

Announcement of KraussMaffei Co., Ltd. on Appointment of Audit Institution in 2021

The board of directors and all directors of the company guarantee that there are no false records, misleading statements or major omissions in the contents of this announcement, and bear individual and joint liabilities for the authenticity, accuracy and completeness of its contents.

Important content reminders:

- Name of Audit Institution to be Employed: PricewaterhouseCoopers Zhongtian Certified Public Accountants (special general partner) (hereinafter referred to as "PwC Zhongtian")

I、 Basic information of the accounting firm to be employed

(1) Institutional information

1. Essential information

PricewaterhouseCoopers Zhongtian, formerly known as PricewaterhouseCoopers Dahua certified public accountants, established on March 28, 1993, was renamed PricewaterhouseCoopers Zhongtian certified public accountants Co., Ltd. in June 2000 with approval; Approved by the Finance and accounting letter of the Ministry of Finance [2012] No. 52 on December 24, 2012, it was transformed into PricewaterhouseCoopers Zhongtian Certified Public Accountants (special general partnership) on January 18, 2013. The registered address is room 01, unit 507, DBS building, No. 1318, Lujiazui Ring Road, China (Shanghai) pilot free trade zone.

PricewaterhouseCoopers Zhongtian is a member of PricewaterhouseCoopers international network and has a practice certificate of accounting firm, It also has the qualification to engage in the audit business of H-share enterprises, and is also an accounting firm with the qualification of securities and futures related business originally approved by the Ministry of Finance and the CSRC. In addition, PwC Zhongtian is also registered with US PCAOB (Public Company Accounting Oversight Board) and UK

FRC (UK Financial Reporting Council) to engage in relevant audit business. PwC Zhongtian has rich experience in securities business and good professional service ability.

The chief partner of PwC Zhongtian is Li Dan. As of December 31, 2020, the number of PwC Zhongtian partners was 229 and the number of certified public accountants was 1359, including 327 certified public accountants who have signed the audit report of securities service business since 2013. In the latest audited fiscal year (2020) of PwC Zhongtian, the total revenue was RMB 6.115 billion, the audit business revenue was RMB 5.692 billion and the securities business revenue was RMB 2.861 billion.

PwC Zhongtian has 103 audit clients for the financial statements of A-share listed companies in 2020, the total audit fees of A-share listed companies are RMB 584 million. The main industries include manufacturing, finance, transportation, warehousing and postal services, real estate, wholesale and retail, etc., there are 48 audit customers of A-share listed companies in the same industry (Manufacturing) as the Company.

2. Investor protection capability.

In terms of investor protection ability, PwC Zhongtian has taken out occupational insurance in accordance with relevant laws and regulations. The sum of the cumulative compensation limit of occupational insurance and occupational risk fund exceeds 200 million yuan. The provision of occupational risk fund or the purchase of occupational insurance comply with relevant regulations. PwC Zhongtian has not undertaken civil liability in relevant civil proceedings due to its practice in recent 3 years.

3. Integrity record.

PwC Zhongtian and its employees have not been subject to criminal punishment, administrative punishment, self-discipline supervision measures and disciplinary sanctions of stock exchanges, industry associations and other self-discipline organizations for their practice in recent three years; PwC Zhongtian has not been subject to administrative supervision measures by the CSRC and its dispatched offices due to its practice. Four junior employees of PricewaterhouseCoopers Zhongtian received a warning letter from Shanghai Securities Regulatory Bureau in 2019 because their personal investment behavior violated the relevant provisions on independence. The above personal behavior did not affect the effectiveness of PricewaterhouseCoopers Zhongtian quality control system or the practice quality of audit projects. The four employees subsequently resigned from PricewaterhouseCoopers Zhongtian. According

to relevant laws and regulations, the above administrative supervision measures will not affect PwC Zhongtian's continued undertaking or execution of securities service business and other businesses.

(2) Project information

1. Essential information.

Project partner and signed CPA: Bi weiduo, a practicing member of the Institute of certified public accountants, has become a certified public accountant since 2001, has been engaged in the audit of listed companies since 1999, has provided audit services for the Company since 2019, has been practicing in PwC Zhongtian since 2002, and has signed or reviewed the audit reports of three listed companies in recent three years.

