

## **KHD Humboldt Wedag International AG**

**Cologne**

**- Security Identification Number DE0006578008 -**

### **INVITATION TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2014**

We cordially invite the shareholders of our company to the **Annual General Meeting of Shareholders** on Tuesday, May 27, 2014, at 09:00 a.m. CET at the Marriott Hotel Köln, Johannisstraße 76-80, 50668 Cologne, Germany.

#### **AGENDA**

- 1. Presentation of the adopted annual financial statements, the approved annual financial statements of the Group, the management report of the Company and the Group, the report of the Supervisory Board and the explanatory report of the Management Board on information pursuant to Section 289 Paragraph 4 subsection 1 to 5 and Paragraph 5, Section 315 Paragraph 2 subsection 5 and Paragraph 4 of the German Commercial Code (HGB) for the Financial Year 2013**

The Supervisory Board has already approved the annual financial statements for the Financial Year 2013 of the Company and of the Group. According to Section 172 of the German Stock Corporation Law (AktG), the annual financial statements have thus been adopted. According to the statutory provisions, no resolution shall be passed on this agenda item.

The aforementioned documents, including the announcement of convening of this General Meeting, will be on display on the website of the Company <http://www.khd.com> at the link "Investor Relations" with language setting "English" under the column "Annual General Meeting" from the date of the announcement. Furthermore, the aforementioned documents will be open to inspection at the General Meeting.

## **2. Resolution on appropriation of the Company's net retained profit**

The Management Board and the Supervisory Board propose to carry-forward the Company's net retained profit for the financial year 2013 totaling € 4,761,620.89 to new account.

## **3. Resolution on granting discharge to the members of the Management Board**

The Management Board and the Supervisory Board propose to grant discharge to the members of the Management Board for the financial year 2013.

## **4. Resolution on granting discharge to the members of the Supervisory Board**

The Management Board and the Supervisory Board propose to grant discharge to the members of the Supervisory Board for the financial year 2013.

## **5. Appointment of an auditor for the Company and the Group**

Based on the recommendation of the audit committee, the Supervisory Board proposes to appoint Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, as the auditor of the Company and the Group for the financial year 2014.

## **6. Resolution on the reduction in size of the Supervisory Board and amendment of the Articles of Association**

The number of Supervisory Board members of the Company shall be reduced from six to three persons. Section 10 Paragraph 1 of the Articles of Association must be amended accordingly. The Management Board and the Supervisory Board propose to adopt the following resolution:

Section 10 Paragraph 1 of the Articles of Association is cancelled and reworded as follows:

“(1) The Supervisory Board consists of three members.”

**7. Resolution on an amendment of the Articles of Association for the adjustment of the Supervisory Board remuneration**

With regard to the proposed reduction of the number of Supervisory Board members according to the above agenda item 6 to three members, the overall remuneration of the Supervisory Board members shall be adjusted accordingly. As the current remuneration for six members amounts to a total of € 317,000, a reduction to € 150,000 is considered appropriate.

The Management Board and the Supervisory Board propose to adopt the following resolution:

Section 13 Paragraph 1 of the Articles of Association is cancelled and reworded as follows:

“(1) The members of the Supervisory Board shall receive, in addition to the reimbursement of their expenses, a fixed total remuneration amounting to € 150,000. The Supervisory Board shall decide by a resolution how this total remuneration shall be divided between the individual members of the Supervisory Board, including those who have retired or those who have been newly elected during the year, and also taking into account the duties of the individual members in their capacity as chairperson or vice chairperson of the Supervisory Board.”

The amendment of the Articles of Association is valid for the first year pro-rata-temporis from the date of its entry in the Commercial Register.

The Management Board is requested to apply for registration of the amendment of Section 13 Paragraph 1 of the Articles of Association in the Commercial Register, but shall make sure that this amendment of the Articles of Association is not entered before registration of the amendment of the Articles of Association regarding item 6 of the agenda (Section 10 Paragraph 1 of the Articles of Association).

**8. Resolution on an amendment of the Articles of Association for the change of the procedure for Supervisory Board elections**

In order to simplify the procedure for Supervisory Board elections Section 18 Paragraph 4 of the Articles of Association shall be deleted entirely.

The Management Board and the Supervisory Board propose to adopt the following resolution:

“Section 18 Paragraph 4 of the Articles of Association is cancelled.”

## 9. Election of Supervisory Board members

According to Section 10 Paragraph 1 of the Articles of Association in conjunction with Section 95 subsection 1 to 4, Section 96 Paragraph 1 and Section 101 Paragraph 1 AktG the Supervisory Board currently consists of six members to be elected by the General Meeting of Shareholders. The term of all members of the Supervisory Board ends at the end of the Annual General Meeting of shareholders on May 27, 2014.

With regard to the reduction of the number of Supervisory Board members to three members as proposed under agenda item 6, only three new Supervisory Board members shall be elected.

