

## **KHD Humboldt Wedag International AG**

**Cologne**

**- ISIN DE0006578008 -**

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

We invite the shareholders of our company to the Annual General Meeting on **Thursday, May 20, 2021, at 10:00 a.m.** (CEST) that will be held in the form of a

**virtual Annual General Meeting of shareholders,**

i.e. without the physical presence of shareholders or their authorized representatives (with the exception of the general proxies appointed by the Company).

The virtual Annual General Meeting of shareholders will be held at the Company's premises in Cologne, Colonia-Allee 3, 51067 Cologne. In light of the COVID-19 pandemic and in order to protect against the health risks associated with the coronavirus, the Management Board has decided, with the consent of the Supervisory Board, to make use of the option provided under Section 1 (2) of the German Act Concerning Measures Under the Laws relating to Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 Pandemic ("COVID-19 Act") (published as Article 2 of the Act to Mitigate the Consequences of the COVID-19 Pandemic under Civil, Insolvency and Criminal Procedural Law, published in the Federal Law Gazette, Part I, of March 27, 2020), and to hold the Annual General Meeting of shareholders as a virtual Annual General Meeting without the physical presence of shareholders or their authorized representatives, and to enable shareholders to exercise their voting rights by means of electronic communication and to appoint proxies. The entire virtual Annual General Meeting of shareholders will be streamed as an audio and video webcast on a password-protected AGM Portal set up for the virtual Annual General Meeting of shareholders at:

**<https://www.khd.com/hv2021>**

**We therefore ask our shareholders this year to pay particular attention to the information concerning registration for the Annual General Meeting, the exercise of voting rights, and other shareholder rights contained in Section II. of this invitation below the agenda.**

## **I. AGENDA**

- 1. Presentation of the adopted annual financial statements, the approved annual financial statements of the Group, the combined management report of the Company, the report of the Supervisory Board and the explanatory report of the Management Board on information pursuant to Section 289a and Section 315a of the German Commercial Code (HGB) for the 2020 Financial Year**

The Supervisory Board has already approved the annual financial statements for the 2020 Financial Year of the Company and of the Group. According to Section 172 of the German Stock Corporation Act (AktG), the annual financial statements have thus been adopted. According to the statutory provisions, no resolution shall be passed on this agenda item.

- 2. Resolution on appropriation of the Company's accumulated loss**

The Management Board and the Supervisory Board propose to carry-forward the Company's accumulated loss for the 2020 financial year totaling € 7,102,315.90 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 2020 financial year.

- 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 2020 financial year.

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

The Supervisory Board proposes to appoint Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, as the auditor of the Company and the Group for the 2021 financial year.

**6. Resolution to increase the number of members of the Supervisory Board and amendment of the Articles of Association**

The number of members of the Company's Supervisory Board is to be increased from three to four. This requires an amendment to Article 10 (1) of the Articles of Association. The Management Board and Supervisory Board propose that the following resolution be adopted:

Section 10 (1) of the Articles of Association shall be repealed and reworded as follows:

"(1) The Supervisory Board shall consist of four members."

**7. Election of members of the Supervisory Board**

The Supervisory Board is composed in accordance with the provisions of Sections 95, 96 (1) of the German Stock Corporation Act (AktG) and Section 10 (1) of the Company's Articles of Association and currently consists of three members. The Company is not subject to co-determination. The Supervisory Board is therefore composed exclusively of shareholder representatives. In accordance with Section 102 (1) Stock Corporation Act (AktG) and Section 10 (2) of the Company's Articles of Association, the members of the Supervisory Board are appointed for a maximum period up to the end of the Annual General Meeting which resolves on the granting of discharge to the Supervisory Board for the fourth financial year after the beginning of the term of office. The financial year in which the term of office begins is not included.

The Supervisory Board members Mr. Shaohua Jin and Ms. Yiqiong Zhang announced their resignation as members of the Supervisory Board with effect from the end of the Annual General Meeting on May 20, 2021 in a letter dated March 31, 2021. The term of office of the Supervisory Board members Mr. Jin and Ms. Zhang will therefore end at the close of the Annual General Meeting on May 20, 2021. The Supervisory Board member Mr. Gerhard Beinhauer is currently not to be reappointed as his term of office is still running.

Mr. Jiayan Gong and Mr. Xiaodong Wu shall be elected as members of the Supervisory Board with effect from the end of the Annual General Meeting on May 20, 2021. Furthermore, with regard to agenda item 6 of this Annual General Meeting, which provides for an expansion of the Supervisory Board to four members, an additional member of the Supervisory Board is to be elected. The additional member of the Supervisory Board shall be elected with effect from the date of entry in the Commercial Register of the amendment to the Articles of Association to be resolved under agenda item 6. The election proposal is in line with Section 95 sentence 3 AktG. A total of three Supervisory Board members are therefore to be elected.

