

## Announcement of KraussMaffei Co., Ltd. on Changes in Accounting Policies

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:

- This accounting policy change is the corresponding adjustment made by KraussMaffei Co., Ltd. (hereinafter referred to as "the Company") in accordance with the provisions of the *Accounting Standards for Business Enterprises No. 21 - Leasing* (CK [2018] No. 35) revised and issued by the Ministry of Finance of the People's Republic of China on December 7, 2018.
- The change of accounting policy has no significant impact on the Company's financial position, operating results and cash flow, nor does it damage the interests of the Company and shareholders.

### I、 Overview of this accounting policy change

The Ministry of Finance of the People's Republic of China (hereinafter referred to as the "Ministry of Finance") revised and issued the *Accounting Standards for Business Enterprises No. 21 - Leasing* (CK [2018] No. 35) (hereinafter referred to as the "New Leasing Standards") on December 7, 2018, enterprises that are listed both at domestic and overseas and enterprises that are listed overseas and adopt international financial reporting standards or accounting standards for business enterprises to prepare financial statements shall be implemented as of January 1, 2019; Other enterprises implementing the accounting standards for business enterprises shall be implemented as of January 1, 2021.

On August 27, 2021, the Company held the 22nd Meeting of the 7th board of directors and the 14th meeting of the 7th board of supervisors respectively, deliberated and adopted the *Proposal on Changes in Accounting Policies*, and agreed to the Company's changes in accounting policies. Independent directors have expressed independent opinions on this, and this proposal does not need to be submitted to the general meeting of shareholders for approval.

## II、 Main contents of this accounting policy change

1. Under the new lease standards, except for short-term leases and low value asset leases, the lessee will no longer distinguish between financial leases and operating leases. All leases will adopt the same accounting treatment, and the right of use assets and lease liabilities should be recognized;

2. For the right of use assets, if the lessee can reasonably determine that it obtains the ownership of the leased assets at the expiration of the lease term, depreciation shall be accrued within the remaining service life of the leased assets. If it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the expiration of the lease term, depreciation shall be accrued within the shorter of the lease term and the remaining service life of the leased asset. At the same time, the lessee shall determine whether the right of use assets are impaired and account for the identified impairment losses;

3. for lease liabilities, the lessee shall calculate the interest expenses of the lease liabilities during each period of the lease term and record them into the current profits and losses;

4. For short-term leases and low value asset leases, the lessee may choose not to recognize the right of use assets and lease liabilities, and shall be included in the relevant asset costs or current profits and losses according to the straight-line method or other systematic and reasonable methods during each period of the lease term;

5. In accordance with the requirements of the new leasing standards and listing rules, the relevant contents of the leasing business shall be adjusted in the disclosed financial statements.

## III、 Impact of this change of accounting policy on the Company

The Company has implemented the new lease standards since January 1, 2021. According to the connection provisions of the new lease standards, the Company adjusts the amount of retained earnings and other relevant items in the financial statements at the beginning of 2021 according to the cumulative impact of the first implementation of the new lease standards, and does not adjust the information of comparable periods.

This accounting policy change is made by the Company in accordance with the relevant regulations and requirements issued by the Ministry of Finance. After the change, the accounting policy can more objectively and fairly reflect the company's financial status and operating results, and comply with the provisions of relevant laws and regulations and the actual situation of the Company.

The change of accounting policy has no significant impact on the company's financial position, operating results and cash flow, nor does it damage the interests of the Company and shareholders.

#### IV、 Opinions of independent directors and board of supervisors

##### (I) Opinions of independent directors

The Company makes corresponding changes and adjustments to the Company's accounting policies in accordance with the relevant accounting standards revised by the Ministry of Finance in 2018, which does not involve changes in important accounting estimates or correction of major accounting errors, and complies with the national accounting standards for business enterprises. The changed accounting policies can objectively and fairly reflect the company's financial status and operating results. There is no damage to the interests of the Company and minority shareholders. The decision-making procedures for this accounting policy change comply with the provisions of relevant laws, regulations and the *Articles of Association*. We agree to the change of accounting policy.

##### (II) Opinions of the board of supervisors

The Company makes corresponding changes and adjustments to the Company's accounting policies in accordance with the relevant accounting standards revised by the Ministry of Finance in 2018, which does not involve changes in important accounting estimates or correction of major accounting errors, and complies with the

national accounting standards for business enterprises. The changed accounting policies can objectively and fairly reflect the Company's financial status and operating results. There is no damage to the interests of the Company and minority shareholders.

It is hereby announced.

Board of Directors of KraussMaffei Company Limited  
August 28 2021