman), Michael Busch, Seppo Kivimäki, Helmut Meyer and Eliza Suk Ching Yuen

2.4 Key Shareholders of KHD AG

The table below shows which notifications pursuant to sec. 21 ff. of the Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*) involving more than 3.0% of the voting rights are received by KHD AG at the time this Statement is issued.

| Shareholder / Notifying Party | Voting Rights (in %) |
|---|-------------------------|
| | |
| Aviation Industry Corporation of China, Beijing, China | 39,03 |
| AVIC International Holding Corporation, Beijing, China | |
| AVIC International Shenzhen Company Limited, Shenzhen, China | |
| AVIC International Holdings Limited, Shenzhen, China | |

| | |
|---|--------------|
| AVIC International Beijing Co. Limited, Beijing, China | |
| AVIC International Kairong Limited, Hong Kong, China | |
| Kaihang Industrial Limited, Tortola, British Virgin Islands | |
| Golden Prosperity Group Limited, Tortola, British Virgin Islands | |
| Goldimax Group Limited, Tortola, British Virgin Islands | |
| AVIC International Engineering Holdings Pte. Ltd., Singapore | |
| Europe Project Management Pte. Ltd., Singapore | |
| Europe Engineering Holdings Pte. Ltd., Singapore | |
| Europe Technology Investment Pte. Ltd., Singapore | |
| Bright Horizon Global Limited, British Virgin Islands | |
| Westley Global Group Limited, British Virgin Islands | |
| Maystar Capital Limited, British Virgin Islands | |
| Yap Lian Seng, Singapore | |
| Max Glory Industries Limited, Hong Kong, China | |
| | |
| Tito Tettamanti, Switzerland | 15,08 |
| GRITLOT LIMITED, Douglas, Isle of Man | |
| Sterling Strategic Value Limited, Tortola, British Virgin Islands | |
| RWC European Focus Master Inc., Camana Bay, Cayman Islands | |
| Massimo Pedrazzini, Switzerland | |
| MP Advisors SA, Lugano, Switzerland | |
| Guilia Nobili, Fürstentum Monaco | |
| RWC Asset Management LLP, London, United Kingdom | |
| Monolith N.V., Amsterdam | |
| | |
| Peter Kellogg, USA | 5,70 |
| IAT Reinsurance Company Ltd., Hamilton, Bermuda | |
| | |
| The Desmarais Family Residuary Trust, Montreal, Canada | 3,15 |
| Nordex Inc. | |
| Gelco Enterprises Ltd. | |
| Power Corporation of Canada | |
| 171263 Canada Inc. | |
| Power Financial Corporation | |
| Great-West Lifeco Inc. | |
| The Great-West Life Assurance Company | |
| Canada Life Financial Corporation | |
| The Canada Life Assurance Company | |
| Canada Life Capital Corporation Inc. | |
| Canada Life International Holdings Limited | |
| Canada Life Irish Holding Company Limited | |

| | |
|---------------------------------------|--|
| Canada Life Europe Investment Limited | |
| Canada Life Assurance Europe Limited | |

Furthermore, KHD AG holds 229,136 treasury shares. The Management Board is authorized subject to the approval of the Supervisory Board to sell these treasury shares in the interest of the Company other than on the stock exchange or by way of an offer to all shareholders, in particular to transfer the shares to third parties as consideration for acquisition of or participation in companies or as consideration for other assets or services or to sell the shares to institutional investors. The remaining KHD shares are free float.

III. Information about the Offer

1. Implementation of the Offer

The Offer is a voluntary public takeover offer (cash offer) for the acquisition of all KHD Shares pursuant to sec. 29 ff. WpÜG. The Offer is governed by the laws of Germany, in particular the provisions in the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – WpÜG) and the WpÜG Offer Regulations (referred to hereinafter as the “**WpÜG-AngVO**”).

For KHD Shareholders who are domiciled abroad, certain restrictions apply to which attention is drawn in the Offer Document. The Management Board and the Supervisory Board have not checked compliance with requirements of any foreign legal regimes.

2. Main Terms of the Offer

2.1 Offer Price

The Bidders offer to purchase and acquire all the KHD shares, including entitlement to dividends for the 2013 financial year, for the Offer Price of **EUR 6.45 per KHD share**, on the terms specified in the Offer Document.

2.2 Acceptance Period and Additional Acceptance Period

The period for acceptance of the Offer (hereinafter referred to as “**Acceptance Period**”) began on 21 November 2013 and ends **on 19 December 2013, 24 hours Local Time Frankfurt/Main**, subject to any legal extensions.

KHD Shareholders who have not accepted the Offer within the Acceptance Period may accept the Offer within two weeks after the Bidders have published the result of the Offer in accordance with sec. 23 para. 1 sentence 1 no. 2 WpÜH (hereinafter referred to as “**Additional Acceptance Period**”). The Offer can no longer be accepted once the Additional Acceptance Period has expired

Publication of the preliminary result of the Offer is expected within three banking days after expiry of the Acceptance Period. The Additional Acceptance Period is, therefore, expected to begin on 30 December 2013 and to end on 13 January 2014, 24 hours Local Time Frankfurt/Main.

2.3 Execution Conditions

As described in sec. 12 of the Offer Document, the Offer and the agreements concluded with the KHD Shareholders on the basis of the Offer and its acceptance are subject to the following condition precedent (the “Offer Condition”):

The Turkish Competition Board has unconditionally approved the planned acquisition of KHD Shares in accordance with the Offer under the Competition Act no later than by 31 March 2014 or the acquisition is deemed to have been approved under the Competition Act as of this date.

If the condition precedent, pursuant to this sec. 12.1 of the Offer Document, has not been fulfilled by 31 March 2014 at the latest or if the Bidders do not waive, if permissible, fulfilment of the condition one business day before the end of the Acceptance Period at the latest, the respective purchase agreements with the KHD Shareholders, which have already accepted the Offer, will not become effective. The Offer will not be executed in this case.

Pursuant to sec. 21 para. 1 sentence 1 no. 4 WpÜG, the Bidders may waive in advance the Offer Condition, to the extent legally permissible, up to one business day before the end of the Acceptance Period. A waiver is equivalent to satisfaction of the Offer Condition.

2.4 Relevance of the Offer Document

For any information regarding the Acceptance of the Offer, the acceptance procedures, the possibilities of withdrawal and the financing of the Offer as well as for more details, reference is made to the respective statements in the Offer Document. The above should therefore be understood as only an excerpt from the information contained in the Offer Document and does not claim to be complete. It is the sole responsibility of each KHD Shareholder to take note of the Offer Document and to take the actions necessary for him.

The Offer Document was published on the Internet at www.avicgo1.de and will be supplied free of charge by the bank Neelmeyer AG, Am Markt 14 – 16, 28195 Bremen, by fax to (+49 (0) 421 3603153. The corresponding announcement pursuant to sec. 14 para. 3 sentence 1 no. 2 WpÜG was published in the German Federal Gazette (Bundesanzeiger) on 21 November 2013.

IV.

Statement regarding the type and amount of the Consideration pursuant to sec. 27 para. 1 sentence 2 no. 1 WpÜG

1. Type of Consideration: Cash Offer

The Offer made by the Bidders envisages a purely pecuniary consideration as payment for the shares. This is compliant with the statutory requirement in sec. 31 para. 2 sentence 1 WpÜG.

2. Amount of Consideration

2.1 Statutory stipulation regarding the amount of consideration

In the event of a public takeover offer for the acquisition of control in a target company pursuant to sec. 29 para. 2 WpÜG, pursuant to sec. 5 para. 1 and sec. 4 WpÜG-AngVO the consideration must at least be equal to the higher of the two following values:

- a) the weighted average domestic stock exchange price of KHD shares during the last three months prior to publication of the Bidders' decision to issue a Takeover Offer on 11 October 2013 pursuant to sec. 10 para. 1 WpÜG (the "**Three Months' Average Price**"); or
- b) the value of the maximum consideration agreed upon or granted by the Bidders, an individual acting in concert with it pursuant to sec. 2 para. 5 WpÜG, or its subsidiaries for the acquisition of KHD Shares during the last six months before publication of the Offer Document pursuant to sec. 14 para. 2 WpÜG ("**Six Months' Maximum Price**").

The Federal Financial Supervisory Authority ("**BaFin**") determined the Three Months' Average Price per KHD Share to be EUR 4.78 on the relevant reference date, 10 October 2013.

According to sec. 5.4 of the Offer Document, on 11 October 2013, AVIC Engineering entered into share purchase and transfer agreements with the following KHD Shareholders (together the "**Selling Shareholders**") regarding the purchase of KHD Shares in the following amount (together the "**Share Purchase Agreements**"):

| Selling Shareholder | KHD Shares | Share in the voting capital^(*) (rounded) |
|--|-------------------|--|
| IAT Reinsurance Company Ltd. | 3,647,234 | 7.37 % |
| Occidental Fire & Casualty Company of North Carolina | 295,307 | 0.60 % |
| Harco National Insurance Company | 311,684 | 0.63 % |
| Transguard Insurance Company of America, Inc. | 83,144 | 0.17 % |
| Acceptance Casualty Insurance Company | 22,727 | 0.04 % |
| Acceptance Indemnity Insurance Company | 162,878 | 0.33 % |
| Bermuda Partners, L.P. | 30,984 | 0.06 % |
| Wilshire Insurance Company Ltd. | 404,598 | 0.82 % |
| Peter and Cynthia Kellogg Foundation | 1,474,102 | 2.98 % |
| JC Kellogg Foundation | 850,000 | 1.72 % |
| MFC Industrial Ltd. | 1,443,695 | 2.92 % |
| True Heritage Limited | 730,000 | 1.47 % |
| Total | 9,456,353 | 19.11 % |

^(*) Taking into account 229,136 treasury shares of KHD AG.

According to the Share Purchase Agreements, AVIC Engineering shall acquire a total of 9,456,353 KHD Shares constituting approximately 19.03 per cent of KHD

AG's total share capital and approximately 19.11 % of KHD AG's voting capital² at a purchase price of EUR 6.45 per KHD Share. Each of the Share Purchase Agreements is now still subject to the same condition precedent as the condition precedent to the Offer set out in sec. 12.1 of the Offer Document.

The Offer Price of EUR 6.45 per KHD Share is equal to the purchase price of the aforementioned acquisitions and meets the requirements pursuant to sec. 31 para. 1 WpÜG as well as sec. 4 and 5 WpÜG-AngVO.

2.2 Fairness Opinion

2.2.1 Fairness Opinion of KPMG

In response to the Offer made by the Bidders, the Management Board commissioned KPMG to prepare a fairness opinion on the financial adequacy of the Offer Price promulgated by the Bidders. When assessing the financial adequacy of the Offer within the meaning of IDW standards “Principles for Preparing Fairness Opinions” defined in the standard issued by the German Institute of Certified Public Accountants (IDW) (hereinafter “**IDW S8**”), KPMG had both publicly available and non-publicly available information that was provided to KPMG by the Management Board of KHD AG, or communicated to KPMG at a number of meetings with the management.

When drafting its Fairness Opinion (**hereinafter: “KPMG Fairness Opinion”**), KPMG applied standard valuation methods and used capital value-based valuation methods (discounted cash flow method), market price-oriented methods (market price analysis, analysis of pre-acquisition prices, multiplier method) as well as additional information (target prices from financial analysts). KPMG’s analyses were based on the budget planning of KHD AG as at November 2013. The KPMG Fairness Opinion concludes with the following finding:

“Based on the activities conducted by us in compliance with IDW S8, we are of the opinion that the consideration offered by the Bidders in the amount of € 6.45 per share of KHD Humboldt Wedag International AG is financially reasonable within the meaning of IDW S 8.”

KPMG presented and explained its analysis to the Management Board and the Supervisory Board in the meeting of the Supervisory Board on 28 November 2013,

² Taking into account 229,136 treasury shares of KHD AG.

in which all members of the Management Board and the Supervisory Board were present.

The full text of the KPMG Fairness Opinion as of 3 December 2013 is attached as **Appendix 1** to this joint Statement of the Management Board and the Supervisory Board.

The Management Board wishes to point out that the Fairness Opinion of KPMG was issued exclusively for purposes of informing and assisting the Management Board and the Supervisory Board of KHD AG in evaluating the Offer. The Fairness Opinion is neither addressed to third parties, nor does it constitute rights for any third party. No contractual relationship will be established between KPMG and any third party in connection with the KPMG Fairness Opinion. Neither the Fairness Opinion nor the underlying service agreement between KPMG and the Company will have any beneficiary effect for third parties. In particular, the Fairness Opinion is not addressed to the KHD Shareholders nor does it represent a recommendation on the part of KPMG to the KHD Shareholders to accept or not to accept the Offer. KPMG's consent to attach the Fairness Opinion as an appendix to this Statement serves exclusively for the transparency of the information basis of the Management Board and the Supervisory Board, and does not represent any addition to or expansion of the group of people to whom this Fairness Opinion is addressed or who are permitted to rely on this Fairness Opinion and cannot be construed as such. Moreover, the KPMG Fairness Opinion makes no statement concerning the relative advantages and disadvantages of the Offer vis-à-vis other business strategies or transactions that might be available to the Bidders or the Company. The information provided by KHD AG, as instructed, have not been audited or reviewed. An evaluation of the completeness and accuracy of this Statement of the Management Board and the Supervisory Board of KHD AG according to sec. 27 WpÜG is not part of the Fairness Opinion of KPMG.

The Management Board would also like to point out that KPMG is under no obligation to update the Fairness Opinion in relation to events occurring after its issuance.

2.2.2 Fairness Opinion of Network Corporate Finance

Independently of the Management Board, the Supervisory Board commissioned Network Corporate Finance to issue an opinion to the Supervisory Board on the

financial reasonableness of the consideration being offered (hereinafter: the **“Network Corporate Finance Fairness Opinion”**).

Network Corporate Finance was mandated so that the Supervisory Board could be advised independently by a finance consultant who was not already working for the Management Board of the company.

Network Corporate Finance presented and explained its analyses, which were conducted independently of KPMG, to the Supervisory Board at the Supervisory Board meeting held on 28 November 2013. The Network Corporate Finance Fairness Opinion was submitted to the Supervisory Board on 28 November 2013. In its Fairness Opinion, Network Corporate Finance concludes that, subject to the assumptions included therein at the time of issuance of the Network Corporate Finance Fairness Opinion, the consideration offered was fair for the KHD Shareholders from a financial standpoint. The Network Corporate Finance Fairness Opinion as of 28 November 2013 is attached as **Appendix 2** to this joint Statement of the Management Board and the Supervisory Board.

In its assessment of the Offer Price of the Bidders, Network Corporate Finance has conducted a number of financial analyses, as they are carried out in comparable capital market transactions and appeared appropriate to give the Supervisory Board a sound basis for an estimate of the amount of the Offer Price from a financial perspective. Network Corporate Finance has followed the recommendations of the DVFA (German Association for Financial Analysis and Asset Management) for Fairness Opinions and based itself on a range of factors, assumptions, procedures, restrictions and judgments as described in the Fairness Opinion. Among other things, the analyses of Network Corporate Finance are based on the business plan 2013 – 2017 of KHD AG which was accessible to Network Corporate Finance. Moreover, Network Corporate Finance has compared the Offer Price with certain historical stock prices and the general stock market performance of KHD AG as well as the development of stock prices of selected other listed companies, reviewed and analyzed recommendations and target prices from stock analysts, compared various financial ratios of KHD AG with those of other listed companies in the same industry sector and evaluated selected transactions from the industry sector. Finally, a discounted cash flow analysis was conducted.