Having said this, the Supervisory Board proposes that the persons named below under a), b) and c) be elected as members of the Supervisory Board. The persons named below under lit.

a) and b) will be elected with effect from the end of the Annual General Meeting of shareholders on May 20, 2021. The person named below under c) shall be elected with effect from the date of entry in the Commercial Register of the amendment to the Articles of Association to be resolved under agenda item 6. The appointment of the persons proposed under a), b) and c) below is for the period up to the end of the Annual General Meeting which resolves on the granting of discharge to the Supervisory Board for the third financial year after the beginning of the term of office, not including the financial year in which the term of office begins (i.e. presumably up to the end of the Annual General Meeting which resolves on the granting of discharge to the members of the Supervisory Board for the financial year 2024).

- a) Mr. Jiayan Gong, Chairman of the Board of Directors, AVIC International Beijing Co., Ltd, resident in Beijing, People's Republic of China
- b) Mr. Xiaodong Wu, Chief Financial Officer of AVIC International Beijing Company Limited, resident in Beijing, People's Republic of China
- c) Mr. Jingnan Yang, Executive Vice President der AVIC International Beijing Company Limited, resident in Beijing, People's Republic of China

The candidates proposed for election are not members of a statutory supervisory board of any company or members of a comparable domestic or foreign supervisory body of a business enterprise.

The Annual General Meeting of shareholders is not bound by election proposals.

Mr. Gong declared to be available as Chairman of the Supervisory Board in case of his election.

Further details of the candidates proposed for election is enclosed after this agenda.

The Supervisory Board has satisfied itself that the proposed candidates are able to devote the expected amount of time.

**8. Resolution on the approval of the remuneration system for the members of the Management Board of KHD Humboldt Wedag International AG**

As a result of the German Act for the implementation of the Second Shareholder Rights Directive (hereinafter "ARUG II"), Section 120 (4) of the German Stock Corporation Act ("AktG") was removed and Section 120a was newly introduced into the German Stock Corporation Act, according to which the Annual General Meeting resolves on the approval of the remuneration system for the members of the Management Board as presented by the Supervisory Board whenever there is a significant change to the remuneration system, but at least every four years.

The Supervisory Board has resolved a slightly modified system for the Management Board members compared with the previous remuneration system, which is to apply retroactively from January 1, 2021. Accordingly, the Supervisory Board submits the new remuneration system for initial approval in accordance with Section 120a of the German Stock Corporation Act (AktG). The new remuneration system, which is set out below in a clear and comprehensible manner, was developed by the Supervisory Board and complies with the requirements of Section 87a AktG newly introduced by ARUG II and largely complies with the recommendations of the German Corporate Governance Code as amended on December 16, 2019 (hereinafter "GCGC").

The Supervisory Board proposes that the remuneration system for the Management Board set out in more detail below, which was resolved by the Supervisory Board in its meeting on March 27, 2021, be approved.

The new remuneration system for the Management Board members is structured as follows:

#### **A. Principles of the remuneration system**

The remuneration system for the members of the Management Board of KHD AG makes an important contribution to promoting the business strategy. The remuneration system is designed such that the Management Board members will be incentivized to achieve key strategic Group objectives – in particular, increasing the value of the Company and improving the market position with regard to customer orientation, technology leadership, and value creation. In determining the remuneration of the Management Board, the Supervisory Board is guided by the following principles:

- Promotion of the Group strategy

The remuneration system as a whole makes a significant contribution to promoting and implementing the business strategy by defining sustainable performance criteria in relation to the long-term success of the Group.

- Appropriateness of remuneration

The remuneration of the Management Board members is commensurate with their duties and performance. It takes into account the complexity and the economic situation of the Group. Compared with comparable companies, the remuneration is in line with market practice and at the same time is competitive.

- Linkage between performance and remuneration

The remuneration of Management Board members is linked to their performance by making the variable remuneration components dependent on the achievement of specific target criteria. This ensures that special achievements are appropriately rewarded, while failure to meet the specified targets leads to a substantial reduction in remuneration.

- Alignment with sustainable and long-term corporate development

The remuneration of the Management Board members is aligned with the long-term and sustainable development of the Group. The variable remuneration therefore mainly has a multi-year assessment basis.

- Harmonization with shareholder and stakeholder interests

The remuneration system makes a key contribution to linking the interests of the Management Board with those of shareholders and other stakeholders. Most of the variable remuneration is linked to the economic success of the KHD Group.

- Consistency of the remuneration system

The remuneration system for the members of the Management Board is linked to the remuneration for executives within the KHD Group, sets comparable incentives, and specifies comparable targets.

#### **B. Procedures for determining, implementing, and reviewing the remuneration system**

The Supervisory Board shall determine the system of remuneration for the Management Board in accordance with the statutory requirements in Sections 87 (1), 87a (1) AktG. The Supervisory Board may consult external advisors as required. The applicable regulations of the German Stock Corporation Act and the GCGC as well as the Rules of Procedure of the Supervisory Board on the handling of conflicts of interest within the Supervisory Board are also observed in the procedure for determining and implementing and regular review of the remuneration system by the Supervisory Board.

The present remuneration system for the Management Board members applies to the remuneration of all members of the Management Board of KHD AG from January 1, 2021.