The Supervisory Board proposes – based on the proposal from the Nomination Committee – to elect the following persons as members of the Supervisory Board:

- (a) Hubert Keusch, resident in Arbon, Switzerland, Managing Director of ContiLink Services Limited.
- (b) Eliza Suk Ching Yuen, resident in Hong Kong, China, Director of HLM CPA Limited.
- (c) Kangning Zou, resident in Beijing, China, President of AVIC International Beijing Company Limited.

The election is up to the end of the Annual General Meeting of Shareholders, at which a resolution shall be passed to discharge the Supervisory Board members for the financial year 2015.

AVIC International Beijing Company Limited is a shareholder holding a material interest in the Company in the meaning of item 5.4.1 of the German Corporate Governance Code.

Memberships of Hubert Keusch in Supervisory Boards required by law: none

Memberships of Eliza Suk Ching Yuen in Supervisory Boards required by law: none

Memberships of “Frank” Kangning Zou in Supervisory Boards required by law: none

The General Meeting of Shareholders is not bound by election proposals.

Mr. Keusch declared to be available as chairman of the Supervisory Board in case of his election.

## **CONDITIONS OF PARTICIPATION**

Those shareholders, who have registered to do so before the General Meeting of Shareholders, shall be entitled to attend the General Meeting of Shareholders, to exercise their voting rights and to present motions. The registration has to be received by the Company at the following address:

KHD Humboldt Wedag International AG  
c/o UniCreditBank AG  
CBS40GM  
80311 Munich  
Germany  
FAX. +49 89 5400-2519  
Email: [hauptversammlungen@unicreditgroup.de](mailto:hauptversammlungen@unicreditgroup.de)

until six days before the General Meeting, i.e. by Tuesday, May 20, 2014, 24:00 CET at the latest.

Shareholders must provide evidence of their entitlement to attend the General Meeting of Shareholders, to exercise voting rights and to present motions. A confirmation issued by the custodian financial institution in written form (Section 126b German Civil Code) either in German or in English is required as proof of share ownership. The confirmation has to refer to the beginning of the 21<sup>st</sup> day prior to the General Meeting, i.e. to Tuesday, May 6, 2014 (00:00 CET) (Record Date) and to be received by the Company at the aforementioned address by Tuesday, May 20, 2014, 24:00 CET, at the latest.

In case of doubt as to the accuracy or authenticity of the proof of entitlement, the company reserves the right to request suitable further evidence. The Company may reject the shareholder, if this evidence is not provided or not in a suitable form.

After receipt of registration for the General Meeting and proof of share ownership, the shareholders shall receive the tickets for the General Meeting. We kindly ask the shareholders to register and provide proof of their share ownership in the Company as early as possible to ensure that the admission ticket is received in good time. Admission tickets facilitate the organization and do not incorporate additional participation conditions.

### **Significance of Record Date**

The Record Date is the decisive date for the volume and the exercise of the right to attend and to vote at the General Meeting of Shareholders. In relation to the Company, only those persons are deemed as shareholders who have proven their share ownership until the Record Date and only those are

entitled to attend the General Meeting and to exercise their voting right. Changes in shareholdings after the Record Date are disregarded. Thus, shareholders who acquire their shares only after the Record Date may not attend the General Meeting. Shareholders who have registered in due form and have submitted proof of share ownership are entitled to attend the General Meeting and to exercise their voting rights, even if they sell their shares after the Record Date. The Record Date does not affect the right of the shareholder to sell shares, and it is not relevant for dividend entitlement.

### **Proxy voting**

Shareholders may also appoint a proxy e.g. a bank, a shareholders' association or another person to exercise their voting right at the General Meeting. In such case, too, the shareholders must register in time by providing proof of their share ownership. A power of attorney has to be issued in writing (Section 126b German Civil Code), unless the following exceptions apply. For electronic transmission of the proof of the power of attorney, the Company provides the following fax number and email address to our shareholders:

FAX +49 221 6504-1099

Email: KHD.HV2014@KHD.com

If a shareholder authorizes more than one person, the Company shall be entitled to reject one or more of these persons according to Section 134 Paragraph 3, subsection 2 AktG.

According to the law and the Articles of Association there is no requirement of the written form for the authorization of a bank, a shareholders' association or any other equivalent institution or person pursuant to Section 135 AktG to act as a proxy. We would, however, like to point out that in such cases the institutions or persons to be authorized to act as a proxy might possibly request a specific form of the proxy, because pursuant to Section 135 AktG they are required to produce a verifiably proxy. If you would like to authorize a bank, a shareholders' association or any other equivalent institution or person pursuant to Section 135 AktG to act as a proxy, please discuss in due time the potential form of the power of attorney with such institutions or persons.

### **Proxy voting by proxies appointed by the Company**

As a special service for our shareholders, who are unable to attend the General Meeting in person, general proxies have been appointed by the Company. These proxies are strictly bound by the instructions of each shareholder when exercising the voting right on behalf of their respective principals. Shareholders who wish to grant a power of attorney to the general proxy appointed by the Company before the General Meeting, need to register in on time and provide proof of their share ownership as previously noted. Together with the admission ticket, they will then receive further information on proxy voting and a form for the power of attorney and instructions for voting to the

general proxy of the Company. The authorized proxy of the Company is strictly bound by individual instructions of the shareholder when exercising the voting right. The power of attorney cannot be exercised with respect to agenda items, for which no individual instruction has been given, which means that votes on such items will be treated as abstentions. The general proxy does not accept requests to speak or other motions.