The Supervisory Board wishes to point out that the Network Corporate Finance Fairness Opinion was issued exclusively for purposes of informing and assisting the Supervisory Board of KHD AG in evaluating the Offer. The Fairness Opinion is neither addressed to third parties, nor does it constitute rights for any third party. No

contractual relationship will be established between Network Corporate Finance and any third party in connection with the Network Corporate Finance Fairness Opinion. Neither the Network Corporate Finance Fairness Opinion nor the underlying service agreements between Network Corporate Finance and the Company will have any beneficiary effect for third parties. In particular, the Network Corporate Finance Fairness Opinion is not addressed to the KHD Shareholders nor does it represent a recommendation on the part of Network Corporate Finance to accept or not to accept the Offer. The consent of Network Corporate Finance to attach their Network Corporate Finance Fairness Opinion as an appendix to this Statement does not represent any addition to or expansion of the group of people to whom the Network Corporate Finance Fairness Opinion is addressed or who are permitted to rely on this Network Corporate Finance Fairness Opinion and cannot be construed as such. Moreover, the Network Corporate Finance Fairness Opinion makes no statement concerning the relative advantages and disadvantages of the Offer vis-à-vis other business strategies or transactions that might be available to the Bidders or the Company.

The Supervisory Board would also like to point out that Network Corporate Finance is under no obligation to update the Network Corporate Finance Fairness Opinion in relation to events occurring after its issuance

2.3 Premium relative to historical stock market prices

If the Offer Price is compared with the EUR 5.096 closing price of KHD shares on the XETRA electronic trading platform on 10 October 2013, as shown in the Offer Document and repeated in this Statement, the Offer Price is seen to include a premium of EUR 1.354 per KHD share or approximately 26.57 per cent on the closing price.

If the Offer Price is compared with the EUR 4.78 weighted average closing price of KHD shares on the XETRA electronic trading platform for the three-month period ending on 10 October 2013, as shown in the Offer Document, the Offer Price is seen to include a premium of EUR 1.67 per KHD share or approximately 34.9 per cent on the average closing price.

According to the Bidders, information from the German Stock Exchange and the BaFin was the source used for the historical stock exchange prices mentioned in the Offer Document.

2.4 Assessment by the Management Board and the Supervisory Board of the consideration being offered

Based on the developments described in the foregoing, the Management Board and the Supervisory Board of KHD AG are of the opinion, after assessing the overall circumstances and in view of the Fairness Opinion provided by KPMG and the Fairness Opinion submitted by Network Corporate Finance, that the Offer is reasonable.

2.5 Further remark: possible sale on the stock exchange

The Management Board and Supervisory Board also draw attention to the fact that those shareholders who are contemplating accepting the Offer made by the Bidders should also consider the option of selling their KHD shares on the stock exchange. Depending on the respective share price quoted on the stock exchange, it is possible that they may achieve greater proceeds, after deduction of costs and expenses, by selling their shares on the stock exchange than by accepting the Offer.

The Management Board and the Supervisory Board also wish to point out that, when calculating a settlement resulting from additional structural measures that may be implemented, for example in connection with an intercompany management agreement, a delisting or a squeeze-out, which according to the Bidders are unlikely, not intended and potentially only possible with the cooperation of the other shareholders, it is possible that higher or lower amounts than the Offer Price offered by the Bidders can be achieved

V.

Statement on the likely consequences of a successful offer for KHD AG, for the employees and their representative bodies, the conditions of employment and the locations of KHD AG, in accordance with sec. 27 para. 1 sentence 2 no. 2 WpÜG

1. Effects on KHD AG

The Bidders and the Further Acquirers of Control, according to their own statements, intend to continue supporting the strategy pursued by KHD AG hitherto. According to the Bidders, the business identity of the KHD Group is to be maintained, and KHD AG is to continue as an independent company. The acquisition of further KHD shares that may potentially be associated with the Offer is not intended, therefore, to

have any impact on the future business operations of the KHD Group. The Bidders also state that there are no intentions regarding appropriation of the assets of KHD AG. More specifically, there are no intentions to make KHD AG disincorporate itself from parts of KHD Group's current business activities. The Bidders and the Further Acquirers of Control do not intend to increase current indebtedness of the KHD Group outside of the ordinary course of business.

As mentioned under sec. II. 2.2 of this Statement exists between KHD AG and AVIC Beijing an exclusive Cooperation Agreement regarding cooperation in the engineering procurement and construction business (detailed planning and control, procurement, execution of building and assembly works). The Cooperation Agreement aims, inter alia, at increasing competitiveness of respective products and services for the cement industry.

The Cooperation shall remain in place according to sec. 7 of the Offer Document and the cooperation between KHD AG and AVIC Group shall be further intensified.

The Bidders and the Further Acquirers of Control want to establish a stable ownership structure for the KHD Group, further develop its strategy and position the KHD Group for sustainable profitable growth. The expressly stated aim of the Bidders and the Further Acquirers of Control is to achieve value-increasing growth of KHD that will generally strengthen its competitive position. In this respect, the Bidders and the Further Acquirers of Control intend to support KHD AG in extending and strengthening its market position and to promote its performance potential in the medium term. In addition, the systematic extension of particularly attractive business areas as well as targeted, external acquisitions is possible in the further course.

The Management Board and the Supervisory Board welcome the aim of the Bidders and the Further Acquirers of Control to assist the Company in identifying and taking advantage of growth potentials in all business areas and their expressly stated commitment to promote further strategic development and the continuation of the growth of KHD AG as an important positive signal for the Company to further consolidate its market position.

The Management Board and the Supervisory Board welcome also the statement made by the Bidders that they neither intend to use the assets of KHD AG nor develop plans which will lead to an increase in the liabilities of KHD Group outside the ordinary course of business.

2. Effects on employment and the terms of employment

The implementation of the Offer and the acquisition of any majority interest in KHD AG by the Bidders and the Further Acquirers of Control will have no impacts on the employment relationships and the terms of employment of the employees of KHD AG and its subsidiaries. Employment will continue in each case with the same employer, i.e. no transfer of undertakings will occur. The content of employment contract will remain unchanged. Implementation of the Offer and hence the acquisition of any majority interest in KHD AG by the Bidders will not affect the validity of collective bargaining agreements and in-house agreements with the works council.

In the Offer Document, the Bidders state that implementation of the takeover offer will have no impacts on the employees of the KHD Group, on their employment or their representative bodies. The Bidders and the Further Acquirers of Control do not intend to terminate any employment relationships with employees of the KHD Group due to the takeover. Furthermore, the Bidders and the Further Acquirers of Control have no intention to relocate the registered office of KHD AG away from Cologne. Nor are there any intentions at present to realign, relocate or close sites where important parts of the company operate.

The Management Board and Supervisory Board expressly welcome the fact, above all in the interest of the employees that the Bidders and the Further Acquirers of Control do not intend to relocate the registered office of KHD AG and have no intention to relocate or close significant parts of KHD AG. The Management Board and the Supervisory Board also welcome the statement made by the Bidders that based on the Offer no change of the employment relationships of KHD Group's employees is intended.

3. Effects on bodies representing the workforce

Within the KHD Group, there is a joint works council for Humboldt Wedag GmbH, Cologne, and KHD Industrial Service AG, Cologne, as joint undertakings. There is no works council at KHD AG itself.

The works council existing in each of the subsidiaries will be unaffected by implementation of the Offer. As stated in sec. 8.3 of the Offer Document, the Bidders have no intentions at present of making material changes that might have

effects on the representative bodies of the workforce and on co-determination within the undertakings.

The Management Board sent the Offer Document of the Bidders without delay to the employees of the KHD AG on 21 November 2013. No statement on the Offer has been received by the Management Board from the employees of KHD AG.

The Management Board and the Supervisory Board explicitly welcome the statement made by the Bidders to the effect that implementation of the takeover offer will not have any impact on the existing representative bodies of the workforce.

VI.

Statement on the Bidders' and the Further Acquirers' of Control Objectives pursuant to sec. 27 para. 1 sentence 2 no. 3 WpÜG

1. Preliminary Remarks

The Bidders have described their and the Further Acquirers' of Control intentions and objectives for the Company and the KHD Group in the Offer Document. The Management Board and the Supervisory Board point out that the Bidders only make statements to their current intentions. These intentions can change at short notice and at any time. There is no legal obligation to realize the intentions and objectives stated in the Offer Document.

2. Strategic Objectives; Supplementary Information

According to the Offer Document, the objective of the Bidders and the Further Acquirers of Control is to maintain and extend the business activity of KHD AG and its subsidiaries. Overall, the Bidders intend to support the KHD Group in following its chosen business direction. In doing so, it is intended to analyse further concentration on the core areas of business. The Bidders and the Further Acquirers of Control do not intend to dispose of parts of KHD's current business operations or assets or arrange for KHD AG to do so. The Bidders and the Further Acquirers of Control do not intend to increase current indebtedness of the KHD Group outside of the ordinary course of business.

However, according to sec. 7 of the Offer Document, upon completion of the Offer, the Bidders and the Further Acquirers of Control intend to identify the use of growth

potentials in all business areas and also to review and analyse the realization of cost saving and improvement potentials. In addition, the systematic extension of particularly attractive business areas as well as targeted, external acquisitions is possible in the further course.

The Management Board and the Supervisory Board particularly welcome the intention of the Bidders and the Further Acquirers of Control to support the KHD Group in following its chosen business direction. The intention of identifying growth potentials and cost savings and improvement potentials as well as the support of external acquisitions can help to strengthen the competitive position of the KHG Group.

3. Financial Consequences for KHD

The Management Board and the Supervisory Board wish to point out that KHD AG has entered into a Facility Agreement with a banking syndicate. The Facility Agreement provides for a EUR 130 million line of credit that all KHD operating companies are entitled to make use of for various hedging activities. As of end of October 2013, a total of approx. EUR 72 million had been drawn down. The Facility Agreement also contains a change-of-control clause giving each bank the right, in the event that an investor acquires 50% or more of the share capital of KHD AG or control over half of the voting rights at KHD AG general meetings, to terminate its obligations under the Agreement and demand repayment of any existing loan amounts. The change-of-control clause would have relevance if the Bidders and the Further Acquirers of Control were to acquire a corresponding interest in KHD AG.

If a change of control as defined above occurred and a bank exercised its rights under the Facility Agreement, KHD could well be confronted with significant financing needs. It should be noted that in the present market environment, the Company might not be able to obtain further financing on existing terms if the banks revised their risk assessment following a change of control. This could result in substantially higher financing costs for KHD AG.

Based on the available public information on how the Offer is to be financed, it is unclear whether the Bidders have made provisions for early termination of KHD's line of credit following a change of control.

However, the Management Board does not consider it likely that the Company's counterparties will make use of their termination rights. If any of them were to

announce its intention to do so, KHD AG would strive to ensure the continuation of the financing which includes other banks and AVIC.

4. Licence Agreements

KHD Humboldt Wedag GmbH has concluded a licence agreement on the non-exclusive use of know-how for the manufacturing of mechanical equipment. The licence agreement contains a “change of control” clause according to which the licensor may terminate the use of know-how by KHD Humboldt Wedag GmbH in the case of the acquisition of more than 50% of the share capital of KHD AG.

After initial discussions with the licensor, KHD AG does not have any indication that in the event of a change of majority a drastic restriction on the use of know-how for the manufacturing of mechanical equipment and thus a hindrance to future business opportunities is to be expected. In case of the licensor’s announcement to exercise the right of termination KHD AG will conclude licence agreements on the use of know-how for the manufacturing of the corresponding mechanical equipment with other providers.

5. Tax Consequences for KHD

At the end of the financial year 2012 the German companies of KHD Group have corporate tax loss carryforwards in the amount of approx. EUR 51.9 million and trade tax loss carryforwards in the amount of approx. EUR 66.7 million. Humboldt Wedag Inc., Atlanta, has tax loss carryforwards in the amount of US \$ 7.1 million.

The Management Board and Supervisory Board point out that both in the event of the execution of the acquisition of a 19% shareholding in KHD AG through AVIC Engineering preceding the Offer, and in the event of the execution of the Offer, the existing and not settled or deducted corporate tax and trade tax losses (i.e. the tax loss carryforwards by December 2012 and the ongoing tax losses of the year 2013 until the execution, if any) at the level of KHD AG and its dependent companies with registered office in Germany can no longer be deductible to the full extent or/and to the full amount with effect from execution. Regarding the tax loss carryforwards of Humboldt Wedag Inc., USA it cannot be excluded that a (indirect) change of shareholders will have a significant impact on the use of the existing tax loss carryforwards.

Currently it cannot be conclusively assessed as to whether and to what extent tax losses can be entirely or partially retained in the event of a harmful acquisition of shares (*schädlicher Beteiligungserwerb*) due to tax exemptions.

Consequences of the limitation or discontinuation of the use of the tax losses would be that the involved companies involved will have higher tax expenses and a higher cash outflow in the future.

6. Structural Measures

The Bidders state in sec. 8.5 of the Offer Document that they do not intend to implement the structural measures described in more detail in sec. 15.3 of the Offer Document – conclusion of inter-company agreements, capital increases, squeeze-out, transformation law measures, delisting, other important measures – if the Bidders hold the required majority of KHD Shares after execution of the Offer.

Management Board and Supervisory Board welcome that the Bidders do not intend to implement any structural measures.

7. Composition of the Management Board and Supervisory Board

According to the information provided in sec. 8.4 of the Offer Document, the Bidders and the Further Acquirers of Control want to continue to work with the current Management Board after the Offer has been completed. Personnel changes to the Management Board are not intended.

According to sec. 8.4 of the Offer Document, the Bidders and the Further Acquirers of Control intend to be adequately represented in the Supervisory Board of KHD AG after completion of the Offer. The Bidders intend to exercise their voting rights at the next ordinary general meeting for a reduction of the Supervisory Board to three members, to the extent legally possible, while the Supervisory Board should partially consist of new persons suggested by the Bidders.

VII.

Potential consequences of the Offer on KHD Shareholders

1. Preliminary Remarks

Although they can make no claim to completeness, the following remarks are intended to provide KHD Shareholders with a basis for assessing the consequences of accepting or not accepting the Offer. However, it is the responsibility of every KHD Shareholder to examine those consequences him- or herself.

If, less than one year after the publication of the outcome of the Offer or during the Acceptance Period, the Bidders, persons acting in concert with them and/or their subsidiaries acquire KHD Shares through an off-stock exchange purchase and the consideration granted or agreed upon is higher than that stated in the Offer, the Bidders will have the duty to pay those shareholders who have accepted the Offer a cash payment in the amount of the difference (sec. 31 para. 5 sentence 1 WpÜG).

2. Possible Disadvantages of Acceptance of the Offer, Rights of Rescission

KHD Shareholders who accept the Offer lose the membership rights and financial interest in KHD AG attached to the shares for which the Offer has been accepted upon completion of the Offer and transfer of those shares to the Bidders. This has the following consequences in particular:

- With respect to the shares for which the Offer has been accepted, KHD Shareholders will no longer be able to benefit from favourable developments in the Company's business and/or any favourable KHD share performance.
- The transfer of KHD Shares to the Bidders also entails the transfer to them of the corresponding dividend rights as of 1 January 2013.
- The Bidders expressly re-affirm in the Offer Document that in the period following completion of the Offer, they do not intend to introduce any structural measures relating to company legal structure or capital market law. It should be noted that after completion of the Offer, KHD Shareholders who have accepted the Offer are not entitled to any statutory compensation or consideration for the shares transferred to the Bidders that is to be paid following the implementation of structural measures such as a control and/or profit transfer agreement or company reorganisation. The amount of

compensation or consideration to be awarded in connection with such structural measures shall be set on the basis of the full going concern value of the Company as determined in a valuation report and subject to review in a court of law [under the Spruchverfahren]. In addition, the Company's financial position and results of operations at the time that any such structural measure is introduced – with the precise timing to be legally determined depending on the nature of the measure – shall be taken into account. The amount of compensation or consideration may turn out to be equal to, lower or higher than the Offer Price offered by the Bidders. However, because this requires a different valuation date and different criteria from those used in determining the minimum price for the Bidders' Offer Price, the Management Board and the Supervisory Board are not in a position to predict the amount of compensation or consideration that may be awarded. It should nonetheless be emphasised that in the event that consideration is awarded in connection with a legal duty, no claim can be made to subsequent improvement pursuant to sec. 31 para. 5 sentence 1 WpÜG (sec. 31 para. 5 sentence 2 WpÜG).