#### **C. Determination of the specific target total remuneration**

In accordance with the remuneration system, the Supervisory Board determines the amount of the target total remuneration for each Management Board member for the upcoming financial year. The guiding principle for this is that the respective remuneration is commensurate with the tasks and performance of the Management Board member as well as the situation of the Group, does not exceed the customary market remuneration without special reasons, and is geared towards the long-term and sustainable development of the KHD Group. For this purpose, both external and internal comparisons are made:

##### **a. Horizontal (external) comparison**

In order to assess the appropriateness and customary nature of the specific total remuneration of the Management Board members in comparison to other companies, the Supervisory Board uses a suitable peer group (horizontal comparison). For this comparison, various remuneration data from listed stock corporations below the SDAX are currently used.

#### **b. Vertical (internal) comparison**

The vertical comparison relates to the relationship between the Management Board remuneration and the compensation of the workforce of the operating subsidiary Humboldt Wedag GmbH in Germany. Specifically, the workforce comprises the subsidiary's General Managers as well as the group of non-pay-scale employees and the group of pay-scale employees.

#### **c. Differentiation according to the respective requirement profile**

The remuneration system allows the Supervisory Board to appropriately consider the function and area of responsibility of the individual Management Board member when determining the amount of the target total remuneration. At the due discretion of the Supervisory Board, function-specific differentiations are therefore possible, taking into account criteria such as the experience and the area of responsibility of the respective Management Board member.

#### **d. Limit for maximum remuneration**

The variable remuneration is intended to ensure a balanced risk-reward profile. If the targets set are not achieved, the amount paid out as variable remuneration may fall to zero. In accordance with Section 87a (1), sentence 2, no. 1 AktG, the Supervisory Board has set a maximum amount for the total of all remuneration components including fringe benefits for each member of the Management Board (hereinafter "maximum remuneration").

The maximum remuneration for the Chairman of the Management Board is € 0.55 million and for all other members of the Management Board € 0.50 million. These maximum limits relate in each case to the total of all payments resulting from the remuneration regulations for one financial year.

#### **e. Overview of components and structure of target total remuneration**

The remuneration system generally provides for fixed non-performance-related and variable performance-related remuneration components. The fixed non-performance-related remuneration components comprise the fixed annual salary and fringe benefits. The variable performance-related remuneration components comprise a short-term remuneration component (based on personal targets) and a long-term remuneration component (based on multi-year financial targets). For the variable remuneration components, targets are set by the Supervisory Board in the first quarter of each financial year, whose degree of achievement determines the amount of the actual payment. In determining the target total remuneration, a target achievement of 100% and thus a target bonus of 100% are assumed. A discretionary bonus of up to € 0.1 million is not included in the target total remuneration, but is included in the maximum remuneration.

The specific share of the individual remuneration components in the target total remuneration are shown below in percentage ranges. The actual shares vary for the individual members of the Management Board. The fixed annual salary contributes 52% to 57%, the short-term performance bonus 10% to 12%, the long-term performance bonus 24% to 27%, and the fringe benefits 5% to 12% of the target remuneration.

#### **D. Remuneration components in detail**

##### **a. Annual fixed salary**

The fixed annual salary is a fixed payment covering the entire financial year, paid out in twelve equal monthly installments.

##### **b. Fringe benefits**

Each Management Board member also receives individual fringe benefits. These include in particular the provision of a company car, which may also be used privately, relocation costs and expenses for having to maintain a second domicile in order to perform his office, the cost of a health check, accident insurance, and contributions to a private pension plan and health and nursing care insurance contributions in accordance with Section 257 SGB V and Section 61 SGB XI.

##### **c. Pension benefits**

There is no company pension scheme for members of the Management Board.

##### **d. Short-term performance bonus**

In the respective service contract, the Supervisory Board has agreed a target amount for the bonus for personal targets (hereinafter "short-term performance bonus") for each Management Board member, which is granted if 100% of the target is achieved. The maximum amount of the short-term performance bonus is limited to 100% of the target amount.

The amount of the short-term performance bonus to be paid depends on the extent to which a member of the Management Board achieves each of the four targets set by the Supervisory Board for that Management Board member from the list of the following financial and non-financial performance criteria within the meaning of Section 87a (1), sentence 2, no. 4 AktG:

- Achievement of key financial indicators (order intake, revenues, earnings before taxes) at subsidiaries within the direct area of responsibility of the respective Management Board member;
- Development and implementation of measures for cost optimization;
- Development and implementation of measures to increase efficiency;
- Development and implementation of measures to improve operational excellence;
- Cash flow optimization;



- Specific operational and/or strategic goals that are highly relevant for the long-term and sustainable development of the company (such as goals for digitalization, the investment and R&D strategy);
- Market development and customer orientation (such as new markets, new product or customer segments);
- Social/employee (such as measures to increase employer attractiveness and employee satisfaction, succession planning, measures for leadership development, diversity and equal opportunities);
- Governance/Compliance (such as measures to ensure and maintain a compliance management system).

Each of the four financial and non-financial performance criteria is weighted by a fixed percentage in relation to the maximum amount of the short-term performance bonus. The target values for the achievement of financial performance criteria are derived from the planning for the respective financial year, which has been approved by the Supervisory Board. The Supervisory Board determines the values for target achievement of 0% and 100% for each financial and non-financial performance criterion on an annual basis. The determination of target achievement for the financial targets is based on the figures in the consolidated financial statements or internal accounting data for the year in question.