Partner of project quality review: Zhao Yupeng, a practicing member of the Institute of certified public accountants, has become a certified public accountant since 2001, engaged in the audit of listed companies since 2002, provided audit services for the Company since 2019, practiced in PwC Zhongtian since 2002, and has signed or reviewed the audit reports of four listed companies in recent three years.

Signature certified public accountant: Liu Fei, a practicing member of the Institute of certified public accountants, has become a certified public accountant since 2010, has been engaged in the audit of listed companies since 2010, has provided audit services for the Company since 2019, has been practicing in PwC Zhongtian since 2010, and has signed or reviewed the audit report of one listed company in recent three years.

2. Integrity record.

Mr. Bi weiduo, the project partner and the signing certified public accountant, Mr. Zhao Yupeng, the quality review partner, and Ms. Liu Fei, the signing certified public accountant, have not been subject to any criminal and administrative punishment in the past three years, have not been subject to the administrative supervision and management measures of the securities regulatory authority due to their practice, and have not been subject to the supervision and management measures of the stock exchange, self-regulatory measures and disciplinary actions of self-regulatory organizations such as industry associations.

3. Independence.

PricewaterhouseCoopers Zhongtian, Mr. Bi weiduo, the project partner and the signing certified public accountant, Mr. Zhao Yupeng, the quality review partner, and

Ms. Liu Fei, the signing certified public accountant, have no circumstances that may affect their independence.

4. Audit fees.

The audit service charge of PwC Zhongtian is determined by both parties through negotiation according to the audit workload and the principle of fairness and reasonableness. The audit fee that the Company plans to pay PwC Zhongtian for the audit project of financial statements in 2021 is RMB 4.495 million (including internal control audit fee of RMB 0.58 million), which is RMB 0.185 million lower than that in 2020 (including internal control audit), a year-on-year decrease of 3.95%. At the same time, the board of directors requested the general meeting of shareholders to authorize the audit committee of the board of directors to finally determine its expenses according to the actual work of the accounting firm.

2、 Procedures to be performed by the accounting firm to be renewed

(1) Performance of the audit committee

The audit committee of the board of directors of the Company recognized the authenticity of relevant information and the independence, professional competence and investor protection ability of PricewaterhouseCoopers Zhongtian after fully understanding the practice of PricewaterhouseCoopers Zhongtian and consulting the qualification certificates, integrity records and other relevant information of PricewaterhouseCoopers Zhongtian.

The audit committee of the board of directors of the Company has formed written audit opinions on the appointment of accounting firms by the Company and agreed to continue to employ PwC Zhongtian as the company's financial and internal control audit institution in 2021, and agree to submit the matter to the board of directors for deliberation.

(2) Prior approval opinions and independent opinions of independent directors

1. Prior approval opinion

PwC Zhongtian complies with the provisions of the securities law and has rich experience and professional quality in the audit of listed companies. It can scrupulously abide by its duties in the audit in 2020 and follow the independent, objective and fair practice standards. In order to ensure the stability and continuity of the company's audit in 2021, We agree to continue to employ PwC Zhongtian as the company's financial and

internal control audit institution in 2021, and agree to submit the matter to the board of directors for deliberation.

2. Independent opinion

We believe that PwC Zhongtian complies with the provisions of the securities law, has the experience and ability to provide audit services for listed companies, can meet the requirements of the company's financial final accounts audit and internal control audit, and can ensure the objectivity and independence of the audit work of listed companies. Therefore, we agree to continue to hire PwC Zhongtian as the financial and internal control audit institution of the company in 2021, and agreed to submit the matter to the general meeting of shareholders for deliberation.

(3) Deliberation and voting of the board of directors

The 21st Meeting of the 7th board of directors of the company deliberated and approved the *Proposal on the Company's appointment of Audit Institution in 2021*, and agreed to appoint PricewaterhouseCoopers Zhongtian Certified Public Accountants (special general partnership) as the company's 2021 annual financial and internal control audit institution, with a term of employment of one year.

(4) The appointment of an accounting firm needs to be submitted to the general meeting of shareholders of the Company for deliberation, and shall take effect from the date of deliberation and approval by the general meeting of shareholders of the Company.

It is hereby announced.

Board of Directors of KraussMaffei Company Limited
August 19 2021