KHD Shareholders who have accepted the Offer have the following legal rights of rescission:

- If the Offer is amended pursuant to sec. 21 para. 1 WpÜG, KHD Shareholders who accepted the Offer prior to publication of the amendment have until the expiration of the Acceptance Period to rescind the agreements entered into by virtue of their acceptance of the Offer, pursuant to sec. 21 para. 4 WpÜG.
- In the event of a competing bid pursuant to sec. 22 para. 1 WpÜG, KHD Shareholders who accepted the Offer prior to publication of the Offer Document for the competing bid have until the expiration of the Acceptance Period to rescind the agreements entered into by virtue of their acceptance of the Offer, pursuant to sec. 22 para. 3 WpÜG.

For details on how to exercise the right of rescission, the shareholders are referred to the relevant passages in the Offer Document.

3. Possible Disadvantages of Non-Acceptance of the Offer

KHD Shareholders which do not intend to accept the Offer will remain shareholders of KHD AG. However, they should consider the following potential consequences, should the Offer be executed successfully:

3.1 Reduced Liquidity of the KHD Shares

KHD Shares which are not sold and transferred to the Bidders within the framework of the Offer can still be traded on the stock exchange as long as the shares are admitted to trading on a stock exchange. However, a successful completion of the Offer will considerably reduce the number of KHD Shares in free float. Therefore, it cannot be excluded that the number of KHD Shares in free float following the successful execution of the Offer will be so low that the KHD Shares will only be traded at a considerably reduced volume or will no longer be traded on a stock exchange ("**Reduced Liquidity**"). This could have the result that buying and selling orders could not be executed or could not be executed in a timely manner. At the same time, such a Reduced Liquidity may lead to lower market prices and extreme fluctuations of the stock exchange price.

3.2 Stock exchange price

The current stock exchange price of the KHD Shares reflects the fact that the Bidders have published their decision to make the Offer on 11 October 2013. It is uncertain whether the stock exchange price of the KHD Shares will continue to stay at the current level or whether it will rise or fall after the end of the Acceptance Period.

3.3 Structural and other important measures

If the Offer has been executed successfully, the Bidders and the Further Acquirers of Control may possibly hold a majority of KHD Shares which could allow them to carry out various statutory structural measures. These measures may considerably affect the tradability of the KHD Shares or the rights pertaining to the KHD Shares.

- **Conclusion of inter-company agreements**

If, after completion of the Offer or at a later time, the Bidders hold (together or individually) more than 75 per cent of the voting shares of KHD AG

represented at the general shareholders' meeting, the respective Bidder or Bidders could initiate a resolution for executing a domination and/or profit and loss transfer agreement between the respective Bidder as dominant company and KHD AG as dominated company. Under a domination and profit and loss transfer agreement, the respective Bidder could issue binding instructions to the Management Board of KHD AG. In addition, KHD AG would be obliged to transfer to the respective Bidder all annual net profits which would accrue without the profit and loss transfer, minus losses carried forward and allocations to legal reserves. The respective Bidder would be obliged to offset the annual net losses of KHD AG which would occur without such a domination and profit and loss transfer agreement and which were not offset by withdrawals from other retained earnings formed during the term of the domination and profit and loss transfer agreement. Such a domination and profit and loss transfer agreement would provide for, among others, an obligation on the part of the respective Bidder (i) to acquire the KHD Shares of the minority KHD Shareholders following the conclusion of a domination and profit and loss transfer agreement at their request in exchange for fair cash compensation, and (ii) to pay compensation to the remaining minority KHD Shareholders by making recurring payments (guaranteed dividend). The fairness of the amount of the cash compensation and the guaranteed dividend can be examined in an appraisal procedure. The amount of the fair cash compensation could be equal to the Offer Price for the KHD Shares, but could also be higher or lower.

- **Execution of capital increases**

KHD AG has Authorised Capital which provides for a capital increase against contributions in kind, while excluding the subscription rights (see sec. 6.1 of the Offer Document). As a result, the Bidders are able, following the successful execution of the Offer, to possibly carry out a capital increase against contributions in kind from the Authorised Capital, while granting new shares in KHD AG and thereby to exclude the subscription right of the further KHD Shareholders, while adhering to further provisions under stock corporation law. This would lead to the Bidders receiving new shares within the framework of such a capital increase and it would thereby increase their pro rata amount of shares in KHD AG in relation to the remaining KHD Shareholders. This would dilute the shares of the KHD Shareholders in relation to the total number of KHD Shares.

- **Execution of a Squeeze-Out**

If one of the Bidders directly or indirectly holds a number of KHD Shares which a shareholder of a public limited company must hold according to the following provisions in order to demand a transfer of the KHD Shares of the minority shareholders to the principal shareholder in exchange for fair cash compensation (so-called "**Squeeze-Out**"), it could take the measures necessary for such a Squeeze-Out of the minority KHD Shareholders. Specifically:

The respective Bidder could demand that the general shareholders' meeting of KHD AG resolves the transfer of KHD Shares of the outside KHD Shareholders to the respective Bidder in exchange for fair cash compensation according to sec. 327a et seqq. AktG (Squeeze-Out under stock corporation law), provided that the respective Bidder or one of its dependent companies holds at least 95 per cent of the share capital of KHD AG after completion of the Offer or at a later time. The fairness of the amount of cash compensation can be examined in an appraisal procedure. The amount of the fair compensation could be equal to the Offer Price for KHD Shares, but could also be higher or lower.

If one of the Bidders holds at least 90 per cent of the share capital of KHD AG, it could demand that the general shareholders' meeting of KHD resolves the transfer of KHD Shares of the minority KHD Shareholders to the respective Bidder in exchange for fair cash compensation according to sec. 62 para. 5 of the German Transformation Act (Umwandlungsgesetz, "UmwG"), 327a et seqq. AktG (Squeeze-Out under transformation law) in connection with a merger. The fairness of the amount of cash compensation can be examined in an appraisal procedure. The amount of the fair compensation could be equal to the Offer Price for KHD Shares, but could also be higher or lower.

If one of the Bidders or one of its dependent companies holds at least 95 per cent of the voting share capital of KHD AG after completion of the Offer, it could file a request in court under sec. 39a para. 1 sentence 1 WpÜG, according to which the remaining KHD Shares are to be transferred to it in exchange for fair compensation by court ruling (Squeeze-Out under takeover law). A request under sec. 39a WpÜG must be filed within three months after the end of the Acceptance Period. The consideration granted as part of the Offer is to be regarded as fair compensation, if the respective Bidder, based

on the Offer, has acquired at least 90 per cent of the shares of the share capital affected by the Offer. If the respective Bidder is entitled to file a request under sec. 39a WpÜG, KHD Shareholders which have not accepted the Offer are entitled to a right of tender vis-à-vis the respective Bidder according to sec. 39c WpÜG.

The implementation of a Squeeze-Out of the minority shareholders would result in a termination of a stock exchange listing of KHD AG.

- **Execution of transformation law measures**

Following the successful execution of the Takeover Offer, the Bidders will possibly have a share of at least 75 per cent of the share capital of KHD AG. With this, the Bidders would be in the position to implement various measures under transformation law which require the consent of 75 per cent of the share capital represented in the resolution at the general shareholders' meeting. In this way, the Bidders could, following the successful execution of the Offer, as an alternative to, or subsequent to the conclusion of an inter-company agreement, effect a change of form to a German limited liability company (Gesellschaft mit beschränkter Haftung, GmbH) in accordance with sec. 190 et seqq., sec. 226 et seq., and sec. 238 et seqq. UmwG or merge KHD AG with a corporate entity which is not listed, pursuant to sec. 2 et seqq., 60 et seqq. UmwG. Within the framework of this measure, the minority shareholders could withdraw from the company against payment of fair cash compensation. The fair compensation may correspond to the Offer Price, but may also be higher or lower.

- **Execution of a Delisting**

Following the successful execution of the Takeover Offer the Bidders and the Further Acquirers of Control may be in a position to work towards the revocation of the stock exchange listing of the KHD Shares on the Frankfurt Stock Exchange. At the request of KHD AG's Management Board the Frankfurt Stock Exchange would commence appropriate revocation proceedings (so-called "**Regular Delisting**"). According to the latest case law of the Federal Court of Justice (*Bundesgerichtshof*) (judgment of 8 October 2013, II ZB 26/12), regular delisting requires neither a resolution of the shareholders' meeting nor a mandatory offer.

In addition to Regular Delisting, the measures described under sec. 15.3(c) and 15.3(d) of the Offer Document may also result in termination of the admission to listing on the stock exchange ex officio, since either, as is the case in a Squeeze-Out, there is no liquidity in the share or, as is the case in a transformation or change of form, the public limited company no longer exists as a security issuer (so-called "**Cold Delisting**").

A Delisting (be it in the form of a Regular Delisting or a Cold Delisting) would have the effect that the KHD Shareholders which have not accepted the Offer, will no longer be able to sell their KHD Shares via a stock exchange when the admission to trading of the KHD Shares on the stock exchange has been effectively revoked. A consequence of this may be that KHD Shareholders will only be able to sell their shares at a discount.

- **Other important measures:**

Upon successful execution of the Offer, the Bidders will possibly have the necessary majority in accordance with the law and the articles of association to take other important measures at a general shareholders' meeting of KHD AG. Possible measures include, for example, the election and dismissal of Supervisory Board members, the approval of the actions of Management and Supervisory Board members or the refusal to approve their actions, a vote of non-confidence against the Management Board, changes to the articles of association, the issuance of convertible/warrant-linked bonds or participation rights, the creation of contingent and authorised capital, the liquidation and disposal of all assets.

According to sec. 8.5 of the Offer Document the Bidders and the Further Acquirers of Control do not intend to implement the aforementioned structural measures if the Bidders hold the required majority of KHD Shares after execution of the Offer.

3.4 Right to Tender

If one of the Bidders, following the execution of the Offer, directly or indirectly owns at least 95 per cent of the voting share capital of KHD AG, KHD Shareholders which have not accepted the Takeover Offer can still accept the Takeover Offer according to sec. 39c WpÜG within three months after the end of the Acceptance Period (the "**Tender Period**") and sell their KHD Shares at the Offer Price to the respective Bidder (the "**Right to Tender**"). Pursuant to sec. 23 para. 1 no. 4 WpÜG,

the respective Bidder will publish that it has reached the threshold of 95 per cent of the voting share capital without delay. The Tender Period begins once the respective Bidder has fulfilled its obligations pursuant to sec. 23 para. 1 no. 4 WpÜG. The procedure for the acceptance and execution of the Offer, pursuant to sec. 13.2 and 13.3 of the Offer Document, applies accordingly to the exercise of the Right to Tender. KHD Shareholders which intend to accept the Offer during the Tender Period should ask their Custodian Bank if they have questions regarding the technical settlement. The Right to Tender is deemed to have been exercised in time, if the KHD Shares have been re-booked to ISIN DE000A1YDEY2 (WKN A1Y DEY) at Clearstream Banking AG no later than on the second Banking Day after the end of the Tender Period by 18:00.

VIII.

Interests of the Management Board and the Supervisory Board

1. Conflicts of Interest for Management Board Members

The company's Management Board has three members: Mr Jouni Olavi Salo (Chairman), Mr Ralph Quellmalz and Mr Yizhen "Mario" Zhu.

No member of the Management Board has been granted or promised the prospect of cash payments or other non-cash benefits by the Bidders, by persons acting in concert with the Bidders or by their subsidiaries, within the meaning of sec. 2 para. 5 WpÜG. Nor are there any other agreements or arrangements between the Bidders and the members of the Management Board. According to the Offer Document, the Bidders do not intend to make any changes in the composition of the target company's Management Board. Nor has any Management Board member been promised the prospect that his service contract will be extended or amended.

The service contracts of Management Board members do not contain a "change of control" rule that would give them the right, in the event of a change of control over the target company, to resign from the Management Board before the end of their terms, to terminate their service contracts and to claim compensation from the Company for premature resignation.

2. Conflicts of Interest on the Supervisory Board

As provided for in the Company's articles of association, the Supervisory Board consists of six members. They are currently Hubert Keusch (Chairman), Luc Antoine Baehni, Michael Busch, Seppo Kivimäki, Helmut Meyer and Eliza Suk Ching Yuen. All members of the Supervisory Board hold office until the ordinary general meeting that resolves to approve their actions in financial year 2013, so that a complete re-election of the Supervisory Board will be necessary in the near future.

No member of the Supervisory Board has been granted or promised the prospect of cash payments or other non-cash benefits by the Bidders, by persons acting in concert with the Bidders or by their subsidiaries, within the meaning of sec. 2 para. 5 WpÜG. Nor are there any other agreements or arrangements between the Bidders and the members of the Supervisory Board.

The member of the Supervisory Board Eliza Suk Ching Yuen is Director of HLM Consulting Limited, Hong Kong, a consulting firm, which has been providing consulting services to companies belonging to AVIC Group on project basis for several years.

3. Supervisory Board Committee

To prepare the ground for deliberations and voting on this Joint Statement, the Supervisory Board set up a committee headed by its Chairman.

IX.

Position of the Management Board and Supervisory Board Members With Respect to the Offer

1. Management Board

No one on the Management Board except for Chairman Jouni Olavi Salo currently holds any KHD Shares.

Mr Jouni Olavi Salo has announced to accept the Offer for the KHD Shares he holds.

2. Supervisory Board

Among the members of the Supervisory Board Mr Luc Antoine Baehni and Mr Michael Busch hold KHD Shares. Both members of the Supervisory Board have announced to accept the Offer.

X.

Position of KHD AG on Whether to Tender its Treasury Shares

KHD AG intends to accept the Bidders' Offer for its 229,136 treasury shares.

XI.

Final Opinion; Recommendation

The Management Board and the Supervisory Board believe that the Bidders' Offer Price for KHD Shares is both compliant with the statutory requirements and reasonable. The Offer Price represents a premium of 26.57% over the closing price for the KHD Share on the XETRA electronic trading platform on 10 October 2013. It likewise represents a premium of approximately 34.9% over the weighted average closing price for the KHD Share on the XETRA electronic trading platform for the three-month period ending on 10 October 2013, as stated in the Offer Document.

The Management Board and the Supervisory Board are not in a position to judge whether the future market price for the KHD Share will equal the current Offer Price or whether the amount of compensation or consideration awarded by the Bidders to KHD Shareholders, after implementing a structural measure not included in their current intentions, will be equal to, higher or lower than the Offer Price.

In view of the abovementioned premium on the three-month average price and the closing price on 10 October 2013 which are included in the Offer Price, the Management Board and the Supervisory Board recommend to accept the Offer.

The Management Board and the Supervisory Board accept no responsibility in the event that acceptance or non-acceptance of the Offer subsequently proves to be economically detrimental.

Cologne, 5 December 2013

KHD Humboldt Wedag International AG

The Management Board

The Supervisory Board

Appendix 1
to the Joint Statement of the Management Board and the Supervisory Board

Fairness Opinion of KPMG AG Wirtschaftsprüfungsgesellschaft, München



KPMG AG
Wirtschaftsprüfungsgesellschaft

Ganghoferstraße 29
80339 München
Postfach 20 11 44
80011 München

Tel. 089 9282-00
Fax 089 9282-2000
www.kpmg.de

Persönlich und streng vertraulich
KHD Humboldt Wedag International AG
Vorstand
Colonia-Allee 3
51067 Köln

Unser Zeichen MS/TK

3. Dezember 2013

Fairness Opinion zum freiwilligen öffentlichen Übernahmeangebot („Transaktion“) für die Aktien der KHD Humboldt Wedag International AG, Köln („KHD“ oder „Transaktionsobjekt“)

Sehr geehrte Herren,

vor dem Hintergrund des am 11. Oktober 2013 angekündigten freiwilligen öffentlichen Übernahmeangebots gemäß §§ 29 ff WpÜG der AVIC International Engineering Holdings Pte. Ltd., Singapur, der Europe Project Management Pte. Ltd., Singapur, der Europe Technology Investment Pte. Ltd., Singapur, sowie der Europe Engineering Holdings Pte. Ltd., Singapur (zusammen „die Bieter“), für die Aktien der KHD sowie der in diesem Zusammenhang erforderlichen Stellungnahme des Vorstands und des Aufsichtsrats der KHD gemäß § 27 WpÜG haben Sie uns mit Schreiben vom 23. Oktober 2013 beauftragt, als unabhängiger Sachverständiger zu beurteilen, ob die von den Bietern angebotene Gegenleistung für die Aktien der KHD aus Sicht der Aktionäre der KHD finanziell angemessen i. S. d. Standards „Grundsätze für die Erstellung von Fairness Opinions (IDW S 8)“ des Instituts der Wirtschaftsprüfer in Deutschland e.V. (IDW) ist.