The performance criteria are intended to incentivize the Management Board members to create value and to achieve or outperform the short-term economic targets as well as motivate them to achieve operational excellence. The short-term performance bonus also provides the Supervisory Board the opportunity to consider individual or collective performance of the Management Board on the basis of non-financial performance criteria and targets that are relevant for the operational implementation of the corporate strategy. The short-term performance bonus is intended on the one hand to reflect the overall responsibility of the Management Board members for the Group and promote cooperation among the business areas, and on the other hand to reflect the independent management of the respective area of responsibility. When setting the targets and calculating the short-term performance bonus for each Management Board member, account is therefore taken of their respective scopes of business responsibility.

The short-term performance bonus is paid in cash and is due after approval of the Company's consolidated financial statements.

#### **e. Discretionary bonus**

In addition to the short- and long-term performance bonus, the Supervisory Board may decide on an additional voluntary bonus (discretionary bonus) of up to € 0.10 million per year for each financial year in the event of special performance by the Management Board member and/or corresponding special economic success of the KHD Group.

When determining the discretionary bonus, the Supervisory Board takes into account the particular performance of the individual Management Board member, especially with regard to the long-term sustainable success of the Company, the interests of shareholders and employees, ecological and social responsibility, and the Company's compliance culture.

#### **f. Long-term performance bonus**

The long-term performance bonus is intended to promote the Management Board's long-term commitment to the Group and its sustainable growth. For this reason, the financial performance criteria are identical for all members of the Management Board and are based on a multi-year assessment. In the respective service contract, the Supervisory Board has agreed a target amount for the long-term performance bonus for each Management Board member, which is granted if 100% of the target is achieved. The maximum amount of the long-term performance bonus is capped at 100% of the target amount.

The amount of the long-term performance bonus to be paid depends on the extent to which the respective target has been achieved at the end of the two-year assessment period. The Supervisory Board has defined the following financial performance criteria for the Management Board within the meaning of Section 87a (1), sentence 2, no. 4 AktG:

- Order intake per segment
- Gross profit
- Earnings before taxes (EBT)

The long-term performance bonus is determined on the basis of four defined levels (0%/25%/50%/100%). When measuring the long-term performance bonus, each financial performance criterion is considered separately, i.e. exceeding a target (target achievement > 100 %) cannot be used to compensate for another financial performance criterion (target achievement < 100 %). A lower limit has been set for each financial performance criterion. If the respective lower limit is reached, the long-term performance bonus amounts to 25% of the corresponding bonus component; if targets are not met (failure to reach the lower limit – cumulative for the multi-year assessment period), the corresponding part of the long-term performance bonus is forfeited in full.

In order to align the long-term performance bonus with sustainable corporate development and to provide it with a long-term incentive effect, the financial performance criteria are generally based on a two-year assessment period in relation to KHD Group key figures. Only after the end of the two-year assessment period, a final decision is made on the achievement of the targets set. The average degree of target achievement determined for the individual financial performance criterion over the entire assessment period is decisive.

The long-term performance bonus is paid in cash and is only due for payment after approval of the Company's consolidated financial statements for the respective final year of the assessment period. In the event of premature termination of employment or if the Management Board member is not entitled to remuneration for the entire assessment period, the Management Board member will receive a pro-rata payment amount determined at the end of the assessment period. Entitlement to the long-term performance bonus lapses completely if, at the time of the scheduled payment, the service contract is terminated either by the Management Board member without serious cause or by the Company for serious cause.

**g. Stock-based remuneration**

The remuneration system does not provide for any share-based remuneration.

**E. Other remuneration-related provisions**

**a. Penalty and clawback provision**

If a member of the Management Board in his function as a member of the Management Board demonstrably and knowingly commits a gross violation of one of his duties of care within the meaning of Section 93 AktG, a material principle of the internal Code of Conduct and Code of Ethics issued by the Company, or one of his other duties under his service contract, the Supervisory Board may, at its due discretion, partially or fully reduce to zero the variable remuneration that is to be granted for the financial year in which the gross violation occurred. If the variable remuneration has already been paid out at the time of the reduction decision, the Management Board member must repay the excess payments received in accordance with the reduction decision ("clawback provision"). In this case the Company is also entitled to offset any other remuneration claims by the Management Board member. Any claims for damages by the Company against the Management Board member, in particular under Section 93 (2) AktG, shall remain unaffected.

**b. Terms and termination options**

When appointing members of the Management Board and determining the term of their contracts, the Supervisory Board complies with the provisions of Section 84 AktG and the recommendations of the GCGC. In the case of a first-time appointment to the Management Board, the term of appointment and the term of the service contract is generally three years. In the case of reappointments or an extension of the term of office, the maximum term of the service contract is five years. The service contracts do not provide for any ordinary termination option; the right of both parties to terminate the service contract for good cause remains unaffected. If a member of the Management Board becomes permanently incapacitated for work during the term of the service contract, the service contract shall end on the date on which the permanent incapacity for work was determined.