Shareholders who wish to grant a power of attorney to the general proxy appointed by the Company are asked to please send these proxies including voting instructions by Thursday, May 22, 2014, 24:00 CET via mail, fax or email to the following Company address:

Mail: KHD Humboldt Wedag International AG  
Hauptversammlung 2014  
Colonia-Allee 3  
51067 Cologne, Germany

or fax: +49 221 6504-1099

or email: KHD.HV2014@KHD.com

### **Total number of shares and voting rights at the announcement of convening the General Meeting**

Upon the announcement of convening the General Meeting, the share capital of the Company amounts to € 49,703,573 and is divided in 49,703,573 no-par bearer shares, each entitling to one vote in the General Meeting. Thus, the total number of voting rights at the announcement of convening the General Meeting is 49,703,573. At the time of convening the General Meeting, the Company has no treasury shares, which do not confer any rights.

### **Shareholders' rights in relation to the General Meeting**

Before and during the General Meeting, the shareholders are entitled to i.a.:

#### **1. Present motions for the inclusion of supplementary items according to Section 122 Paragraph 2 AktG**

Shareholders jointly representing at least one-twentieth of the share capital or a pro rata amount of € 500,000.00 of the share capital of the Company (equivalent to 500,000 shares) may request the inclusion and publication of supplementary agenda items. Each new item must be accompanied by an explanatory statement and a draft resolution. Such a shareholder request

shall only be considered if the request is addressed to the Management Board and submitted in writing at least 30 days prior to the General Meeting, i.e. by Saturday, April 26, 2014, 24:00 CET, at the latest. Such requests must be addressed exclusively to:

KHD Humboldt Wedag International AG

- Management Board -

Colonia-Allee 3

51067 Cologne, Germany.

Additions to the agenda shall be published immediately after receipt of the request in the Federal Gazette and forwarded for publication to such media outlets as can be expected to disseminate this information throughout the entire European Union. Furthermore, these are also published on the internet at <http://www.khd.com>, at the link "Investor Relations" with language setting "English", under the column "Annual General Meeting" and communicated to the shareholders.

## **2. Countermotions and candidates' proposals pursuant to Section 126 (1) and Section 127 AktG**

Shareholders of the Company may submit countermotions against a proposal of the Management Board and/or Supervisory Board on a particular agenda item and against shareholders' motions on the appointment of auditors as well as candidates' proposals. Countermotions must be accompanied by an explanatory statement. No explanatory statement is required for candidates' proposals. Countermotions, candidates' proposals and other requests of shareholders regarding the General Meeting must be addressed exclusively to:

KHD Humboldt Wedag International AG

Hauptversammlung 2014

Colonia-Allee 3

51067 Cologne, Germany

or by fax: +49 221 6504-1099

or by email: [sabine.marzola@khd.com](mailto:sabine.marzola@khd.com)

Countermotions and candidates' proposals need not be published if not addressed as indicated above. In addition to the reasons stated in Section 126 Paragraph 2 AktG, a candidate proposal need not be published if the proposal does not contain the name, profession and place of residence of the candidate.



The Company will disclose counter motions and candidate proposals of shareholders together with the name of the shareholder and the explanatory statements which have to be published immediately after receipt on the internet at <http://www.khd.com>, at the link "Investor Relations" with language setting "English", under the column "Annual General Meeting". Counter motions and candidate proposals to the items of the agenda which are to be made available and which are received at the address stated in the first paragraph until 14 days prior to the General Meeting at the latest, i.e. by Monday, May 12, 2014 24:00 CET, will be included. Any statements from the Company Administration will also be published at the above stated internet address.

### **3. Shareholders' rights to obtain information pursuant to Section 131 Paragraph 1 AktG**

Every shareholder or proxy present at the General Meeting may request from the Management Board information on matters concerning the Company. The duty to provide information also extends to the legal and business relationships between the Company and its affiliated enterprises, and the position of the Group and the Company's consolidated subsidiaries, to the extent that it serves to make an informed judgment about the agenda item under discussion. The information provided shall comply with the principles of conscientious and accurate reporting.

### **4. Further explanations on the rights of shareholders**

Please find further explanations on the rights of the shareholders pursuant to Sections 122 Paragraph 2, 126 Paragraph 1, 127, 131 Paragraph 1 AktG at the website of the Company at <http://www.khd.com>, at the link "Investor Relations" with language setting "English", under the column "Annual General Meeting".

### **Information and documents concerning the General Meeting**

Information and documents pursuant to Section 124a AktG, including the Annual Report of the Company and the Group 2013 are available on the internet at <http://www.khd.com>, at the link "Investor Relations" with language setting "English", under the column "Annual General Meeting" and can be downloaded. Information required by law to be made available is open to inspection at the General Meeting.

The General Meeting of Shareholders shall not be transmitted in sound or vision.

Cologne, April 2014

**KHD Humboldt Wedag International AG**

The Management Board