In der Angebotsunterlage vom 20. November 2013 haben die Bieter den Aktionären der KHD eine Gegenleistung in bar in Höhe von € 6,45 je Aktie der KHD (im Folgenden auch „angebotene Gegenleistung“) angeboten.

Wir haben unsere Beurteilung unter Beachtung des IDW S 8 vorgenommen. Danach ist es unsere Aufgabe zu beurteilen, ob die angebotene Gegenleistung finanziell angemessen i. S. d. IDW S 8 ist.

Diese Stellungnahme erstatten wir als unabhängiger und eigenverantwortlicher Sachverständiger.

Wir weisen darauf hin, dass es nicht Gegenstand unserer Tätigkeiten war, die rechtlichen und steuerlichen Aspekte der Transaktion im Sinne einer rechtlichen oder steuerlichen Stellungnahme zu prüfen. Die Beurteilung der Angemessenheit beschränkt sich auf die rein finanziellen Aspekte der Transaktion. Wir weisen weiterhin darauf hin, dass sich die von uns im Rahmen der Erstellung der Fairness Opinion durchgeführten Untersuchungen in ihrem Umfang und ihren Zielen wesentlich von einer Jahresabschlussprüfung, einer Due Diligence, einer gutachtlichen Unternehmensbewertung nach IDW S 1 oder ähnlichen Tätigkeiten unterscheiden. Demzufolge stellt die Fairness Opinion kein Testat oder andere Form einer Bescheinigung oder Zusicherung hinsichtlich der Jahresabschlüsse oder des Planungssystems bzw. der Unternehmensplanung dar. Wir übernehmen daher keine Verantwortung für das Eintreten der Planung bzw. der dieser zugrunde liegenden Prämissen und Annahmen. Die der Fairness Opinion zugrunde liegenden Informationen und Unterlagen haben wir auftragsgemäß weder geprüft noch prüferisch durchgesehen.

Neben diesem Opinion Letter ist ein Valuation Memorandum Bestandteil unserer Berichterstattung. Im Valuation Memorandum stellen wir die wesentlichen Ergebnisse unserer Arbeiten detailliert dar.

Unsere Fairness Opinion dient ausschließlich der Information des Vorstands und des Aufsichtsrats der KHD im Zusammenhang mit der Erstellung einer Stellungnahme gemäß § 27 WpÜG. Sie ersetzt nicht die eigenständige Würdigung der angebotenen Gegenleistung durch die Organe der KHD. Diese Fairness Opinion enthält keine Empfehlung zur Annahme oder zur Ablehnung des Angebots des Bieters durch die Aktionäre der KHD. Ebenso umfasst sie keine Beurteilung, ob die Stellungnahme nach § 27 WpÜG vollständig und richtig ist oder ob die Transaktionsbedingungen den rechtlichen Anforderungen entsprechen.

Eine Weitergabe der Fairness Opinion (Opinion Letter und Valuation Memorandum) an einzelne Dritte darf vorbehaltlich unserer ausdrücklichen, schriftlichen Zustimmung nur in vollem Wortlaut erfolgen. Eine Weitergabe an Dritte setzt des Weiteren voraus, dass diese sich zuvor mit der Geltung der Allgemeinen Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften, unserer Haftungsbegrenzung, einer verbindlichen Vertraulichkeitsverpflichtung und den Weitergabebeschränkungen schriftlich uns gegenüber einverstanden erklären.

Unserem Auftrag liegen die als Anlage beigefügten Allgemeinen Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften in der Fassung vom 1. Januar 2002 zugrunde.

1 Finanzielle Angemessenheit der angebotenen Gegenleistung

Der Begriff Angemessenheit ist im WpÜG nicht definiert. Eine angebotene Gegenleistung pro Anteil ist „finanziell angemessen“ im Sinne des IDW S 8 (Tz. 57), wenn sie innerhalb oder über einer Bandbreite von kapitalwertorientiert ermittelten Werten und zum Vergleich herangezogenen Transaktionspreisen (Maßstabsfunktion) des entsprechenden Anteils liegt.

Die finanzielle Angemessenheit ist aus der Sicht der Aktionäre der KHD zu beurteilen. Fairness Opinions treffen keine Aussage darüber, ob eine vorteilhaftere Gegenleistung mit anderen Parteien erzielbar wäre.

2 Beurteilungsstichtag

Beurteilungsstichtag der Fairness Opinion ist der 3. Dezember 2013.

3 Auftragsdurchführung und Informationsgrundlagen

Wir haben unsere Arbeiten vom 23. Oktober 2013 bis zum 2. Dezember 2013 in den Geschäftsräumen der KHD sowie in unseren Büros durchgeführt.

Grundlage unserer Arbeiten waren die uns von Ihnen zur Verfügung gestellten Informationen sowie öffentlich verfügbare Informationen. Für die Richtigkeit und Vollständigkeit der von Ihnen zur Verfügung gestellten Informationen tragen Sie die alleinige Verantwortung. Wir haben – soweit möglich – sichergestellt, dass die in unserer Berichterstattung dargestellten Informationen mit anderen, uns im Verlauf unserer Arbeiten zur Verfügung gestellten Informationen, übereinstimmen. Eine eigenständige Verifizierung der Richtigkeit und Vollständigkeit der zur Verfügung gestellten Informationen und der Verlässlichkeit der jeweiligen Quellen haben wir jedoch nicht vorgenommen.

Im Rahmen der Auftragsdurchführung haben wir verschiedene Gespräche mit dem Vorstand der KHD und mit von diesem benannten Auskunftspersonen geführt. Schwerpunkte der Gespräche waren die Einschätzungen der KHD über den bisherigen Geschäftsverlauf sowie über die künftige Entwicklung und die darauf basierende konsolidierte Planung der KHD und ihrer Tochtergesellschaften. Wir weisen darauf hin, dass die Erstellung der Planung (einschließlich der ihr zugrunde liegenden Faktoren und Annahmen) ausschließlich in der Verantwortung der KHD liegt.

Insbesondere haben wir folgende Analysen durchgeführt:

- Analyse der relevanten Informationen über die Transaktion und die KHD
 - Analyse des Geschäftsmodells der KHD,
 - Durchsicht der wesentlichen Finanzinformationen über die KHD (Jahres- und Konzernabschlüsse, Unternehmensplanungen sowie sonstige finanz- und betriebswirtschaftliche Analysen),
 - Plausibilitätsanalyse der Planungsrechnungen sowie Gespräche mit dem Vorstand der KHD über die zukünftig erwartete Entwicklung sowie die Markt- und Wettbewerbssituation sowie
 - Analyse des Transaktionsprozesses und vorliegender Wertermittlungen.
- Um die finanzielle Angemessenheit der angebotenen Gegenleistung würdigen zu können, haben wir Vergleichsmaßstäbe auf Basis folgender Verfahren ermittelt:
 - Anwendung kapitalwertorientierter Bewertungsverfahren (Discounted Cash Flow-Verfahren),
 - Anwendung marktorientierter Bewertungsverfahren (Börsenkursanalysen, Analyse von Vorerwerbspreisen, Multiplikatorverfahren auf Basis von Kennzahlen vergleichbarer börsennotierter Unternehmen oder vergleichbarer Transaktionen) sowie
 - Analyse weiterer kapital- oder transaktionsmarktbezogener Informationen (Zielaktienkurse von Analysten für die KHD).

Ausgewählte verfügbare Unterlagen sind in Anlage 1 dargestellt.

Der Vorstand der KHD hat uns gegenüber erklärt, dass uns alle für unsere Tätigkeit erforderlichen Informationen und Unterlagen vollständig und richtig zur Verfügung gestellt wurden.

4 Maßstäbe für die Beurteilung der finanziellen Angemessenheit

Zur Bestimmung der Bandbreite von kapitalwertorientiert ermittelten Werten und von zum Vergleich herangezogenen Transaktionspreisen (Maßstabsfunktion), die der Beurteilung der Angemessenheit zugrunde liegt, haben wir die nachfolgend erläuterten Verfahren herangezogen.

Die Analysen erfolgten auf Stand-Alone-Basis und somit ohne Berücksichtigung von Auswirkungen der Durchführung der Transaktion auf die KHD.

4.1 Kapitalwertorientiertes Verfahren

Bewertungsmethode

Wir erachten vor dem Hintergrund der individuellen Geschäftstätigkeit des Transaktionsobjekts das kapitalwertorientierte Verfahren als sachgerechte Methode, um den Transaktionspreis zu würdigen. Dabei haben wir den Weighted Average Cost of Capital-Ansatz (WACC-Ansatz) des Discounted Cash Flow-Verfahrens angewendet.

Bei Anwendung des WACC-Ansatzes bestimmt sich der Wert eines Unternehmens unter der Voraussetzung ausschließlich finanzieller Ziele grundsätzlich durch den Barwert der mit dem Eigentum an dem Unternehmen verbundenen Nettozuflüsse an die Unternehmenseigner (Zukunftserfolgswert). Grundlage war die uns zur Verfügung gestellte konsolidierte Planungsrechnung der KHD mit Stand vom 5. November 2013. Wir haben die Planungsrechnung nach Maßgabe des IDW S 8 analysiert.

Die Planung wird in zwei Phasen vorgenommen. Die nähere erste Phase (Detailplanungsphase) umfasst regelmäßig einen überschaubaren Zeitraum von drei bis fünf Jahren. In der Detailplanungsphase werden die Planungsparameter regelmäßig einzeln zur Prognose der finanziellen Überschüsse herangezogen. Die Planungsjahre der zweiten Phase (so genannte Fortführungsphase oder Ewige Rente) basieren i. d. R. – ausgehend von der Detailplanungsphase – auf langfristigen Fortschreibungen von Trendentwicklungen. Dabei ist zu untersuchen, ob sich die Vermögens-, Finanz- und Ertragslage des zu bewertenden Unternehmens nach der Detailplanungsphase im so genannten Gleichgewichts- oder Beharrungszustand befindet oder ob sich die jährlichen finanziellen Überschüsse zwar noch verändern, jedoch eine als konstant oder mit konstanter Rate wachsend angesetzte Größe die sich ändernden finanziellen Überschüsse (finanzmathematisch) angemessen repräsentiert.

Im Rahmen des WACC-Ansatzes wird zunächst der Unternehmensgesamtwert abgeleitet, in dem die zukünftigen Zahlungsströme („Free Cash Flows“), die das Unternehmen generieren kann, auf den Beurteilungstichtag diskontiert werden. Diese künftigen Free Cash Flows sind jene finanziellen Überschüsse, die allen Kapitalgebern (Eigen- und Fremdkapitalgeber) des Unternehmens zur Verfügung stehen. Durch Abzug des Marktwerts des Fremdkapitals (Nettofinanzverbindlichkeiten) ergibt sich der Unternehmenswert (Marktwert des Eigenkapitals).

Zur Ermittlung des Barwerts der finanziellen Überschüsse wird ein Kapitalisierungszinssatz verwendet, der die Rendite aus einer zur Investition in das zu bewertende Unternehmen adäquaten Alternativanlage repräsentiert sowie laufzeit-, steuer- und risikoäquivalent zu den finanziellen Überschüssen ist. Entsprechend der angewandten so genannten WACC-Methode erfolgt die Diskontierung mit einem gewogenen durchschnittlichen Kapitalkostensatz, der ein gewichtetes Mittel aus den Renditeforderungen der Eigen- und Fremdkapitalgeber darstellt (WACC). Die gewichteten Kapitalkosten ergeben sich als arithmetisches Mittel aus Eigen- und Fremdkapitalkosten, deren Gewichte die jeweiligen Anteile des Eigen- und Fremdkapitals zu Marktwerten am Unternehmensgesamtwert sind. In der Ewigen Rente werden die gewichteten Kapitalkosten zusätzlich um den Wachstumsabschlag vermindert.

Sachverhalte, die im Rahmen der kapitalwertorientierten Bewertungsverfahren nicht oder nur unvollständig abgebildet werden können, sind grundsätzlich gesondert zu bewerten und dem Wert nach dem DCF-Verfahren hinzuzufügen. Neben dem nicht betriebsnotwendigen Vermögen kommen dafür unter anderem bestimmte Finanzaktiva und steuerliche Effekte in Frage. Als nicht betriebsnotwendig gelten solche Vermögensteile, die frei veräußert werden können, ohne dass davon die eigentliche Unternehmensaufgabe berührt wäre. Sonderwerte wurden für frei verfügbare liquide Mittel, für die Nutzung steuerlicher Verlustvorträge sowie für eine nicht aktive Beteiligung ermittelt.

Bewertungsansatz

Im Rahmen des kapitalorientierten Bewertungsverfahrens haben wir im ersten Schritt den Unternehmenswert der KHD (100 %) ermittelt. Um den Wert je Aktie zu ermitteln, haben wir den Unternehmenswert der KHD durch die Anzahl der Aktien (ohne eigene Aktien) dividiert.

4.2 Marktpreisorientierte Verfahren

Im Rahmen der marktpreisorientierten Verfahren haben wir

- die Börsenkursentwicklung der KHD und Vorerwerbspreise analysiert sowie
- Multiplikator-Verfahren auf Basis von Kennzahlen vergleichbarer börsennotierter Unternehmen (so genannte Trading-Multiplikatoren) und das
- Multiplikator-Verfahren auf Basis von Kennzahlen vergleichbarer Unternehmensanteile (so genannte Transaktions-Multiplikatoren) herangezogen.

4.2.1 *Analyse der Börsenkursentwicklung*

Börsenkurse sind zur Beurteilung der finanziellen Angemessenheit von Transaktionspreisen grundsätzlich heranzuziehen (IDW S 8, Tz. 26). Die Analyse von Börsenkursen des Transaktionsobjekts ermöglicht den Vergleich der Transaktionspreise mit den Erwartungen des Kapitalmarkts. Der Börsenkurs eines Unternehmens kann jedoch nur eingeschränkt aussagekräftig sein. Insbesondere kann er von möglichen Sonderfaktoren (z. B. von der Marktgängigkeit, -enge oder möglichen Kursmanipulationen) beeinflusst sein. Daher kann es angebracht sein, Durchschnittskurse zu ermitteln.

Im Fall von öffentlichen Übernahme- und Erwerbsangeboten hat die Bieterin den Aktionären der Zielgesellschaft eine angemessene und den nach § 31 WpÜG i. V. m. §§ 3 ff. WpÜGAngebV festzulegenden Mindestwert nicht unterschreitende Gegenleistung anzubieten. Ein Parameter für den Mindestwert ist im Fall der Aktienzulassung an einer inländischen Börse grundsätzlich der umsatzgewichtete durchschnittliche Börsenkurs während der letzten drei Monate vor der Ankündigung des freiwilligen Übernahmeangebots. Demzufolge ist der Börsenkurs ein Vergleichsmaßstab zur Beurteilung der finanziellen Angemessenheit der Transaktionspreise.

Gemäß der von der Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) genehmigten Angebotsunterlage der Bieter vom 20. November 2013 (S. 29) hat die BaFin für die Aktien der KHD einen Drei-Monats-Durchschnittskurs vor dem 11. Oktober 2013 von €4,78 je Aktie ermittelt.