In the event of premature termination of a Management Board member's service contract without good cause, any payments to the Management Board member to be agreed, including fringe benefits, must not exceed the value of two years' remuneration (severance cap) or the value of the remuneration for the remaining term of the contract. The severance cap is calculated on the basis of the total remuneration for the past financial year and, where appropriate, also the expected total remuneration for the current financial year.

A post-contractual non-competition clause is agreed with each Management Board member for a period of two years.

The remuneration system does not include any special provisions in the event of a change of control or promises of severance pay.

**9. Resolution on the confirmation of the remuneration of the members of the Supervisory Board of KHD Humboldt Wedag International AG**

In accordance with Section 113 (3) AktG, a resolution on the compensation of the members of the Supervisory Board must be adopted at least every four years, whereby a purely confirmatory resolution of the existing compensation is allowed. The compensation of the Supervisory Board is determined by Section 13 of the Articles of Association. The Management Board and Supervisory Board propose that the compensation arrangements for the Supervisory Board in Section 13 of the Articles of Association be confirmed. The wording of the compensation regulation for the Supervisory Board in accordance with Section 13 of the Articles of Association is as follows:

"Section 13 Compensation of the Supervisory Board

- (1) In addition to reimbursement of their expenses, the members of the Supervisory Board receive fixed total compensation of €180,000. The Supervisory Board decides in each case by resolution on the distribution of this total compensation among the individual members of the Supervisory Board – including members who resigned or were newly elected or appointed during the year – also taking into account the duties of the individual Supervisory Board members as Chairman or Vice Chairman of the Supervisory Board.
- (2) The value-added tax payable on the remuneration shall be reimbursed by the Company insofar as the members of the Supervisory Board are entitled to invoice the Company separately for the value-added tax and they exercise this right."

## II. REQUIREMENTS FOR ATTENDANCE AT THE ANNUAL GENERAL MEETING AND THE EXERCISE OF VOTING RIGHTS

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

Upon the announcement of convening the General Meeting of shareholders, the share capital of the Company amounts to € 49,703,573.00 and is divided in 49,703,573 no-par bearer shares, each entitling to one vote in the General Meeting of shareholders. Thus, the total number of voting rights at the announcement of convening the General Meeting of shareholders is 49,703,573. At the time of convening the General Meeting of shareholders, the Company has no treasury shares, which do not confer any rights.

### **Annual General Meeting without physical presence of shareholders**

In view of the continuing COVID 19 pandemic, the Management Board has decided, with the approval of the Supervisory Board, that the Annual General Meeting will be held as a virtual Annual General Meeting without the physical presence of shareholders or their proxies in accordance with the Act on Mitigating the Consequences of the COVID 19 Pandemic in Civil, Insolvency and Criminal Procedure Law (COVID 19 Act) - extended by the Ordinance on the Extension of Measures in the Law on Companies, Cooperatives, Associations and Foundations to Combat the Effects of the COVID 19 Pandemic of October 20, 2020. At the time the Management Board and Supervisory Board decided to hold the Annual General Meeting in May 2021, there was no end in sight to the pandemic development of the infection. It was therefore to be feared that the further spread of the COVID 19 virus could still continue at the time the Annual General Meeting was held. However, in order to counteract the further spread of the pandemic, it is crucial to avoid avoidable physical contact wherever possible. The Management Board and Supervisory Board therefore believe that it is in the interests and protection of our shareholders and employees, and also of the general public, to organize this year's Annual General Meeting in such a way that as few people as possible physically come together in one place. In the opinion of the Management Board and Supervisory Board, this can only be ensured by making use of the option created by the COVID-19 Act to hold a virtual Annual General Meeting. **Physical attendance by shareholders or their proxies is therefore unfortunately ruled out.**

Shareholders who have duly registered for the Annual General Meeting or their proxies have the opportunity to follow the entire Annual General Meeting live in picture and sound via the AGM portal (<https://www.khd.com/hv2021/>) by means of an electronic link (hereinafter "participation"). It is expressly pointed out that this does not constitute participation in the Annual General Meeting in the sense of stock corporation law.

Shareholders or their authorized representatives can exercise voting rights exclusively by means of electronic communication (electronic postal vote) or by granting power of attorney to the general proxies appointed by the Company. Shareholders or their authorized representatives as defined by Section 118 (1) Sentence 2 AktG cannot participate electronically in the meeting.

The virtual Annual General Meeting of shareholders is held at the Company's premises in Cologne, Colonia-Allee 3, 51067 Cologne, in the presence of the Vice Chairman of the Supervisory Board, the Chief Financial Officer and other members of the Management Board, the general proxies appointed by the Company and the notary appointed to take the minutes of the Annual General Meeting of shareholders.

The holding of the Annual General Meeting 2021 as a virtual Annual General Meeting of shareholders in accordance with the COVID-19 Act requires modifications in the procedures of the Annual General Meeting of shareholders and in the rights of the shareholders. The entire Annual General Meeting of shareholders will be streamed on the internet as an audio and video webcast, shareholders will be able to exercise their voting rights via electronic communication (electronic postal vote) and by authorizing proxies, shareholders will be given the opportunity to ask questions by means of electronic communication in advance of the virtual Annual General Meeting of shareholders, and shareholders who have exercised their voting rights can raise objections to resolutions of the Annual General Meeting of shareholders via electronic communication.