Die angebotene Gegenleistung von € 6,45 je Aktie der KHD liegt etwa 34,9 % über dem Drei-Monats-Durchschnittskurs. Im Vergleich zum letzten Schlusskurs am 10. Oktober 2013 (XETRA) von € 5,096 je Aktie der KHD beträgt die in der angebotenen Gegenleistung enthaltenen Prämie ca. 26,6 %.

4.2.2 *Analyse von Vorerwerbspreisen*

Entsprechend der Darstellung in der Angebotsunterlage vom 20. November 2013 (S. 19) hatte die AVIC International Engineering Holdings Pte. Ltd. am 11. Oktober 2013 Kauf- und Übertragungsverträge über insgesamt 9.456.353 Aktien der KHD mit insgesamt 13 bisherigen Aktionären zu einem Preis von € 6,45 je Aktie der KHD geschlossen. Die Kauf- und Übertragungsverträge stehen unter den gleichen aufschiebenden Bedingungen wie das freiwillige Übernahmeangebot (vgl. Angebotsunterlage vom 20. November 2013, S. 19, 33 bis 34). Der vereinbarte Kaufpreis entspricht der angebotenen Gegenleistung.

4.2.3 Trading-Multiplikatoren

Bei Anwendung von auf Kennzahlen vergleichbarer börsennotierter Unternehmen (Trading-Multiplikatoren) aufbauenden Preisfindungsverfahren ergibt sich der vergleichbare Transaktionspreis als Produkt einer als repräsentativ und nachhaltig zu erachtenden Ergebnisgröße des Transaktionsobjektes (z. B. Umsatz, EBITDA, EBIT, Jahresüberschuss) mit dem Ergebnismultiplikator von Vergleichsunternehmen. Der Multiplikator leitet sich aus dem Verhältnis von Marktpreis bzw. Unternehmensgesamtwert zu der Ergebnisgröße der Vergleichsunternehmen ab.

Die Aussagekraft auf der Grundlage von Kennzahlen vergleichbarer börsennotierter Unternehmen abgeleiteter Vergleichswerte ist eingeschränkt, da selbst in der gleichen Branche oder stark branchenverwandte tätige Unternehmen prinzipiell aufgrund von unterschiedlichen Produktportfolios, unterschiedlichen Geschäftsfeldern, unterschiedlicher Größe, Geschäftspolitik und anderen Wert beeinflussenden Faktoren tatsächlich nur eingeschränkt vergleichbar sind.

Als Vergleichsunternehmen für die Trading-Multiplikatoren wurden grundsätzlich dieselben Peer Group-Unternehmen herangezogen, die bei der Ermittlung des Betafaktors im Rahmen des kapitalwertorientierten Bewertungsverfahrens verwendet wurden. Hierbei wurden auch solche Peer Group-Unternehmen berücksichtigt, die im Rahmen der Ermittlung des Betafaktors nicht berücksichtigt wurden.

Als maßgebliche Ergebnisgrößen wurden das EBITDA (= earnings before interest, taxes, depreciation and amortisation) und das EBIT (= earnings before interest and taxes) herangezogen. Auf Basis der vorstehenden Ergebnisgrößen ergibt sich ein Unternehmensgesamtwert, aus dem nach Abzug der Nettofinanzverbindlichkeiten des Transaktionsobjekts der Unternehmenswert (Marktwert des Eigenkapitals) resultiert.

Sonderwerte und nicht betriebsnotwendiges Vermögen haben wir entsprechend der Vorgehensweise bei der Discounted Cash Flow-Methode berücksichtigt.

Aufgrund des unterschiedlichen Niveaus der Ergebnismargen im Vergleich zur KHD ist die Aussagekraft der Trading-Multiplikatoren für die Würdigung des Transaktionspreises eingeschränkt.

4.2.4 Transaktions-Multiplikatoren

Bei Anwendung der auf Kennzahlen vergleichbarer, zeitnah gehandelter Unternehmen oder Unternehmensanteile (Transaktions-Multiplikatoren) basierten Preisfindungsverfahren ergibt sich der vergleichbare Transaktionspreis als Produkt einer als repräsentativ und nachhaltig zu erachtenden Ergebnisgröße der Gesellschaft (z. B. Umsatz, EBITDA, EBIT, Jahresüberschuss) mit dem aus vergleichbaren Transaktionen ermittelten Multiplikator auf Basis des Verhältnisses der jeweiligen Kaufpreise bzw. Unternehmensgesamtwerte zu verschiedenen Erfolgskennzahlen.

In Abhängigkeit von der maßgebenden Ergebnisgröße ergibt sich durch Anwendung des Multiplikators eine Schätzung für den Unternehmensgesamtwert bzw. den Unternehmenswert (Marktwert des Eigenkapitals). Der Marktwert des Eigenkapitals ergibt sich durch Abzug der Nettofinanzverbindlichkeiten (Net Debt) vom Unternehmensgesamtwert.

Die Aussagekraft, die sich auf der Grundlage von Kennzahlen zeitnaher Transaktionen von Unternehmen oder Unternehmensanteilen ergibt, ist eingeschränkt, da sich im Preis höchst subjektive Erwartungen, Vorstellungen und Ziele des Käufers niedergeschlagen haben können. Von besonderer Bedeutung sind dabei zudem die Überlappungen im Produktportfolio sowie die spezifischen Synergiepotenziale im Rahmen der einzelnen Transaktionen.

Zum Zweck der Analyse ausgewählter Transaktionen haben wir Transaktionen aus dem Bereich Anlagenbau innerhalb der Jahre 2012 und 2013 recherchiert.

Als maßgebliche Ergebnisgrößen wurden das EBITDA und das EBIT herangezogen.

Sonderwerte und nicht betriebsnotwendiges Vermögen haben wir entsprechend der Vorgehensweise bei der Discounted Cash Flow-Methode berücksichtigt.

4.3 Analyse weiterer kapital- und transaktionsmarktbezogener Informationen

Ergänzend haben wir die Kursziele, die von Finanzanalysten in Bezug auf den Börsenkurs der Aktien des Transaktionsobjekts im Zeitraum vom 27. März 2013 bis 25. Oktober 2013 veröffentlicht wurden, analysiert.

5 Zusammenfassende Stellungnahme

Auf Grundlage der von uns unter Beachtung des IDW S 8 durchgeführten Tätigkeiten sind wir der Ansicht, dass die von den Bietern angebotene Gegenleistung in Höhe von € 6,45 je Aktie der KHD Humboldt Wedag International AG finanziell angemessen im Sinne des IDW S 8 ist.

Mit freundlichen Grüßen



Michael Salcher
Wirtschaftsprüfer
Steuerberater



ppa.
Thomas Kupke
Wirtschaftsprüfer
Steuerberater

Anlagen

Ausgewählte verfügbare Unterlagen und Informationen
Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften
vom 1. Januar 2002

Anlage 1: Ausgewählte verfügbare Unterlagen und Informationen

- Jahresabschlüsse und Lageberichte sowie Konzernabschlüsse und Konzernlageberichte der KHD für die Geschäftsjahre 2010 bis 2012 sowie Halbjahresabschluss des Jahres 2013
- KHD Unternehmenspräsentation mit Stand vom 29. Oktober 2013
- Management Strategiepräsentation zur Aufsichtsratssitzung der KHD am 5. November 2013
- Markt- und Strategiepräsentation der KHD mit Stand zum 7. November 2013
- Konsolidierte Planungsrechnungen für die KHD für die Jahre 2013 bis 2017 mit Stand vom 5. November 2013
- Auszüge aus dem internen monatlichen Reporting der KHD
- Diverse Marktstudien

Allgemeine Auftragsbedingungen

für

Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften

vom 1. Januar 2002

1. Geltungsbereich

(1) Die Auftragsbedingungen gelten für die Verträge zwischen Wirtschaftsprüfern oder Wirtschaftsprüfungsgesellschaften (im nachstehenden zusammenfassend „Wirtschaftsprüfer“ genannt) und ihren Auftraggebern über Prüfungen, Beratungen und sonstige Aufträge, soweit nicht etwas anderes ausdrücklich schriftlich vereinbart oder gesetzlich zwingend vorgeschrieben ist.

(2) Werden im Einzelfall ausnahmsweise vertragliche Beziehungen auch zwischen dem Wirtschaftsprüfer und anderen Personen als dem Auftraggeber begründet, so gelten auch gegenüber solchen Dritten die Bestimmungen der nachstehenden Nr. 9.

2. Umfang und Ausführung des Auftrages

(1) Gegenstand des Auftrages ist die vereinbarte Leistung, nicht ein bestimmter wirtschaftlicher Erfolg. Der Auftrag wird nach den Grundsätzen ordnungsmäßiger Berufsausübung ausgeführt. Der Wirtschaftsprüfer ist berechtigt, sich zur Durchführung des Auftrages sachverständiger Personen zu bedienen.

(2) Die Berücksichtigung ausländischen Rechts bedarf – außer bei betriebswirtschaftlichen Prüfungen – der ausdrücklichen schriftlichen Vereinbarung.

(3) Der Auftrag erstreckt sich, soweit er nicht darauf gerichtet ist, nicht auf die Prüfung der Frage, ob die Vorschriften des Steuerrechts oder Sondervorschriften, wie z. B. die Vorschriften des Preis-, Wettbewerbsbeschränkungs- und Bewirtschaftungsrechts beachtet sind; das gleiche gilt für die Feststellung, ob Subventionen, Zulagen oder sonstige Vergünstigungen in Anspruch genommen werden können. Die Ausführung eines Auftrages umfasst nur dann Prüfungshandlungen, die gezielt auf die Aufdeckung von Buchfälschungen und sonstigen Unregelmäßigkeiten gerichtet sind, wenn sich bei der Durchführung von Prüfungen dazu ein Anlaß ergibt oder dies ausdrücklich schriftlich vereinbart ist.

(4) Ändert sich die Rechtslage nach Abgabe der abschließenden beruflichen Äußerung, so ist der Wirtschaftsprüfer nicht verpflichtet, den Auftraggeber auf Änderungen oder sich daraus ergebende Folgerungen hinzuweisen.

3. Aufklärungspflicht des Auftraggebers

(1) Der Auftraggeber hat dafür zu sorgen, daß dem Wirtschaftsprüfer auch ohne dessen besondere Aufforderung alle für die Ausführung des Auftrages notwendigen Unterlagen rechtzeitig vorgelegt werden und ihm von allen Vorgängen und Umständen Kenntnis gegeben wird, die für die Ausführung des Auftrages von Bedeutung sein können. Dies gilt auch für die Unterlagen, Vorgänge und Umstände, die erst während der Tätigkeit des Wirtschaftsprüfers bekannt werden.

(2) Auf Verlangen des Wirtschaftsprüfers hat der Auftraggeber die Vollständigkeit der vorgelegten Unterlagen und der gegebenen Auskünfte und Erklärungen in einer vom Wirtschaftsprüfer formulierten schriftlichen Erklärung zu bestätigen.

4. Sicherung der Unabhängigkeit

Der Auftraggeber steht dafür ein, daß alles unterlassen wird, was die Unabhängigkeit der Mitarbeiter des Wirtschaftsprüfers gefährden könnte. Dies gilt insbesondere für Angebote auf Anstellung und für Angebote, Aufträge auf eigene Rechnung zu übernehmen.

5. Berichterstattung und mündliche Auskünfte

Hat der Wirtschaftsprüfer die Ergebnisse seiner Tätigkeit schriftlich darzustellen, so ist nur die schriftliche Darstellung maßgebend. Bei Prüfungsaufträgen wird der Bericht, soweit nichts anderes vereinbart ist, schriftlich erstattet. Mündliche Erklärungen und Auskünfte von Mitarbeitern des Wirtschaftsprüfers außerhalb des erteilten Auftrages sind stets unverbindlich.

6. Schutz des geistigen Eigentums des Wirtschaftsprüfers

Der Auftraggeber steht dafür ein, daß die im Rahmen des Auftrages vom Wirtschaftsprüfer gefertigten Gutachten, Organisationspläne, Entwürfe, Zeichnungen, Aufstellungen und Berechnungen, insbesondere Massen- und Kostenberechnungen, nur für seine eigenen Zwecke verwendet werden.

7. Weitergabe einer beruflichen Äußerung des Wirtschaftsprüfers

(1) Die Weitergabe beruflicher Äußerungen des Wirtschaftsprüfers (Berichte, Gutachten und dgl.) an einen Dritten bedarf der schriftlichen Zustimmung des Wirtschaftsprüfers, soweit sich nicht bereits aus dem Auftragsinhalt die Einwilligung zur Weitergabe an einen bestimmten Dritten ergibt.

Gegenüber einem Dritten haftet der Wirtschaftsprüfer (im Rahmen von Nr. 9) nur, wenn die Voraussetzungen des Satzes 1 gegeben sind.

(2) Die Verwendung beruflicher Äußerungen des Wirtschaftsprüfers zu Werbezwecken ist unzulässig; ein Verstoß berechtigt den Wirtschaftsprüfer zur fristlosen Kündigung aller noch nicht durchgeführten Aufträge des Auftraggebers.

8. Mängelbeseitigung

(1) Bei etwaigen Mängeln hat der Auftraggeber Anspruch auf Nacherfüllung durch den Wirtschaftsprüfer. Nur bei Fehlschlägen der Nacherfüllung kann er auch Herabsetzung der Vergütung oder Rückgängigmachung des Vertrages verlangen; ist der Auftrag von einem Kaufmann im Rahmen seines Handelsgewerbes, einer juristischen Person des öffentlichen Rechts oder von einem öffentlich-rechtlichen Sondervermögen erteilt worden, so kann der Auftraggeber die Rückgängigmachung des Vertrages nur verlangen, wenn die erbrachte Leistung wegen Fehlschlagens der Nacherfüllung für ihn ohne Interesse ist. Soweit darüber hinaus Schadensersatzansprüche bestehen, gilt Nr. 9.

(2) Der Anspruch auf Beseitigung von Mängeln muß vom Auftraggeber unverzüglich schriftlich geltend gemacht werden. Ansprüche nach Abs. 1, die nicht auf einer vorsätzlichen Handlung beruhen, verjähren nach Ablauf eines Jahres ab dem gesetzlichen Verjährungsbeginn.

(3) Offenbare Unrichtigkeiten, wie z. B. Schreibfehler, Rechenfehler und formelle Mängel, die in einer beruflichen Äußerung (Bericht, Gutachten und dgl.) des Wirtschaftsprüfers enthalten sind, können jederzeit vom Wirtschaftsprüfer auch Dritten gegenüber berichtigt werden. Unrichtigkeiten, die geeignet sind, in der beruflichen Äußerung des Wirtschaftsprüfers enthaltene Ergebnisse in Frage zu stellen, berechtigen diesen, die Äußerung auch Dritten gegenüber zurückzunehmen. In den vorgenannten Fällen ist der Auftraggeber vom Wirtschaftsprüfer tunlichst vorher zu hören.

9. Haftung

(1) Für gesetzlich vorgeschriebene Prüfungen gilt die Haftungsbeschränkung des § 323 Abs. 2 HGB.

(2) Haftung bei Fahrlässigkeit: Einzelner Schadensfall

Falls weder Abs. 1 eingreift noch eine Regelung im Einzelfall besteht, ist die Haftung des Wirtschaftsprüfers für Schadensersatzansprüche jeder Art, mit Ausnahme von Schäden aus der Verletzung von Leben, Körper und Gesundheit, bei einem fahrlässig verursachten einzelnen Schadensfall gem. § 54a Abs. 1 Nr. 2 WPO auf 4 Mio. € beschränkt; dies gilt auch dann, wenn eine Haftung gegenüber einer anderen Person als dem Auftraggeber begründet sein sollte. Ein einzelner Schadensfall ist auch bezüglich eines aus mehreren Pflichtverletzungen stammenden einheitlichen Schadens gegeben. Der einzelne Schadensfall umfaßt sämtliche Folgen einer Pflichtverletzung ohne Rücksicht darauf, ob Schäden in einem oder in mehreren aufeinanderfolgenden Jahren entstanden sind. Dabei gilt mehrfaches auf gleicher oder gleichartiger Fehlerquelle beruhendes Tun oder Unterlassen als einheitliche Pflichtverletzung, wenn die betreffenden Angelegenheiten miteinander in rechtlichem oder wirtschaftlichem Zusammenhang stehen. In diesem Fall kann der Wirtschaftsprüfer nur bis zur Höhe von 5 Mio. € in Anspruch genommen werden. Die Begrenzung auf das Fünffache der Mindestversicherungssumme gilt nicht bei gesetzlich vorgeschriebenen Pflichtprüfungen.