**This year, we would ask shareholders to pay particular attention to the following information regarding registration for the Annual General Meeting of shareholders, the exercising of voting rights and other shareholder rights.**

Only those shareholders who register with the Company prior to the Annual General Meeting of shareholders, shall be entitled to attend the virtual Annual General Meeting of shareholders, to exercise their shareholder rights at this Annual General Meeting, in particular voting rights (including voting by electronic mail or by proxy) and submit motions. The registration has to be received by the Company at the following address:

KHD Humboldt Wedag International AG  
c/o Link Market Services GmbH  
Landshuter Allee 10  
80637 Munich  
Germany  
Email: [inhaberaktien@linkmarketservices.de](mailto:inhaberaktien@linkmarketservices.de)

until six days before the General Meeting of shareholders, i.e. by Thursday, May 13, 2021, 24:00 (CEST) at the latest.

Shareholders must provide proof 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 of the German Civil Code (BGB)) either in German or in English is required as proof of share ownership. Proof of share ownership by the ultimate intermediary pursuant to Section 67c (3) AktG is required. The confirmation has to refer to the beginning of the 21<sup>st</sup> day prior to the General Meeting of shareholders, i.e. to Thursday, April 29, 2021, 00:00 (CEST) (Record Date), and to be received by the Company at the aforementioned address until six days before the General Meeting of shareholders, i.e. by Thursday, May 13, 2021, 24:00 (CEST), at the latest. We recommend that our

shareholders contact their depositary bank in good time in order to ensure that the Company receives proper and timely proof of the ultimate intermediary pursuant to Section 67c (3) AktG.

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.

In order for shareholders to follow the audio and video webcast of the virtual Annual General Meeting via the AGM Portal at:

**<https://www.khd.com/hv2021/>**

and exercise further shareholder rights, timely registration and proof of share ownership to the Company is required.

We ask shareholders to request a voting card from their depositary bank as early as possible to ensure that they receive their voting cards in good time. Shareholders who request a voting card from their depositary bank in good time do not therefore generally need to take any further action. In case of doubt, we would ask shareholders to inquire with their custodian bank whether it will register and provide proof of share ownership on their behalf.

The voting card is not a prerequisite for participation, but merely serves to facilitate the organizational process. It does, however, contain the information required in particular for using the password-protected AGM portal, via which, among other things, voting rights can be exercised via electronic communication (by postal vote), powers of attorney and instructions for exercising voting rights can be issued to the Company's proxy, a question can be asked via electronic communication and, if necessary, objections to a resolution of the Annual General Meeting can be declared.

### **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 virtual 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 virtual General Meeting of shareholders 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 virtual General Meeting of shareholders. Shareholders who have registered in due form and have submitted proof of share ownership are entitled to attend the virtual General Meeting of shareholders 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 potential dividend entitlement.

## **AGM portal**

Properly registered shareholders or their proxies will be able to follow the entire Annual General Meeting live in video and audio via the AGM portal and exercise their shareholder rights. The AGM portal will be available from April 29, 2021, 0.00 hours (CEST) and can be accessed via the Company's website at <https://www.khd.com/hv2021/>. Initial registration in the shareholder portal is made using the individual access data (voting card number, access password, last name), which the duly registered shareholders or their proxies receive together with the registration confirmation.

## **Video and audio transmission of the entire Annual General Meeting**

The entire Annual General Meeting of the Company will be broadcast live in picture and sound on the AGM portal on May 20, 2021, from 10:00 a.m. (CEST) for duly registered shareholders of the Company or their proxies. Shareholders will receive the necessary access data with their registration confirmation.

## **Voting via an authorized Representative**

Shareholders may also appoint an authorized representative e.g. an intermediary, a shareholders' association or another person to exercise their voting right at the virtual General Meeting of shareholders. In such case, too, the shareholders must register in time by providing proof of their share ownership. Shareholders who wish to make use of this option are asked to provide the access data sent to them with the voting card to the authorized representative. A power of attorney has to be issued in writing (Section 126b German Civil Code) unless the following exceptions apply. In addition to sending by mail, the Company provides the following fax number and email address to the shareholders for electronic transmission of the proof of the power of attorney:

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

FAX +49 221 6504-1209

Email: [hauptversammlung.khd@khd.com](mailto:hauptversammlung.khd@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, Sentence 2 AktG.

According to the law and the Articles of Association there is no requirement of the written form for the authorization of an intermediate, 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 record a verifiably power of



attorney. 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 general proxies appointed by the Company**

As a special service for our shareholders, who are unable to attend the General Meeting of shareholders in person, general proxies that are bound by instruction have been appointed by the Company. Shareholders who wish to grant a power of attorney to the general proxy appointed by the Company before the General Meeting of shareholders, need to register on time and provide proof of their share ownership as previously noted. For proxy voting and instructions for voting, shareholders may use the proxy and instructions for voting form sent to the shareholders with the confirmation of registration. This form provides you with further information on proxy voting. The authorized general proxies of the Company are 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 abstention from voting.

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 Monday, May 17, 2021, 24:00 (CEST) via mail, fax or email to the following Company address:

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

or FAX: +49 221 6504-1209

or Email: [hauptversammlung.khd@khd.com](mailto:hauptversammlung.khd@khd.com)

Shareholders can also grant proxies to the proxies appointed by the Company via the AGM Portal at <https://www.khd.com/hv2021/>. The appointment of authorized representatives, proof of such authorization and the issuing of instructions to the proxies appointed by the Company can be issued or amended via the AGM Portal – even after May 17, 2021, 24:00 hours (CEST) – until the voting is closed by the chairman of the meeting in the virtual Annual General Meeting of shareholders.

The above information on the submission of notifications and the deadlines to be observed shall apply mutatis mutandis to a revocation of the power of attorney granted to an authorized representative or a general proxy appointed by the Company, and to amendments to instructions.

## **Voting by electronic postal vote**

Shareholders may also exercise their voting rights by electronic postal vote. In the case of electronic postal voting, timely registration and proof of share ownership are required, too. Authorized representatives, authorized intermediaries (e.g. banks), shareholder associations, voting consultants or their equivalents in accordance with Section 135 AktG may also use electronic postal voting.

Postal votes can only be cast by means of electronic communication via <https://www.khd.com/hv2021/> using the AGM Portal. Postal votes can be submitted or amended via the AGM Portal until the electronic postal voting is closed by the chairman of the meeting before the start of actual voting at the virtual Annual General Meeting.

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

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

### **1. Present motions for the inclusion of supplementary agenda 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.

Applicants must verify that they have held the shares for at least 90 days prior to the date of receipt of the request and that they will hold the shares until the Management Board has decided on the request. Section 121 (7) Stock Corporation Act (AktG) shall apply mutatis mutandis. Section 70 of the Stock Corporation Act (AktG) shall be used to calculate the minimum period of ownership. The request must be signed by all shareholders who together reach the required quorum or by their duly appointed representatives or submitted in electronic form in accordance with Section 126a of the German Civil Code (BGB) (i.e. with a qualified electronic signature).

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 of shareholders, i.e. by Monday, April 19, 2021, 24:00 (CEST), at the latest. Please send such requests to the following address:

KHD Humboldt Wedag International AG  
Management Board  
Colonia-Allee 3  
51067 Cologne, Germany.

or in electronic form in accordance with Section 126a BGB (i.e. with qualified electronic signature) by e-mail to: [hauptversammlung.khd@khd.com](mailto:hauptversammlung.khd@khd.com)

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 Paragraph 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 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 of shareholders must be addressed exclusively to:

Mail: KHD Humboldt Wedag International AG  
Hauptversammlung / AGM  
Colonia-Allee 3  
51067 Cologne, Germany  
or by FAX: +49 221 6504-1209  
or by Email: [hauptversammlung.khd@khd.com](mailto:hauptversammlung.khd@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. Proposals for the election of Supervisory Board members need not be made accessible even if they are not accompanied by information on the membership of the proposed Supervisory Board candidate in other legally required Supervisory Boards within the meaning of Section 125 Paragraph 1 Sentence 5 AktG.

The Company will disclose countermotions 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". Countermotions 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 of shareholders at the latest, i.e. by Wednesday, May 05, 2021, 24:00 (CEST), will be considered. Any statements from the Management Board and Supervisory Board will also be published at the above stated internet address.

By publishing countermotions and/or nominations for election in accordance with the above-mentioned provisions, the Company complies with its statutory duty under Sections 126 (1) and 127 AktG, as these provisions are not affected by the COVID-19 Act.

As this year's Annual General Meeting of the Company will be held as a virtual Annual General Meeting without the physical presence of shareholders and their proxies, no countermotions may be made or election proposals submitted during the virtual Annual General Meeting. However, countermotions to be made accessible or election proposals sent by shareholders who have duly registered will be treated in the virtual Annual General Meeting as if they were made in the virtual Annual General Meeting.

If countermotions or election proposals are put to the vote, voting rights can only be exercised via the AGM portal.

### **3. Right for shareholders to ask questions by way of electronic communication**

In accordance with Section 1 (2) Sentence 1 No. 3 and Sentence 2 of the COVID-19 Act, shareholders shall be granted a right to ask questions by way of electronic communication. The Management Board, in consultation with the Supervisory Board, has specified that the shareholders will not have a right to ask questions at the virtual Annual General Meeting itself. Instead, questions from shareholders or authorized representatives must be submitted via the AGM Portal at <https://www.khd.com/hv2021/> **latest by Wednesday, May 19, 2021, 10:00 hours (CEST)** (incoming) at the latest. Questions received later will not be considered. Only duly registered shareholders or authorized representatives who have provided the required proof of share ownership are entitled to submit questions.

Pursuant to Article 2 Sec. 1 (2) Sentence 2 COVID-19 Act, the Management Board shall decide how to answer questions according to its dutiful and free discretion. The Management Board can summarize questions.

The Management Board reserves the right to name the questioners in the course of answering questions. Shareholders who do not agree to this have the option of objecting to their names being mentioned in the AGM portal.