(3) Ausschlussfristen

Ein Schadensersatzanspruch kann nur innerhalb einer Ausschlussfrist von einem Jahr geltend gemacht werden, nachdem der Anspruchsberechtigte von dem Schaden und von dem anspruchsbegründenden Ereignis Kenntnis erlangt hat, spätestens aber innerhalb von 5 Jahren nach dem anspruchsbegründenden Ereignis. Der Anspruch erlischt, wenn nicht innerhalb einer Frist von sechs Monaten seit der schriftlichen Ablehnung der Ersatzleistung Klage erhoben wird und der Auftraggeber auf diese Folge hingewiesen wurde.

Das Recht, die Einrede der Verjährung geltend zu machen, bleibt unberührt. Die Sätze 1 bis 3 gelten auch bei gesetzlich vorgeschriebenen Prüfungen mit gesetzlicher Haftungsbeschränkung.

10. Ergänzende Bestimmungen für Prüfungsaufträge

(1) Eine nachträgliche Änderung oder Kürzung des durch den Wirtschaftsprüfer geprüften und mit einem Bestätigungsvermerk versehenen Abschlusses oder Lageberichts bedarf, auch wenn eine Veröffentlichung nicht stattfindet, der schriftlichen Einwilligung des Wirtschaftsprüfers. Hat der Wirtschaftsprüfer einen Bestätigungsvermerk nicht erteilt, so ist ein Hinweis auf die durch den Wirtschaftsprüfer durchgeführte Prüfung im Lagebericht oder an anderer für die Öffentlichkeit bestimmter Stelle nur mit schriftlicher Einwilligung des Wirtschaftsprüfers und mit dem von ihm genehmigten Wortlaut zulässig.

(2) Widerruft der Wirtschaftsprüfer den Bestätigungsvermerk, so darf der Bestätigungsvermerk nicht weiterverwendet werden. Hat der Auftraggeber den Bestätigungsvermerk bereits verwendet, so hat er auf Verlangen des Wirtschaftsprüfers den Widerruf bekanntzugeben.

(3) Der Auftraggeber hat Anspruch auf fünf Berichtsausfertigungen. Weitere Ausfertigungen werden besonders in Rechnung gestellt.

11. Ergänzende Bestimmungen für Hilfeleistung in Steuersachen

(1) Der Wirtschaftsprüfer ist berechtigt, sowohl bei der Beratung in steuerlichen Einzelfragen als auch im Falle der Dauerberatung die vom Auftraggeber genannten Tatsachen, insbesondere Zahlenangaben, als richtig und vollständig zugrunde zu legen; dies gilt auch für Buchführungsaufträge. Er hat jedoch den Auftraggeber auf von ihm festgestellte Unrichtigkeiten hinzuweisen.

(2) Der Steuerberatungsauftrag umfasst nicht die zur Wahrung von Fristen erforderlichen Handlungen, es sei denn, daß der Wirtschaftsprüfer hierzu ausdrücklich den Auftrag übernommen hat. In diesem Falle hat der Auftraggeber dem Wirtschaftsprüfer alle für die Wahrung von Fristen wesentlichen Unterlagen, insbesondere Steuerbescheide, so rechtzeitig vorzulegen, daß dem Wirtschaftsprüfer eine angemessene Bearbeitungszeit zur Verfügung steht.

(3) Mangels einer anderweitigen schriftlichen Vereinbarung umfasst die laufende Steuerberatung folgende, in die Vertragsdauer fallenden Tätigkeiten:

- Ausarbeitung der Jahressteuererklärungen für die Einkommensteuer, Körperschaftsteuer und Gewerbesteuer sowie der Vermögensteuererklärungen, und zwar auf Grund der vom Auftraggeber vorzulegenden Jahresabschlüsse und sonstiger, für die Besteuerung erforderlicher Aufstellungen und Nachweise
- Nachprüfung von Steuerbescheiden zu den unter a) genannten Steuern
- Verhandlungen mit den Finanzbehörden im Zusammenhang mit den unter a) und b) genannten Erklärungen und Bescheiden
- Mitwirkung bei Betriebsprüfungen und Auswertung der Ergebnisse von Betriebsprüfungen hinsichtlich der unter a) genannten Steuern
- Mitwirkung in Einspruchs- und Beschwerdeverfahren hinsichtlich der unter a) genannten Steuern.

Der Wirtschaftsprüfer berücksichtigt bei den vorgenannten Aufgaben die wesentliche veröffentlichte Rechtsprechung und Verwaltungsauffassung.

(4) Erhält der Wirtschaftsprüfer für die laufende Steuerberatung ein Pauschalhonorar, so sind mangels anderweitiger schriftlicher Vereinbarungen die unter Abs. 3 d) und e) genannten Tätigkeiten gesondert zu honorieren.

(5) Die Bearbeitung besonderer Einzelfragen der Einkommensteuer, Körperschaftsteuer, Gewerbesteuer, Einheitsbewertung und Vermögensteuer sowie aller Fragen der Umsatzsteuer, Lohnsteuer, sonstigen Steuern und Abgaben erfolgt auf Grund eines besonderen Auftrages. Dies gilt auch für

- die Bearbeitung einmalig anfallender Steuerangelegenheiten, z. B. auf dem Gebiet der Erbschaftsteuer, Kapitalverkehrssteuer, Grunderwerbsteuer,
- die Mitwirkung und Vertretung in Verfahren vor den Gerichten der Finanz- und der Verwaltungsgerichtsbarkeit sowie in Steuerstrafsachen und

c) die beratende und gutachtliche Tätigkeit im Zusammenhang mit Umwandlung, Verschmelzung, Kapitalerhöhung und -herabsetzung, Sanierung, Eintritt und Ausscheiden eines Gesellschafters, Betriebsveräußerung, Liquidation und dergleichen.

(6) Soweit auch die Ausarbeitung der Umsatzsteuerjahreserklärung als zusätzliche Tätigkeit übernommen wird, gehört dazu nicht die Überprüfung etwaiger besonderer buchmäßiger Voraussetzungen sowie die Frage, ob alle in Betracht kommenden umsatzsteuerrechtlichen Vergünstigungen wahrgenommen worden sind. Eine Gewähr für die vollständige Erfassung der Unterlagen zur Geltendmachung des Vorsteuerabzuges wird nicht übernommen.

12. Schweigepflicht gegenüber Dritten, Datenschutz

(1) Der Wirtschaftsprüfer ist nach Maßgabe der Gesetze verpflichtet, über alle Tatsachen, die ihm im Zusammenhang mit seiner Tätigkeit für den Auftraggeber bekannt werden, Stillschweigen zu bewahren, gleichviel, ob es sich dabei um den Auftraggeber selbst oder dessen Geschäftsverbindungen handelt, es sei denn, daß der Auftraggeber ihn von dieser Schweigepflicht entbindet.

(2) Der Wirtschaftsprüfer darf Berichte, Gutachten und sonstige schriftliche Äußerungen über die Ergebnisse seiner Tätigkeit Dritten nur mit Einwilligung des Auftraggebers aushändigen.

(3) Der Wirtschaftsprüfer ist befugt, ihm anvertraute personenbezogene Daten im Rahmen der Zweckbestimmung des Auftraggebers zu verarbeiten oder durch Dritte verarbeiten zu lassen.

13. Annahmeverzug und unterlassene Mitwirkung des Auftraggebers

Kommt der Auftraggeber mit der Annahme der vom Wirtschaftsprüfer angebotenen Leistung in Verzug oder unterläßt der Auftraggeber eine ihm nach Nr. 3 oder sonstwie obliegende Mitwirkung, so ist der Wirtschaftsprüfer zur fristlosen Kündigung des Vertrages berechtigt. Unberührt bleibt der Anspruch des Wirtschaftsprüfers auf Ersatz der ihm durch den Verzug oder die unterlassene Mitwirkung des Auftraggebers entstandenen Mehraufwendungen sowie des verursachten Schadens, und zwar auch dann, wenn der Wirtschaftsprüfer von dem Kündigungsrecht keinen Gebrauch macht.

14. Vergütung

(1) Der Wirtschaftsprüfer hat neben seiner Gebühren- oder Honorarforderung Anspruch auf Erstattung seiner Auslagen; die Umsatzsteuer wird zusätzlich berechnet. Er kann angemessene Vorschüsse auf Vergütung und Auslagenersatz verlangen und die Auslieferung seiner Leistung von der vollen Befriedigung seiner Ansprüche abhängig machen. Mehrere Auftraggeber haften als Gesamtschuldner.

(2) Eine Aufrechnung gegen Forderungen des Wirtschaftsprüfers auf Vergütung und Auslagenersatz ist nur mit unbestrittenen oder rechtskräftig festgestellten Forderungen zulässig.

15. Aufbewahrung und Herausgabe von Unterlagen

(1) Der Wirtschaftsprüfer bewahrt die im Zusammenhang mit der Erledigung eines Auftrages ihm übergebenen und von ihm selbst angefertigten Unterlagen sowie den über den Auftrag geführten Schriftwechsel sieben Jahre auf.

(2) Nach Befriedigung seiner Ansprüche aus dem Auftrag hat der Wirtschaftsprüfer auf Verlangen des Auftraggebers alle Unterlagen herauszugeben, die er aus Anlaß seiner Tätigkeit für den Auftrag von diesem oder für diesen erhalten hat. Dies gilt jedoch nicht für den Schriftwechsel zwischen dem Wirtschaftsprüfer und seinem Auftraggeber und für die Schriftstücke, die dieser bereits in Urschrift oder Abschrift besitzt. Der Wirtschaftsprüfer kann von Unterlagen, die er an den Auftraggeber zurückgibt, Abschriften oder Fotokopien anfertigen und zurückbehalten.

16. Anzuwendendes Recht

Für den Auftrag, seine Durchführung und die sich hieraus ergebenden Ansprüche gilt nur deutsches Recht.



KPMG AG
Wirtschaftsprüfungsgesellschaft

Ganghoferstrasse 29
80339 Munich
Germany
P.O. Box 20 11 44
80011 Munich
Germany

Tel. +49 89 9282-00
Fax: +49 89 9282-2000
www.kpmg.de

Private and confidential

Our ref MS/TK

KHD Humboldt Wedag International AG
Board of directors
Colonia-Allee 3
51067 Cologne

3 December 2013

Fairness Opinion regarding the voluntary public takeover offer ("transaction") for shares in KHD Humboldt Wedag International AG, Cologne ("KHD" or "transaction target")

- Non-binding translation for convenience purposes -

Dear Sirs,

In view of the voluntary public takeover offer pursuant to para. 29 et seq. WpÜG (German Securities Acquisition and Takeover Act) announced by AVIC International Engineering Holdings Pte. Ltd., Singapore, Europe Project Management Pte. Ltd., Singapore, Europe Technology Investment Pte. Ltd., Singapore, as well as Europe Engineering Holdings Pte. Ltd., Singapore (together "the bidders"), to the shareholders of KHD on 11 October 2013, and in view of the mandatory statement of KHD's board of directors as well as supervisory board in accordance with para. 27 WpÜG we have been engaged by engagement letter dated 23 October 2013 in our capacity as an independent expert to assess whether the consideration offered for shares in KHD by the bidders is financially fair under the terms of the German "Principles for the Preparation of Fairness Opinions" (IDW S 8: Grundsätze für die Erstellung von Fairness Opinions) established by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer in Deutschland e.V.).

As to the bidders' offer document dated 20 November 2013, the bidders have offered a consideration per share to KHD's shareholders in an amount of €6.45 ("consideration per share offered").

We have performed this engagement under the terms of IDW S 8. Accordingly, we have assessed the financial fairness of the consideration per share offered according to the standards set out in IDW S 8.

We have carried out this engagement in the capacity of an independent expert at our own responsibility.

We draw your attention to the fact that it was not part of our work to provide an opinion on the legal and tax aspects of the Transaction. Our evaluation of the fairness of the consideration offered was limited to the purely financial aspects. The work we have carried out in the course of our Fairness Opinion differs substantially in its scope as well as in its objectives from an audit of the financial statements, a due diligence, an expert opinion in accordance with IDW S 1 or similar examinations. Thus, our Fairness Opinion is not an audit opinion or any other certificate or confirmation relating to the financial statements, the internal controlling system, planning system or the business plan of KHD. We accept no responsibility for the realisation of the business plan or the respective underlying assumptions. We have neither audited nor reviewed the information and documents underpinning the Fairness Opinion according to the engagement.

Our report comprises a Valuation Memorandum in addition to this Opinion Letter. The Valuation Memorandum sets out in detail the main conclusions of our work.

Our Fairness Opinion is solely prepared for KHD's board of directors and supervisory board in context with their statement on the transaction according to para. 27 WpÜG. It is not a substitute for the requirement of KHD's board of directors and supervisory board's independent assessment whether the conditions of the transaction are financially fair as part of their duty of care. Our Fairness Opinion does not contain any recommendation as to whether the bidders' offer should be accepted by shareholders of KHD or not. Also, it does not express any opinion as to whether the statement according to para. 27 WpÜG is comprehensive and correct or to whether the conditions of the transaction are in compliance with legal requirements.

Subject to our prior written approval, the fairness opinion (Opinion Letter and the Valuation Memorandum) may, in their full version only, be released to individual third parties. The release is conditional upon the third party agreeing in writing to accept the current General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften and the limitations in our liability as well as confirming that it will treat the report as confidential and will not release the report to any other party.

Our work has been carried out subject to the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften as at 1 January 2002.

1 Financial fairness of the consideration offered

There is no legal definition of the term "fairness" given by WpÜG. According to IDW S 8 (subsection 57), a consideration per share offered is assessed as 'financially fair', if it lies within or above a range of values determined by applying an income approach and reference transaction prices (the "benchmarking" function).

The financial fairness of the consideration offered has been assessed from the perspective of KHD's shareholders. Fairness Opinions do not express an opinion as to whether a more advantageous consideration could be achieved with another party.

2 Opinion date

Opinion date is 3 December 2013.

3 Engagement execution and basic information

We carried out our work over the period 23 October 2013 to 2 December 2013 on the premises of KHD as well as at our own offices.

We have carried out our work on the basis of information provided to us by you as well as publicly available information. You are solely responsible for the accuracy and completeness of the information provided to us by you. We have undertaken steps to satisfy ourselves, so far as possible, that the information we have used in our work is consistent with other information which was made available to us. We have not, however, sought to establish the accuracy and completeness of the information provided and the reliability of the sources.

In the course of the engagement we held a number of conversations with the board of directors of KHD as well as with various other key contacts provided by the board. Key aspects of our discussions with KHD's management were the evaluation of the performance of the business to date, as well as their assessment of future performance and KHD's consolidated business plans (including affiliates). We would like to underline that the preparation of the business plan (including that of the underlying assumptions) is exclusively the responsibility of KHD.

In particular, we have performed the following:

- Analysis of relevant information concerning the transaction and KHD Group
 - Analysis of KHD's business model
 - Analysis of the relevant financial information of KHD (financial statements and consolidated financial statements, business plans, other financial data)
 - Analysis of the assumptions underlying the business plan regarding its plausibility and management discussions on the expected development of the market as well as the competitive situation
 - Analysis of the transaction process and existing valuations

- In order to evaluate the financial fairness of the consideration per share offered, we have applied the following methods:
 - Application of an income approach (discounted cash flow)
 - Application of market approaches (analysis of share price development, analysis of pre-acquisition prices, multiples derived from comparable companies and from comparable transactions)
 - Analysis of capital market or transaction market-related information (target share prices issued by financial analysts)

Available key information is listed in appendix 1.

KHD's board of directors has confirmed that we were provided with a complete and accurate set of documents and information for the purposes of this engagement.

4 Benchmarks for evaluation of financial fairness

In determining a range of values by applying an income approach and values determined on the basis of comparable transactions, we applied the following methods as set out below.

Our analysis was performed on a stand-alone basis without any effects from the transaction on KHD.

4.1 *Income approach*

Valuation methodology

In line with the individual business of the transaction target, we assume the income approach to be appropriate to evaluate the transaction price. We have applied the Weighted Average Cost of Capital approach (WACC approach) which is part of the discounted cash flow method.

Within the WACC-approach, the value of a company with purely financial objectives is based on the present value of the company's future cash flows which are available to company shareholders. Basis for the valuation is KHD's consolidated business plan dated 5 November 2013. We have analysed the business plan according to IDW S 8.

The financial planning is divided into two phases. In principle, the first phase (detailed planning phase) covers a clear period of three to five years and considers a detailed planning of main forecast items in order to estimate future cash flows. The projections for the years in the second phase (so-called sustainable period or perpetuity) are starting at the end of the detailed planning phase and are normally based on long-term projections of trend developments. Thereby, there is a need to examine if assets, liabilities, financial position and earnings of the transaction target are in a steady state at the end of the detailed planning period or if the annual projected cash flows are still changing. If they are changing it is to examine, whether a constant amount of change or changes with a constant growth rate represent the changing projected cash flows appropriately.

Under the WACC-approach, financial benefits to all provider of capital (equity and debt) are estimated for each of several future periods (free cash flows). The equity value of the transaction target is determined by subtracting the interest bearing liabilities (net debt) from the present value of free cash flows (entity value).

In order to determine the entity value, anticipated future free cash flows are discounted as at the opinion date at an appropriate discount rate. The discount rate reflects the return on an alternative investment which compares to an investment in the transaction target, provided that the two investments are equivalent in terms of maturity, risk and taxation. The free cash flows therefore have to be discounted with weighted average cost of capital, based on a weighted average of the yield requirements of the providers of equity and net debt. The weighted average cost of capital is calculated as the arithmetic mean of cost of equity and cost of net debt (after-tax). The weightings of these components are the corresponding percentages of the market values of equity and net debt in relation to the entity value. In the sustainable period, WACC is reduced by the terminal growth rate.

Any items that cannot be considered in discounted cash flow, either as a whole or in part, will generally be assessed separately and then added to the discounted cash flow. These special items include not only non-operating assets, but also certain financial assets and tax effects. Non-operating assets are any assets that can be sold without affecting the business operations. Free cash, the utilisation of tax losses carried forward as well as a non-active affiliate have been identified and considered as special items.

Valuation approach

When applying the income approach, we have determined the business value (equity value) of KHD as a first step. Hence, we have divided the equity value by the number of KHD's outstanding shares (without treasury shares) in order to calculate an equity value per share.

4.2 Market approach

In course of the market approach, we have applied the following analyses:

- analyses of KHD's share price development and of pre-acquisition prices,
- trading multiples,
- transaction multiples.

4.2.1 Analysis of KHD's share price development

In general, share prices have to be applied to assess the financial fairness of transaction prices (IDW S 8, sub-section 26). The analysis of share prices of the transaction target provides the opportunity to compare transaction prices with expectations at capital markets. However, the significance of a company's share price may be limited due to potential impacts of special circumstances (e.g. marketability, insufficient trading or potential manipulation of share prices). Therefore, it may be appropriate to determine average share prices.

In case of public takeover and acquisition offers, para. 31 WpÜG stipulates that the bidder has to offer an appropriate minimum consideration to be determined according to para. 31 WpÜG in conjunction with para. 3 ff. WpÜGAngebV (German Ordinance on the Content of the Tender Document, the Consideration for Takeover Offers and Mandatory Offers and the Exemption from the Duty to Publish and Submit an Offer) et seq. In case of share listings at a German stock exchange, the minimum consideration is determined i.a. by the volume-weighted average share price during the last three months before the announcement of the voluntary public takeover offer. Hence, the share price is a benchmark for assessing financial fairness of transaction prices.

According to the bidders' offer document dated 20 November 2013 (page 29) and as approved by the German Federal Financial Supervisory Authority ("BaFin"), BaFin has determined a three-months average share price before 11 October 2013 of €4.78 per KHD's share.

The consideration per share offered in an amount of €6.45 per KHD's share is about 34.9% higher than the three-months average share price. Compared to the closing price on 10 October 2013 (XETRA) of €5,096 per KHD's share, the consideration per share offered contains a premium of 26.6%.

4.2.2 Analysis of pre-acquisition prices

According to the offer document dated 20 November 2013 (page 19) AVIC International Engineering Holdings Pte. Ltd. has entered into share purchase and transfer agreements with 13 shareholders of KHD on 11 October 2013 in order to acquire 9,456,353 shares in total at €6.45 per share. These share purchase and transfer agreements are still subject to the same condition precedent as the condition precedent of the voluntary public takeover offer (see offer document dated 21 November 2013, pages 19, 33 to 34). The purchase price agreed equals the consideration per share offered.

4.2.3 Trading Multiples

When applying trading multiple analyses, the assessment is based on market prices of comparable listed companies ("trading multiples"). For this, the financial reference value of the transaction target (e.g. sales, EBITDA, EBIT, net income) is multiplied by market-based multiples. The market based multiples are calculated as ratio of market price or enterprise value to the corresponding financial reference value of the peer group company.

The significance of comparable company analysis is limited even when comparing companies in the same industry or companies that are operating in closely related industries. This can be attributed to different portfolios or segments in business, difference in size, different business policy or further influences impacting the business value.

The trading multiples were generally derived from the same peer group of comparable and listed companies which was also used for the determination of the beta factor when applying the income approach. We used also those peer group companies, which were eliminated in the beta factor analysis due to statistical reasons.

Applying EBITDA (= earnings before interest, taxes, depreciation and amortisation) and EBIT (= earnings before interest and taxes) multiples on the corresponding financial reference value of transaction target yields in an enterprise value of the transaction target. Deducting net debt of transaction target results in the equity value.

Corresponding to the DCF-valuation we have included special items in our analysis.

Due to the difference in earnings margins between KHD and peer group companies, the significance of trading multiple analyses is limited in this case.

4.2.4 Transaction Multiples

When applying transaction multiple analyses, the assessment is based on transaction prices of comparable transactions. For this, the sustainable financial reference value of the transaction target (e.g. sales, EBITDA, EBIT, net income) is multiplied by multiples derived from comparable transaction. These transaction multiples are calculated as ratio of transaction price or enterprise value to the corresponding financial reference value of the company subject to the reference transaction.

Depending on the financial reference value, the entity value or the equity value of the transaction target are determined. Deducting net debt from the entity value yields the equity value.

The significance of comparable transaction analysis is limited due to individual influences (strategic purpose, expectations) from buyers' side in each case. Overlapping in business portfolios or individual expectations on synergies are from significant importance.

For the derivation of transaction multiples we have analysed transactions in the area of construction support services taken place in 2012 and 2013.

Our analysis based on EBITDA and EBIT as financial reference values of peer companies.

Corresponding to the DCF-valuation we have included special items in our analysis.

4.3 Analysis of supplementary information related to capital and transaction markets

Additionally and as supplementary information, we have analysed target share prices issued by financial analysts regarding listed shares of the transaction target from 27 March 2013 to 25 October 2013.

5 Opinion

Based on our work carried out in accordance with IDW S 8, it is our opinion, that the consideration offered by the bidders in an amount of €6.45 per KHD Humboldt Wedag International AG's share is financially fair within the meaning of IDW S 8.

Yours sincerely

Michael Salcher
Wirtschaftsprüfer
Steuerberater

ppa.
Thomas Kupke
Wirtschaftsprüfer
Steuerberater

Enclosures

Selected available information

General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften as at
1 January 2002



Appendix 1: Selected available information

- Annual accounts and financial reports as well as consolidated annual accounts and financial reports for KHD for FY 2010 to 2012 as well as half year report HY 2013
- KHD company presentation as at 29 October 2013
- Management's strategy presentation to KHD's supervisory board as at 5 November 2013
- Market and strategy presentation of KHD as at 7 November 2013
- Consolidated business plan of KHD for FY 2013 to 2017 dated 5 November 2013
- Extracts from KHD's management reporting
- Certain market studies

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]
as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

- (1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.
- (2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

- (1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services – not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.
- (2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.
- (3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.
- (4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

- (1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.
- (2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations – especially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

- (1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms. The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.
- (2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

- (1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.
- (2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.
- (3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties – by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

- (1) The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.

(2) Liability for negligence: An individual case of damages

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) Proclusive deadlines

A compensatory damages claim may only be lodged within a proclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the proclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
- b) examination of tax assessments in relation to the taxes mentioned in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
- e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.

Appendix 2
to the Joint Statement of the Management Board and the Supervisory Board

Fairness Opinion of Network Corporate Finance GmbH & Co KG, Düsseldorf

Persönlich / Vertraulich

An den Aufsichtsrat der
KHD Humboldt Wedag International AG
Colonia-Allee 3
51067 Köln

28. November 2013

Stellungnahme zum freiwilligen öffentlichen Übernahmeangebot der AVIC International Engineering Holdings Pte. Ltd., Europe Project Management Pte. Ltd., Europe Technology Investment Pte. Ltd., and Europe Engineering Holdings Pte. Ltd. vom 21. November 2013 („Fairness Opinion“)

Sehr geehrte Damen und Herren,

am 11. Oktober 2013 haben AVIC International Engineering Holdings Pte. Ltd., Europe Project Management Pte. Ltd., Europe Technology Investment Pte. Ltd., and Europe Engineering Holdings Pte. Ltd. („Bieterin“) ihre Entscheidung veröffentlicht, allen Aktionären der KHD Humboldt Wedag International AG („KHD“ oder die „Gesellschaft“) ein freiwilliges öffentliches Übernahmeangebot („Angebot“) gemäß Wertpapierübernahmegesetz („WpÜG“) zum Erwerb ihrer Aktien zu unterbreiten.

Am 21. November 2013 hat die Bieterin die Angebotsunterlage („Angebotsunterlage“) für ihr Angebot an alle Aktionäre der KHD zum Erwerb aller auf den Namen lautenden Stückaktien der KHD mit einem anteiligen Betrag am Grundkapital von EUR 1,00 je Aktie („KHD Aktien“) zu einem Kaufpreis von EUR 6,45 je KHD Aktie („Angebotspreis“) veröffentlicht.

Sie haben uns gebeten, eine Stellungnahme zu der Frage abzugeben, ob der von der Bieterin angebotene Kaufpreis in Höhe von EUR 6,45 je KHD Aktie aus rein finanzwirtschaftlicher Sicht angemessen ist („Stellungnahme“).

Gemäß der uns von Ihnen gemachten Vorgaben bezieht sich diese Stellungnahme nicht auf z.B. mögliche Synergieeffekte aus einem Zusammenschluss, sondern ausschließlich auf das Angebot, wie es sich für die Inhaber der KHD Aktien mit Ausnahme der Bieterin, die zum Zeitpunkt der Unterzeichnung der Angebotsunterlage nach ihren Angaben 9.940.715 KHD Aktien und somit ca. 20 % des Grundkapitals und der Stimmrechte hielt, darstellt.

Network Corporate Finance GmbH & Co. KG („Network“) ist im Zusammenhang mit der Transaktion als Finanzberater des Aufsichtsrats tätig. Für unsere insoweit erbrachten Dienstleistungen werden wir von der Gesellschaft ein marktübliches Honorar erhalten. Wir erbringen möglicherweise auch zukünftig solche Dienstleistungen, für die wir eine Vergütung erwarten. Gegenwärtig sind wir weder für die Bieterin noch für ein mit der Bieterin verbundenes Unternehmen tätig. Die Gesellschaft hat sich einverstanden erklärt, uns von aus dieser Tätigkeit möglicherweise resultierenden Haftungen und Verbindlichkeiten freizustellen.

Im Zusammenhang mit dieser Stellungnahme haben wir folgende Unterlagen eingesehen:

- die von der Bieterin gemäß § 14 Abs. 2 und 3 des Wertpapiererwerbs- und Übernahmegesetzes („WpÜG“) am 21. November 2013 veröffentlichte Angebotsunterlage,
- verschiedene öffentlich zugängliche Geschäfts- und Finanzinformationen über die Gesellschaft, insbesondere die veröffentlichten Geschäftsberichte der KHD AG für die Jahre 2010, 2011 und 2012,
- den veröffentlichten Konzern-Halbjahresbericht der Gesellschaft für den Zeitraum vom 1. Januar bis 30. Juni 2013,
- die veröffentlichten „Interim Management Statements“ der Gesellschaft für die Zeiträume vom 1. Januar bis 31. März 2013, sowie 1. Juli bis 30. September 2013,
- die KHD Finanzplanung, inklusive der Prognose 2013, dem Budget 2014 sowie der Mittelfristplanung für den Zeitraum 2015 bis 2017 vom 05. November 2013,
- die „free cash“ Darstellung per 30. September 2013 vom Management der Gesellschaft,
- Pressemitteilungen und Ad-hoc-Mitteilungen der Gesellschaft bis zum Datum der veröffentlichten Angebotsunterlage am 21. November 2013,
- Unternehmensinterne Präsentationen, insbesondere zu den Themen „Market & Strategy Update“, Q3 2013 Reporting, Investor Call Q3 2013, Management Report September 2013, sowie die Präsentation für den Aufsichtsrat vom September 2013,
- Übersicht wesentlicher der KHD bekannten Aktionäre vor dem Übernahmeangebot,
- verschiedene öffentlich zugängliche Informationen und Analysen über den relevanten Markt, und
- diverse von Aktienanalysten publizierte Berichte, Finanzprognosen und sonstige Analysen, die sich mit der Gesellschaft und dem Übernahmeangebot befassen.

Darüber hinaus haben wir:

- die gegenwärtige und historische Kursentwicklung der KHD Aktie sowie die Handelsaktivitäten in KHD Aktien vor der Bekanntgabe der Entscheidung der Bieterin zur Abgabe des Angebots sowie die Marktreaktionen auf die Ankündigung des Angebotes untersucht,
- wirtschaftliche und finanzielle Kennzahlen der Gesellschaft mit öffentlich zugänglichen Informationen über andere börsennotierte Unternehmen, die wir für maßgeblich erachtet haben, verglichen und die gegenwärtige und historische Kursentwicklung der Aktien dieser anderen Unternehmen analysiert,
- die finanziellen Konditionen des Angebots mit den öffentlich bekannten Konditionen bestimmter anderer Unternehmenszusammenschlüsse und Transaktionen, die in der jüngeren Vergangenheit durchgeführt wurden und die wir für maßgeblich erachtet haben, verglichen,
- eine Bewertung der Gesellschaft nach dem Discounted Cash Flow (DCF)-Verfahren, basierend auf den Finanzprognosen (KHD Finanzplanung 2013-2017 aus November 2013) sowie von uns als sachgerecht angesehenen Szenarioanalysen, durchgeführt sowie
- weitere Untersuchungen und Analysen durchgeführt, die wir in diesem Zusammenhang als sachgerecht angesehen haben.

Ferner haben wir Gespräche über die Einschätzung des Vorstandes und leitender Mitarbeiter der Gesellschaft hinsichtlich des bisherigen und gegenwärtigen Geschäftsverlaufs, der Finanz- und Ertragslage und der Geschäftsaussichten der Gesellschaft sowie bestimmter anderer Sachverhalte, die von uns im Zusammenhang mit der Erarbeitung der Stellungnahme als relevant erachtet wurden, geführt.