### **4. Possibility to object to resolutions of the Annual General Meeting**

In accordance with Section 1 (2) Sentence 1 No. 4 of the COVID-19 Act, shareholders are given the opportunity to object to resolutions of the virtual Annual General Meeting of shareholders. An objection can only be submitted via the AGM Portal at <https://www.khd.com/hv2021/> and may be raised only by those shareholders who have exercised their voting rights by means of electronic postal vote or by proxy. Objections can be raised at any time from the beginning of the virtual Annual General Meeting of shareholders until its closure by the chairman of the meeting, stating

the resolutions to which the objection relates. An objection can also be submitted by an authorized representative. However, the general proxies appointed by the Company are not available for this purpose.

**5. Further explanations on the rights of shareholders,  
Reference to the company's website**

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 of shareholders**

Information and documents pursuant to Section 124a AktG, including the Annual Report of the Company and the Group 2020 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.

**Cologne, April 2021**

**KHD Humboldt Wedag International AG**

**The Management Board**

**Further details of the Supervisory Board candidates proposed for election under agenda item 7**

**Jiayan Gong**

Chairman of Board of Directors, AVIC International Beijing Co., Ltd, resident in Beijing, People's Republic of China

**Personal data:**

Date of birth: July 14, 1964

Place of birth: Zhejiang

Citizenship: Chinese

**Education:**

Master of Law in Beijing University.

**Professional Experience:**

More than 30 years of working experience in corporate management and investments outside of China; working in various management functions within the AVIC Group since 1992.

October 1992 - May 2009: Vice President & General Counsel of AVIC International Beijing Co., Ltd. Mainly in charge of the Legal and Administration functions of the Company. Former member of the Board of Directors of CATIC Hong Kong Company, with rich experience in operating overseas invested companies.

May 2009 - May 2011: Deputy Director of Project Engineering Business Unit, AVIC International Corporation

May 2011 - August 2018: President of AVIC International Project Engineering Company. Scope of business includes equipment and facility supply in energy, transportation, education, agriculture, and infrastructure construction fields. Successful establishment of vocational training programs in African countries such as Kenya, Ghana, and Gabon.

since August 2018: Chairman of the Board of Directors, AVIC International Beijing Co., Ltd. Scope of business includes cement, petrochemical, electromechanical engineering, supply of parts and services, as well as import & export of heavy equipment.

Memberships in Supervisory Boards required by law:

- none

**Xiaodong Wu**

Chief Financial Officer (CFO) and Executive Vice President of AVIC International Beijing Co., Ltd, resident in Beijing, People's Republic of China

**Personal data:**

Date of birth: February 3, 1974

Place of birth: Shanxi

Citizenship: Chinese

**Education:**

Bachelor of Accounting in Shanxi University of Finance and Economics, and Master of Accounting in Chinese Academy of Fiscal Sciences

**Professional Experience:**

More than 20 years working experience in AVIC Group; working with AVIC International since 2007

Mr. Wu has long-standing experience in various aspects of accounting and financial work.

1997 - 2000:	Accountant at CATIC Corporation
2000 - 2005:	Senior Manager at CATIC Hong Kong Company
2005 - 2007:	Senior Accountant at CATIC Corporation
2007 - 2009:	CFO of AVIC International Chengdu Company
2009 - 2011:	Division Chief of the Financial Department of AVIC International
2011 - 2013:	Deputy Director of the Financial Department of AVIC International
2013 - 2016:	Senior Specialist & Deputy Manager of the Financial Department of AVIC International
2016 - 2017:	Deputy Chief Accountant, AVIC Joy Holdings (HK) Limited
2017 - 2020:	CFO of AVIC International Trade & Economic Development Limited
Since March 2020:	CFO and Executive Vice President of AVIC International Beijing Co., Ltd

Memberships in Supervisory Boards required by law:

- none

**Jingnan Yang**

Executive Vice President of AVIC International Beijing Co., Ltd, resident in Beijing, People's Republic of China

**Personal data:**

Date of birth: October 31, 1977

Place of birth: Beijing

Citizenship: Chinese

**Education:**

Bachelor of Engineering in Civil Aviation University of China, Master of Engineering in Beijing University of Aeronautics and Astronautics, Doctor of Management Science in Beijing University of Aeronautics and Astronautics.

**Professional Experience:**

17 years of working experience in corporate management; working in various management functions within the AVIC Group since 2005.

2005 - 2010:	Project Manager, Export Business Division VIII, AVIC International Beijing Co., Ltd.
2010 - 2011:	Deputy Division Chief, Complete Project Department II, AVIC International Beijing Co., Ltd.
2011 - 2012:	Deputy Division Chief, Administration Department, AVIC International Beijing Co., Ltd.
2012 - 2013:	Deputy Director, Administration Department, AVIC International Beijing Co., Ltd.
2013 - 2019:	Director, Administration Department, AVIC International Beijing Co., Ltd.
2013 - 2015:	Deputy Chief, Project Management Department, AVIC International Beijing Co., Ltd.
2015 - 2018:	Director, Project Management Department, AVIC International Beijing Co., Ltd.
since October 2019:	Executive Vice President of AVIC International Beijing Co., Ltd.

Memberships in Supervisory Boards required by law:

- none