Wir nehmen weder zu der Wahrscheinlichkeit des Abschlusses der Transaktion Stellung, noch beurteilen wir die Angebotsunterlage, mit Ausnahme des angebotenen Kaufpreises. Wir geben keine Aussage dazu ab, ob die Bedingungen des Angebots den Vorgaben des WpÜG entsprechen. Wir weisen darauf hin, dass wir weder von dem Aufsichtsrat noch von dritter Seite gebeten wurden, eine Empfehlung hinsichtlich der Transaktionsstruktur, der Höhe des Angebotspreises oder anderer Bedingungen oder Aspekte des Angebots abzugeben.

Durch diese Stellungnahme geben wir keine Einschätzung ab, ob die Bieterin oder eine andere dritte Partei zu einem späteren Zeitpunkt einen höheren Kaufpreis als den Angebotspreis gemäß der von der Bieterin am 21. November 2013 veröffentlichte Angebotsunterlage bieten könnte.

Schließlich weisen wir darauf hin, dass diese Stellungnahme keine Unternehmensbewertung, wie sie typischerweise von Wirtschaftsprüfern aufgrund der Erfordernisse des deutschen Gesellschaftsrechts erbracht wird, darstellt. Sie basiert vielmehr auf einer Bewertung der Gesellschaft, wie sie auch bei ähnlichen Kapitalmarkttransaktionen durch Investmentbanken durchgeführt wird. Solche Bewertungen erfolgen unter Anwendung international gebräuchlicher Bewertungsmethoden, die sich in wesentlichen Punkten von der Bewertung eines Unternehmens durch einen Wirtschaftsprüfer und von bilanziellen Bewertungen unterscheiden.

Insbesondere haben wir keine Unternehmensbewertung auf Grundlage des vom Institut der Wirtschaftsprüfer e.V. (IdW) veröffentlichten Standards zu Unternehmensbewertung (IDW S 1 n.F.) durchgeführt. Die vorliegende Stellungnahme stellt daher keinen Ersatz für eine solche Bewertung dar. Wir machen keine Aussage dazu, ob in Anbetracht der Art und Umstände des Angebots die Einholung einer Unternehmensbewertung gemäß dem Standard des Instituts der deutschen Wirtschaftsprüfer (IDW S 1) durch den Vorstand der Gesellschaft erforderlich oder sachgerecht wäre. Der IDW Standard Grundsätze für die Erstellung von Fairness Opinions (IDW S 8) hat bei der Anfertigung der Fairness Opinion keine Anwendung gefunden. Ebenso stellt unserer Beratung keine Dienstleistung i. S. d. Wertpapierhandelsgesetzes (WpHG) oder des Kreditwesengesetzes (KWG) dar.

Bei der Erarbeitung dieser Stellungnahme wie auch bei der sonstigen Beratung des Aufsichtsrates im Zusammenhang mit dem Angebot sind wir davon ausgegangen, dass alle von uns berücksichtigten oder verwerteten Finanz-, Buchführungs-, Steuer- und sonstigen Informationen und Unterlagen vollständig und korrekt waren. Dies gilt unabhängig davon, ob diese aus öffentlichen Quellen stammen oder uns von der Gesellschaft oder anderweitig zur Verfügung gestellt wurden. Entsprechend haben wir die uns vorliegenden Unterlagen und Informationen nicht eigenständig auf Richtigkeit und Vollständigkeit überprüft. Ebenso wenig haben wir eine Bewertung oder Prüfung der Aktiva oder Passiva der Gesellschaft oder ihrer Tochtergesellschaften (einschließlich außerbilanzieller Verbindlichkeiten) vorgenommen. Entsprechende Bewertungen oder Überprüfungen wurden uns auch nicht zur Verfügung gestellt. Schließlich haben wir darauf vertraut, dass die uns von der Gesellschaft zur Verfügung gestellten Unterlagen, zukunftsgerichteten Aussagen und Informationen nach bestem kaufmännischen Wissen von der Gesellschaft erstellt wurden und auf den besten derzeit verfügbaren Schätzungen und Beurteilungen des Vorstands der Gesellschaft beruhen.

Diese Stellungnahme und sämtliche hierin enthaltenen Angaben und Ansichten beruhen auf den gegenwärtig herrschenden Markt- und sonstigen Bedingungen und den uns zum gegenwärtigen Zeitpunkt zur Verfügung stehenden Informationen und Planungen der Gesellschaft. Wir weisen ausdrücklich darauf hin, dass sich diese wie auch bestimmte von uns bei Abgabe dieser Stellungnahme zugrunde gelegte Annahmen in Zukunft ändern können. Obschon solche Veränderungen Auswirkungen auf den Inhalt und das Ergebnis dieser Stellungnahme haben können, werden wir die vorliegende Stellungnahme weder aktualisieren

noch von uns aus auf den Eintritt von Änderungen, die sich auf den Inhalt dieser Stellungnahme auswirken können, hinweisen.

Unsere Beratungsleistungen wie auch diese Stellungnahme dienen ausschließlich zur Information und zur Unterstützung des Aufsichtsrates der Gesellschaft im Zusammenhang mit der Prüfung des Angebots. Sie ist nicht an Dritte gerichtet und begründet auch keine Rechte Dritter. Insbesondere ist diese Stellungnahme nicht an KHD Aktionäre gerichtet und stellt deshalb auch keine Handlungsempfehlung an die Inhaber von KHD Aktien für eine Annahme oder Nichtannahme des von der Bieterin unterbreiteten Angebots dar.

Schließlich weisen wir ausdrücklich darauf hin, dass wir mit Ihrer Zustimmung keine Stellungnahme dazu abgeben, ob das Angebot im Einklang mit den Vorschriften des Wertpapiererwerbs- und Übernahmegesetzes einschließlich der diesbezüglichen Rechtsverordnungen steht.

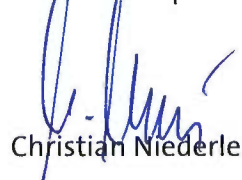
Wir sind damit einverstanden, dass der Vorstand und Aufsichtsrat der Gesellschaft in ihrer Stellungnahme zum Angebot gemäß § 27 WpÜG angeben, dass Network diese Stellungnahme abgegeben hat, sich auf dieses Schreiben beziehen und dieses zusammenfassend oder auszugsweise wiedergeben bzw. eine vollständige Kopie dieses Schreibens der Stellungnahme des Vorstands und des Aufsichtsrates der Gesellschaft beigelegt wird, wenn gleichzeitig darauf hingewiesen wird, dass unsere Stellungnahme unter bestimmten Annahmen und Vorbehalten steht und dass zu ihrem Verständnis deren vollständige Lektüre erforderlich ist.

Mit Ausnahme der vorgenannten gestatteten Offenlegung darf dieses Schreiben ohne unsere vorherige schriftliche Zustimmung weiteren Personen weder offen gelegt werden, noch darf es – ganz oder teilweise – zitiert oder darauf Bezug genommen werden und es darf für keinen anderen als den bestimmten Zweck verwandt werden.

Dies vorausgeschickt und vorbehaltlich der obigen Ausführungen sind wir zum Zeitpunkt der Unterzeichnung dieses Schreibens der Auffassung, dass der von der Bieterin im Rahmen des Angebots angebotene Kaufpreis in Höhe von EUR 6,45 je KHD Aktie in bar aus finanzieller Sicht einen fairen und angemessenen Gegenwert für die Aktie der KHD AG darstellt.

Mit freundlichen Grüßen

Network Corporate Finance GmbH & Co. KG



Christian Niederle
Managing Partner



Frank Schönert
Managing Partner

Private Advisors.

NON-BINDING ENGLISH TRANSLATION

Network Corporate Finance · Goethestraße 83 · 40237 Düsseldorf

Private / confidential

To the supervisory board of

KHD Humboldt Wedag International AG

Colonia-Allee 3

51067 Cologne

November 28, 2013

Opinion regarding the voluntary public takeover offer of AVIC International Engineering Holdings Pte. Ltd., Europe Project Management Pte. Ltd., Europe Technology Investment Pte. Ltd., and Europe Engineering Holdings Pte. Ltd. dated November 21, 2013 ("fairness opinion")

Dear Sirs and Madam,

On October 11, 2013, AVIC International Engineering Holdings Pte. Ltd., Europe Project Management Pte. Ltd., Europe Technology Investment Pte. Ltd., and Europe Engineering Holdings Pte. Ltd. ("bidder") announced its decision to submit to all shareholders of KHD Humboldt Wedag AG ("KHD" or the "company") a voluntary public takeover offer ("offer") in accordance with the German Securities Takeover Act ("WpÜG") for the acquisition of their shares.

On November 21, 2013, the bidder published the offer document ("offer document") for its offer to all shareholders of KHD for the acquisition of all the registered non-par value shares of KHD with a pro-rata sum of nominal capital of EUR 1.00 per share ("KHD shares") at a purchase price of EUR 6.45 per KHD share ("offer price").

You have asked us to provide a fairness opinion on the question of whether the purchase price offered by the bidder in the amount of EUR 6.45 per KHD share is reasonable from a purely financial point of view.

In accordance with the guidelines you provided to us, this fairness opinion does not relate to for example possible synergistic effects from a business combination, but rather exclusively to the offer as it appears to owners of KHD shares, with the exception of the bidder, which has indicated that it held indirectly 9,940,715 KHD shares (i.e. 20 %) and voting rights in KHD at the time the offer document was signed.

Network Corporate Finance GmbH & Co. KG ("Network") is acting as financial advisor to the company's supervisory board in connection with the transaction. We will receive a customary fee from the company for the services we provide in this respect. In the future, we may also provide services for which we expect compensation. Currently we are not retained by either the bidder or a company affiliated with the bidder. The company has agreed to indemnify us against liabilities and payables that may result from our services.

In connection with this fairness opinion, we have reviewed the following documents:

- the Offer Document published by the Bidder on November 21, 2013 in accordance with § 14 paragraphs 2 and 3 of the German Securities Acquisition and Takeover Act (WpÜG),
- various sources of publicly-accessible business and financial information regarding the company, in particular the group annual reports for the financial years 2010, 2011, and 2012,
- the group half-year report for the period from January 1, 2013 through June 30, 2013
- the quarterly Interim Management Statements for the periods from January 1 through March 31, 2013, and July 1, 2013 through September 30, 2013,
- the group Planning Data, including an updated forecast 2013, the budget for the year 2014, as well as the group mid-term budget for the years 2015 to 2017, dated November 5, 2013,
- presentation of "free cash" as per September 30, 2013 by the management of the company,
- press releases and ad-hoc announcements by the company up to the date of the Offer Document published on November 21, 2013
- group presentations, in particular "Market & Strategy Update", Q3 2013 reporting, investor call presentation Q3 2013, Management Report September 2013, and Supervisory Board presentation September 2013,
- overview of key shareholders known to KHD prior to the takeover offer,
- various sources of publicly accessible information and research regarding the market in which the company is active and
- miscellaneous reports, financial projections and other analyses published by stock analysts who cover with the company's stock.

In addition, we have:

- examined the current and historical share price and trading activities in KHD shares prior to the announcement of the decision of the Bidder to submit the offer as well as the market reactions to the announcement of the offer,
- compared the company's key commercial and financial figures with publicly accessible information regarding other listed companies that we considered relevant and analysed the current and historical price of the shares of these other companies,
- compared the financial terms and conditions of the offer with publicly available terms and conditions for certain other company mergers and transactions that were carried out in the recent past and which we considered relevant,
- carried out an assessment of the company in accordance with the Discounted Cash Flow (DCF) method based on the financial projections ("planning data" dated November 2013) along with scenario analyses that we considered appropriate, and
- carried out additional reviews and analyses that we considered appropriate in this context.

We engaged also in discussions regarding the appraisal of the board of directors and executive employees of the company in respect of past and present business performance, the financial condition and results of operations and the business prospects of the company as well as certain other circumstances that we considered relevant in connection with the development of the fairness opinion.

We are not providing an opinion with respect to the likelihood that the transaction will be consummated, nor are we evaluating the offer documents, with the exception of the purchase price offered. We point out that we were not asked by either the supervisory board or third parties to provide a recommendation with regard to the structure of the transaction, the amount of the price offered or other terms or aspects of the offer.

In this fairness opinion, we provide no appraisal of whether the bidder or any other third party might, at a later point in time, offer a purchase price greater than the offer price in accordance with the offer documents published by the bidder on November 21, 2013.

Finally, we point out that this fairness opinion does not represent a company valuation as is typically provided by auditors on the basis of the requirements of German corporate law. In fact, it is based on a valuation of the company as is otherwise carried out by investment banks for similar capital market transactions. Such valuations are performed by applying customary international valuation methods that differ in material respects from the valuation of a company by an auditor and from balance sheet valuations. In particular, we did not perform a company valuation on the basis of the standards for company valuation published by the Institut der Wirtschaftsprüfer e.V. (IdW).

As such, this fairness opinion does not substitute such valuation. We make no assertion as to whether, in consideration of the type and circumstances of the offer, it would be necessary or proper to obtain a company valuation in accordance with the standard of the Institut der deutschen Wirtschaftsprüfer (IDW S 1) by the board of directors of the company. The IDW Standard "Grundsätze für die Erstellung von Fairness Opinions" (Standard Principles for Preparing Fairness Opinions – IDW S 8) was not applied in the preparation of the Fairness Opinion. Likewise, our advice does not represent services in terms of the Securities Trading Act (WpHG) or the Banking Act (KWG).

During the preparation of this fairness opinion as well as in our advisory role to the supervisory board in connection with the offer, we assumed that all information and documents relating to finances, accounting and taxes that we took into consideration or evaluated were complete and correct. This is the case regardless of whether they originated from public sources or were made available to us by the company or otherwise. Correspondingly, we did not independently review the documents and information available to us for correctness or completeness. We did not carry out any valuation or audit of the assets or liabilities of the company or its subsidiaries (including off-balance-sheet liabilities). In addition, no such valuations or audits were made available to us. Finally, we assumed that the documents, forward looking statements and information provided to us by the company were created on the basis of the company's best commercial knowledge and were based on the best estimates and evaluations by the board of directors of the company available at the time.

This fairness opinion and all information and opinions contained therein are based on the market conditions and other conditions currently prevailing and the information and plans of the company made available to us at the present time. We explicitly point out that these assumptions, as well as certain underlying assumptions on which we base this fairness opinion, could change in the future. Although such changes could affect the content and the conclusion of this fairness opinion, we will not update this fairness opinion or point out the occurrence of changes that could affect the contents of this fairness opinion.

Our advisory services and this fairness opinion are exclusively to inform and support the supervisory board of the company in connection with the review of the offer. It is not directed to any third party and does not establish any rights for third parties. In particular, this fairness opinion is not directed towards KHD shareholders and thus does not represent a recommendation to the owners of KHD shares for the acceptance or rejection of the offer submitted by the bidder.

Finally, we explicitly point out that, with your approval, we provide no opinion as to whether the offer is in compliance with the requirements of the German Securities Acquisition and Takeover Act, including the legal ordinances associated with it.

Network Corporate Finance

Private Advisors.

As such, we are in agreement that in their opinion on the offer in accordance with § 27 of the WpÜG, the board of directors and the supervisory board of the company state that Network has issued this fairness opinion, refers to this document and reproduces it in the form of a summary or abstract or includes a complete copy of this document in the opinion of the board of directors and the supervisory board of the company, if at the same time it is made clear that our fairness opinion is provided under certain assumptions and reservations and that for its comprehension it is necessary to read the document in its entirety.

With the exception of the disclosure permitted above, this document may not be disclosed to other persons without our prior written approval, nor may it be quoted, nor may reference be made to it – in whole or in part – and it may not be used for any purpose other than that specified.

This said and subject to the comments above, as of the time this document is signed, we are of the opinion that the purchase price offered by the bidder in the context of the offer in the amount of EUR 6.45 per KHD share in cash does represent a fair and reasonable consideration for the shares of KHD Humboldt Wedag International AG from a financial perspective.

Sincerely yours,

Network Corporate Finance GmbH & Co. KG



Christian Niederle
Managing Partner



Frank Schönert
Managing Partner